

Witness name: Gareth Rhys Williams  
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## UK COVID-19 INQUIRY

### CORPORATE WITNESS STATEMENT OF GARETH RHYS WILLIAMS

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I, Gareth Rhys Williams, will say as follows:

#### 1. SECTION 1: INTRODUCTION

- 1.1 This statement on behalf of the Government Commercial Function (GCF) addresses matters in respect of procurement which have been raised by the COVID-19 Inquiry following its review of the Module 1 corporate statement by my colleague Roger Hargreaves, the Director of the COBR Unit. My statement is also intended to be read alongside the Module 1 corporate statement by my colleague Simon Tse, the Chief Executive of the Crown Commercial Service.

##### Introduction to the Author

- 1.2 I am the Government Chief Commercial Officer (GCCO). I was appointed to this role in March 2016 after an open and fair recruitment process, to replace the first GCCO, Bill Crothers, who had left some six months earlier.
- 1.3 Prior to this appointment I held four chief executive roles in a variety of industrial and services companies; two listed businesses, Charter Plc and Vitec Group Plc, and two private equity backed businesses; Capital Safety and PHS Group. I am a Chartered Engineer with an early career in just-in-time operations and continuous improvement, backed by an MBA from INSEAD with 30 years' experience managing companies.

##### Introduction to the Government Commercial Function

- 1.4 The GCF exists to "enable government departments and the wider public sector to deliver their aims at best value for UK citizens". In other sectors 'commercial' colleagues in government would be referred to as the buying or procurement team, we do not use it here to mean 'sales' or 'market development'.

- 1.5 While there have always been commercial teams in government departments, procuring (sometimes called letting) the contracts needed to deliver each department's agenda, the GCF was brought into being as a pan-government entity in 2014, following a range of well-publicised procurement failures. Analysis at the time determined that commercial efforts suffered from:
- 1.5.1 poor retention of suitably qualified staff due to poor career paths and inappropriate pay levels, resulting in loss of staff to the private sector and the inability to recruit well;
  - 1.5.2 inconsistent commercial methods and a lack of commonly agreed standards across different departments; and
  - 1.5.3 a lack of integrated supplier management.
- 1.6 These problems led to the concept of pan-government functions, such as the Government Commercial Function, and the creation of the Crown Commercial Service, as described in Simon Tse's corporate statement.
- 1.7 Private sector corporates have used functions for several decades and in general they are effective at:
- 1.7.1 ensuring the provision of required professional capability;
  - 1.7.2 identifying and implementing best practice ways of working across federated organisations; and
  - 1.7.3 leveraging these two to continuously improve desired outcomes and results through benchmarking.
- 1.8 The GCF was set up with these objectives in mind.
- 1.9 The remainder of this corporate statement is structured in the following sections:
- Section 2: Structure and governance of the Government Commercial Function
  - Section 3: Preparations for whole-system emergencies
  - Section 4: Protections against abuse such as fraud
  - Section 5: Reflections on procurement readiness for the COVID-19 pandemic

## **2. SECTION 2: STRUCTURE AND GOVERNANCE OF THE GOVERNMENT COMMERCIAL FUNCTION**

2.1. After a number of small iterations to make accountabilities clearer, the structure of the GCF has been stable since 2017. It comprises:

2.1.1. Departments: the majority of commercial staff are based in departments, or their arms' length bodies (ALB's), executing contracts for items or services that are bespoke to that department - for example, the Ministry of Defence (MOD) buying military equipment, or the Ministry of Justice (MOJ) buying prisons. This is done either by letting individual contracts for an item or service, or by executing a 'call off' contract from a previously established framework covering items that are bought frequently. Increasingly, those frameworks within central government are put in place by the Crown Commercial Service.

2.1.2. The Crown Commercial Service: a trading fund, which establishes frameworks for 'common goods and services' categories that all departments are likely to buy: Buildings, Technology, Business Services and People. For example, energy can be most efficiently purchased by the Government acting as a whole, rather than by individual departments, however competent. Further detail on the Crown Commercial Service is provided in its corporate statement.

