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The Chairman
Public Administration and Constitutional Affairs Committee

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Am Si,

At your hearing on 8 June, I undertook to revert to the committee in writing regarding the procurement process which ultimately ended with Greensill Ltd being involved in the supply chain finance contract to the Pharmacy system, as subcontractors to Taulia.

As I outlined at the hearing, this was a competitive process. CCS launched a framework procurement for Supplier Early Payment Solutions (SEPS) in November 2017. At the conclusion of this competitive process in March 2018, the final stage of which was an e-auction between the two final bidders, the contract for the framework agreement was awarded to Taulia Inc, a financial technology supplier.

Subsequently, NHS BSA contracted with Taulia for its supply chain finance requirement by calling off the CCS SEPS framework agreement. As the CCS framework agreement was a single supplier framework, there was no further competition required. Greensill Ltd operated as a subcontractor to Taulia for the NHS BSA call off contract.

The initial framework was a single supplier framework because the CCS category team's understanding of the market led them to conclude that a competitively procured single supplier framework was the route to achieve the best possible pricing given the limited size of the opportunity for suppliers. The purpose of the CCS SEPS framework was twofold:

- To provide a suitable and compliant framework from which the Pharmacy Early Payment Scheme (PEPS) could call off to replace the previous commercial arrangement;
- To provide a route to market for other public sector entities to achieve similar advantages via dynamic discounting mechanisms

There was no expectation that supply chain finance would be used other than for the Pharmacy system, but there was an ambition within CCS that CCS would be able to provide through the SEPS framework a more competitive price than other dynamic discounting schemes then being used in local Government

The CCS team took the view that unless competed as a single supplier framework, the size of the opportunity (even with the Supply Chain Finance in the pharmacy system and the dynamic discounting combined) would not be sufficiently attractive to drive the pricing thought necessary both to win a share of the wider public sector dynamic discounting business and enable the NHS BSA call off on better terms than before.

In the event, the SEPS framework did not attract more than a couple of dynamic discounting customers.

With regard to the earlier, Citigroup contract, I understand its origins pre-date both CCS and my involvement in the PEPS. Nigel Boardman may include this issue within the scope of his review, and has resources to investigate and follow up, and therefore with the Committee's permission, I would prefer to defer to that process which is more likely to be successful than myself from afar.

I trust the above provides you the information you requested at the hearing on 8 June.

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