2.1.3. The Central Commercial Teams (CCT): there are a number of teams based now in the Cabinet Office that execute tasks on behalf of the wider function that are best done once across the function. The CCTs are funded by the surplus of levies received by the Crown Commercial Service from suppliers over the costs incurred by the Crown Commercial Service. Further detail on the CCT is provided below.

2.2. The CCT is the collective title given to the specialist commercial teams which sit within the Cabinet Office, reporting directly to the GCCO. At the start of the pandemic they were configured as:

2.2.1. GCCO private office: supporting the GCCO.

2.2.2. Strategy, Assurance and Standards: responsible for Commercial Assurance of departmental contracts, the setting of functional Standards, and the Benchmarking and Masterclass work that share identified best

practice across the GCF.

- 2.2.3. Commercial Policy: responsible for the reform of procurement regulations, providing procurement policy advice to Ministers, and for driving through approved policy changes, for example on the amount of public spend that goes to SMEs. Outside of regulatory changes, this is done by using the well-established process of policy-making and issuing of Procurement Policy Notes (PPNs) and other guidance to the commercial teams throughout the public sector. Recent interventions across government have been on Prompt Payment and Net Zero policies. That commercial staff are used to disseminating and implementing PPNs was important in the pandemic when a number of new and novel initiatives had to be rapidly adopted, for example on the need to continue payments to suppliers. Key PPNs are provided at Exhibit 1<sup>1</sup>, Exhibit 2<sup>2</sup>, Exhibit 3<sup>3</sup> and Exhibit 4<sup>4</sup>.
- 2.2.4. Markets and Suppliers: responsible for the management of the Strategic Suppliers, the top 40 suppliers that in general supply multiple departments, and the monitoring of a further group of some 150 key suppliers. A team of full-time civil servants work alongside 15 'Crown Representatives'; senior executives from industry, usually in the portfolio stage of their careers, who work part time to improve the performance of the particular Strategic Supplier to whom they are allocated.
- 2.2.5. Sourcing: responsible for the generation and implementation of "Playbooks". These are best practice guides on an industry sector-by-sector basis (e.g. construction or consulting), co-developed with industry, in order to improve how contracts in that particular sector are negotiated and let. (Since the pandemic ended, this team has been merged with the Markets and Suppliers team.)
- 2.2.6. Complex Transactions: responsible for providing expert support for high value negotiations and disputes, an experienced team of around 35 FTE, mostly Senior Civil Servant 1 (SCS1) level, who act as internal consultants, employed by Cabinet Office and typically recharged on a day rate to the Departments whose projects they are working on, usually for a period of a

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<sup>1</sup> INQ000182617

<sup>2</sup> INQ000101269

<sup>3</sup> INQ000182618

<sup>4</sup> INQ000182619

few months before being reassigned to the next project. The existence of this pool of highly skilled commercial staff, available for deployment into departments and ALBs across government, and used to working in that way, was to prove crucial during the pandemic when we had to rapidly stand up, and then provide leadership for, multiple new commercial teams.

2.2.7. Commercial Capability: responsible for attracting, retaining, developing, accrediting and rewarding senior commercial staff in the GCO (see below) and in the wider public sector. (At the time the pandemic started the Capability team was also ramping up the training and accreditation of Contract Managers, usually a different group of colleagues from the GCF.)

2.3. One of the unique features of the GCF is that the senior commercial professionals within it are centrally employed by the Cabinet Office and deployed to Departments (and the Crown Commercial Service) and recharged to them. This Government Commercial Organisation (GCO) was set up to particularly address the skills shortage, training and retention issues referred to above. The GCO contains all central government commercial staff at Grade 7 (G7) and above: currently circa 1,500 staff, who then manage the c4,500 less senior commercial staff who are paid by their departments in the normal way

2.4. GCO commercial staff benefit from an improved pay offer compared to normal civil servants; approximately a 20% salary uplift and higher maximum bonus opportunity, offset by not being eligible for the standard civil service pension, instead receiving a 3% defined contribution. To qualify for this enhanced pay offer two things have to be in place:

2.4.1. Each Department has to have completed and then maintain a signed-off 'organisational blueprint', laying out the number and grade and speciality of commercial staff required to execute that Department's commercial agenda, as expressed through a documented 'commercial pipeline' of activity. It is benchmarked against the private sector and reviewed every 2 years or as needed, and to be valid needs to be signed off by the Department's Commercial Non-Executive Director and Permanent Secretary, the HM Treasury Permanent Secretary, the GCCO and the Permanent Secretary of the Cabinet Office.

2.4.2. Each individual employee wishing to work at a senior level in the commercial function needs to pass the GCO's Assessment and

Development Centre (ADC) accreditation at the relevant level in order to demonstrate their commercial competence. That accreditation has to be kept valid by completing a stipulated amount of continuing professional development.

- 2.5. This mechanism has ensured since its inception that commercial staff in departments, at least at G7 and above, are demonstrably competent and that the Departments' commercial teams are appropriately resourced to deal with that Department's anticipated workload. Furthermore, because all members of the GCO have undertaken and passed the ADC, there is a high degree of mutual confidence and trust that has allowed the sharing of supplier and contract information and best practice that was not previously achievable.
- 2.6. The central employment of GCO members has made it easier to ensure:
- 2.6.1. That senior commercial staff continue with their continuous professional development;
  - 2.6.2. they are able to follow a career path not just in one Department but across the wider function; and
  - 2.6.3. that good practice is shared across the function. This is achieved by the use of collectively agreed Commercial Operating Standards and Commercial Professional Standards against which departments are benchmarked. The GCF then runs Masterclasses to share the best practice that has been identified by those league tables, thus improving the performance of the entire function and avoiding siloed practices.
- 2.7. The GCF has instituted a rolling 3-year Functional Plan with circa 10 improvement projects running across the function at any one time, resourced by people across the function. Because of these ongoing cross departmental activities, members of the GCO in particular, but also the wider GCF, are used to operating together as a combined commercial function, delivering more than the sum of their individual parts. This is manifested in the improved contract outcomes, improved retention and training levels, and year-on-year savings that the commercial function has been able to deliver.

#### Governance of the Government Commercial Function

- 2.8. The governance of the GCF should be looked at in a number of ways, reflecting that people that work in the function are working principally in and for their Department,

while also being members of the function. Their individual objectives are set by the leadership of their Department; the role of the function is to ensure those objectives are executed in the most commercially effective way, not to set the requirements.

- 2.9. Departments determine 'what' their commercial teams are required to execute contracts for. This work is led by the local Commercial Director, usually directly reporting to the departmental Chief Operating Officer (COO), who usually reports to their department's Permanent Secretary. To ensure consistency of approach and knowledge sharing, the Commercial Director in each Department also reports functionally to the GCCO.
- 2.10. The GCF works to improve 'how' that departmental requirement is delivered. Its governance is as follows:
  - 2.10.1. The Central Commercial Teams report to the GCCO, who reports to the Cabinet Office Permanent Secretary.
  - 2.10.2. The GCO has:
    - 2.10.2.1. An Oversight Committee that oversees the operation of the GCO and the delivery of the Commercial Functional Plan. Membership is typically made up of departmental CCOs, the chair of the GCO customer committee, and the Government Chief People Officer. It is currently chaired by the Permanent Secretary of the Department for Transport.
    - 2.10.2.2. A Customer Committee made up of a subset of commercial representatives from Departments, chaired on an annually rotating basis by one of the departmental commercial directors. Its remit is to ensure that the GCO is delivering the numbers of trained and accredited staff that Departments need to staff their agreed organisational blueprint.
    - 2.10.2.3. An Accreditation Committee made up of a number of senior commercial staff in Departments, supplemented with independent commercial experts, chaired by the director of commercial capability. Its remit is to ensure that the accreditation is fair, unbiased and consistent over time.
    - 2.10.2.4. The 'Commercial Function Leaders Group' (CFLG), chaired by

the GCCO, meets every month to discuss items of common interest, monitor implementation of the GCF Functional Plan projects and agree on any required actions. Attendees are the Commercial Directors from departments and ALBs and the NHS as well as the CCT Directors.

- 2.10.2.5. To ensure the departmental permanent secretaries are kept informed of commercial issues, the Civil Service Board receives annual and 'as required' updates from the GCF, in addition to direct communications on urgent commercial issues.



### **3. SECTION 3: PREPARATIONS FOR WHOLE-SYSTEM EMERGENCIES**

- 3.1. In the period to January 2020, the GCF and the CCT were deployed in line with the previously agreed organisational blueprints in order to execute on the contracting arrangements then anticipated by each department.
- 3.2. Previous civil service wide emergencies had taken the form of significant supplier failures, for example that of Carillion in January 2018. In that instance the integrated nature of the GCF enabled it to successfully deal with the c.400 contracts that needed transferring to other vendors, coordinated by the central Markets and Suppliers team.
- 3.3. The GCF as a whole was not instructed to prepare for public procurement in the specific event of a whole-system civil emergency or a pandemic prior to January 2020, being designed to drive up commercial capability across the full spectrum of public sector spend with third parties
- 3.4. It was understood that there was a Pandemic Influenza Preparedness Programme (PIPP) stockpile, comprising supplies of PPE, which was owned and managed by Public Health England (PHE) on behalf of DHSC (which set the policy for the stockpile). At that time, there was no requirement to source additional items.
- 3.5. Before the pandemic, local health and care providers bought PPE either directly from distributors or through the NHS Supply Chain Coordination Limited (SCCL). The responsibility for managing PPE supply and stockpiles was spread across multiple public bodies and private sector contractors.

#### **4. SECTION 4: PROTECTIONS AGAINST ABUSE SUCH AS FRAUD**

- 4.1. This section outlines the rules and procedures under which procurements were made in the UK during the pandemic, together with comments on the strengths and issues implicit with the system.
- 4.2. The public sector is required to advertise and award contracts in accordance with the Public Contracts Regulations 2015, or similar utilities, concessions and defence procurement regulatory regimes which require all public procurement to be undertaken in a manner that is fair, open and transparent, subject to limited exceptions.
- 4.3. Before being awarded a place on a framework, or winning a contract, suppliers must indicate and, where relevant, provide evidence that they meet the required qualification criteria and are subject to certification checks specified in the tender. These checks may then be repeated on a periodic basis during the contract. Suppliers found to have breached the terms of their agreement, including providing inaccurate or false information, may be suspended from the agreement or in certain circumstances excluded from competing for further contracts in accordance with the exclusion provisions set out in the procurement regulations (for example, the Public Contracts Regulations (Regulation 57)).
- 4.4. To ensure public confidence in public procurement, conflicts of interest need to be declared and managed. The guidance on managing conflicts of interest in compliance with the regulations that applied during the pandemic was published in PPN01/19 (updated in PPN 04/21 in line with the recommendations in Nigel Boardman's reports in 2021).
- 4.5. The Procurement Bill which is currently being considered by Parliament will substantially re-write procurement regulations, but it has yet to be made law. Prior to and during the pandemic, the pre-existing EU rules (seven sets of procurement regulations covering public contracts, utilities contracts, concession contracts (and similar rules in Scotland) and defence and security contracts) were still in force. The Bill will replace all of these except those applicable in Scotland. Under these rules, contracting authorities are usually required to publish their requirements to allow all vendors to submit a tender if they wish. The contracting authority is also required to publish the criteria and the scoring mechanism it will use to evaluate bids. The contracting authority has to allow sufficient time for clarification questions before the bidding period can close and the evaluation phase begins. Once the evaluation has been done, and the winning bid has been determined, a standstill period of 10 days is

allowed for the bidders who have lost to evaluate the feedback they received from the contracting authority, and for them to consider whether or not to raise a challenge against the contracting authority's decision. A simpler process is legally possible for awards under frameworks, but most CCS frameworks follow a similar procedure to a full award.

- 4.6. This current process embodies the principles of fair, open and transparent procurement and ensures a very low level of corruption, but by its nature is time intensive; even the simplest call off from a framework takes a minimum of 21 days to complete, while the process for a full contract needs to take a minimum of 25 days, and typically takes substantially longer than this; large-scale procurements may run for months or even years in complex cases. The length of these timescales for 'formal competitions' proved to be an issue during the pandemic, when speed was vital.
- 4.7. After contract award, the contracting authority is required to publish notices naming the winning bidder and summary contract details. Within (usually) 30 days of the award, central government departments are also required to publish the contract with appropriate redactions.
- 4.8. The Public Contracts Regulations 2015 make provision for direct award (of a contract to a chosen supplier) due to extreme urgency due to unforeseeable events, as set out in Regulation 32(2)(c), which can be used in exceptional circumstances. Use of this procedure is limited to specific, narrow circumstances and a series of tests which must be met before the procedure can be used, which public buyers were reminded of first in January 2020, as set out in PPN 01/20, and again in February 2021 as set out in PPN 01/21. The use of Regulation 32(2)(c) includes the requirement to publish the normal award notices and contracts, but with further information requirements for each contract explaining and justifying why Regulation 32(2)(c) has been used.
- 4.9. While Regulation 32(2)(c) does allow for direct award in situations of urgency, and the fast placing of contracts, the pandemic has taught us that rapid competition instead of simply direct award can be more effective, and that there is a need for clear but more manageable transparency requirements that are able to cope with a significant increase in contracts. As was seen during the pandemic the surge in directly awarded contracts (particularly for PPE), which brought with each of them increased reporting and disclosure workload. This was a major factor in the government not publishing PPE contract award notices in due time, leading to accusations of poor contracting practices.

## **5. SECTION 5: REFLECTIONS ON READINESS FOR THE COVID-19 PANDEMIC**

- 5.1. The following section contains some initial thoughts on learnings on readiness.
- 5.2. The GCF as a whole was not instructed to prepare for public procurement in the event of a whole-system civil emergency or a pandemic prior to January 2020. However, the functional model of working and the ability to use existing legal flexibilities to procure at speed ensured that GCF was able to respond to challenging commercial demands.
- 5.3. The structure of the GCF and the effort put into ensuring that the senior staff were recruited and trained as part of the establishment of the GCO, and the learned experience of working together across government to respond to the commercial challenges of Brexit (driving a programme of work across departments to identify and manage commercial risks relating to EU exit and to ensure commercial readiness) and Carillion, (when the failure of a large supplier with c400 contacts across Government was successfully handled; contract delivery was maintained despite the overnight collapse of the company) meant that the GCF was considerably better placed to deal flexibly and quickly with the procurement and resourcing challenges of the upcoming pandemic than would otherwise have been the case.
- 5.4. The GCF functional model and established reporting structure enabled us to move accredited people with suitable skills to high-priority areas across Government very quickly. At the peak of the crisis, hundreds of Government commercial staff were successfully and rapidly deployed outside their parent departments. Because everyone in the GCO is accredited via the standard GCF Assessment and Development Centre, the receiving Departments had confidence that the people parachuted in were commercially competent, and the incoming commercial staff came already equipped with a cross-departmental network that made it faster for them to integrate into the local (mostly DHSC and NHS) teams, most of whom were working virtually, and so never met.
- 5.5. Once commercial experts have negotiated a purchase, contract managers hold suppliers to account, ensuring product arrives and is of the required standards; in many cases supported by subject matter experts in the product in question. Mention was made above of the training effort the GCF had already been putting into training departments' contract managers, where there were accredited and identifiable contract managers, they helped ensure contracts were correctly executed, supporting for example the PPE process. One of the lessons of the pandemic is that we need a fully staffed cadre of contract managers across all departments and authorities; uptake of

the courses the GCF has on offer continues to increase.

5.6. Procuring at speed: We made use of pre-existing legal flexibilities in the procurement regulations to procure goods and services at speed, and these were very necessary, because there was a real urgency and we could not afford to wait. It was not possible to run a procurement under a standard process, even by taking advantage of the accelerated timescales allowed under the regulations (these require a minimum of 25 days not including tender evaluation) when we needed to accept or reject offers for certain goods, such as PPE, in hours or days. The public interest was best served by being able to act quickly and decisively to secure necessary goods and services.

5.7. There is always a requirement to ensure value for taxpayers' money even in the midst of an emergency. But in a seller's market, with global demand at unheard of levels, and much manufacturing capacity for key products closed due to Covid, our risk appetite had to change. The risks that contracts might not perform needed to be balanced against the risk to the NHS and the public if we failed to secure items, such as PPE, which the health service so desperately needed. We put in processes to try to ensure we paid the market price at the time, e.g. when there was a global shortage of PPE and countries were competing for the same product, but that meant we had to persistently operate using Regulation 32(2)(c) instead of the normal 'formal' competitions.

5.8. Current procurement regulations are necessarily quite process driven, and consequently the only current way of legally buying very rapidly is to make an award under Regulation 32(2)(c). Regulation 32(2)(c) allows for the award of contracts without prior advertisement, which does not prevent an informal competition but it is more commonly used to make direct awards without any competition. Such awards are, however, not usually provably value for money and do risk at least the accusation of favouritism, which is unacceptable in a public context. We developed two solutions:

5.8.1. Following the PPE procurement phase, there was much criticism that 'formal competitions were not run'. The environment was such that product was being made available by middlemen / distribution companies for sometimes only a few hours and decisions to 'buy or pass' had to be taken very rapidly. Consequently, it was not possible to run even 21-day call off competitions - the product would have long gone. What was done, in these cases, an extreme seller's market, was more akin to 'buying' than 'procuring'; when placing contracts, offered prices were compared to recent history and other current bids

as a way of assessing value for money, and weighed along with considerations on the urgency of the demand for that particular product

5.8.2. Where we had a few days to procure something, we reverted to the way a corporate would frequently procure services; asking a handful of likely bidders to review a specification and come in and pitch for the business or send in a rapid proposal, with a selection being made based on those proposals. That method allows for speed, underpins value for money and guards against the chance of corruption. The downside is that it does nothing to widen market participation and does not ensure that all capable bidders got the chance to bid. While this process was used on several occasions successfully, there are some difficulties with its use within today's regulations.

5.8.3. The use of Regulation 32(2)(c) relies on individual contracting authorities' assessments, and cannot be used if the need for urgency was caused by the authority itself or was foreseeable. The Bill now before Parliament (April 2023) retains a ground akin to the existing Regulation 32(2)(c) but also introduces a new ministerial power which would more easily allow the above mechanism to be used as one of the legal procurement routes. It is envisaged that, where necessary to protect life or public order, a Minister for the Crown may, via statutory instrument, allow contracting authorities to direct award contracts within specific parameters. This ensures consistency and frees contracting authorities to procure with confidence, and quickly, without having to conduct individual assessments and fear legal challenge for failure to meet the extreme urgency ground. The parliamentary procedure governing the making of the statutory instrument will ensure accountability and transparency.. In this way we can be confident we will secure much of the value for money opportunity, while acting rapidly and transparently while also avoiding the charge of using irregular procedures.

5.9. PPE supply chain resilience and ability to surge: Before the pandemic, there was a very limited number of buyers in the Supply Chain Coordination Limited (SCCL) organisation acquiring PPE for the NHS. They were buying principally from UK-based distributors with whom they had existing commercial relationships. As the pandemic

accelerated, those distributors rapidly ran out of stock and were unable to replenish their warehouses. This exposed the fact that we had not invested in understanding our underlying supply chain; we had limited information on where the product was actually manufactured, by who, from what materials, and consequently we were in a very difficult position. While the additional UK-based procurement staff referenced above were able to utilise very energetic and highly motivated staff from UK embassies in the Far East to travel to factories, that could not compensate for starting to build these new supply chains from scratch. This lack of market knowledge enabled better informed intermediaries, often with existing links to textile manufacturing companies in the Far East, (many of them with good intentions, but some of them determined purely on profiteering), to corner supplies of raw material or buy up manufacturing time in factories (that were themselves not only swamped with demand from other countries but closed for long periods due to their own Covid-19 problems).

- 5.10. This type of knowledge shortfall is an unfortunate by-product of running for many years to try to reduce the cost of the supply chain, and the rarity of disasters like the pandemic. Investing in expensive (and overseas) supply chain professionals to manage what in normal conditions is a very stable supply chain situation can easily be seen as a luxury, particularly as in this case it has for so many years not been needed. The parallel is the dilemma every house holder faces about renewing house insurance; when no claim has been needed in the past several years, is continuing the policy really money well spent? Indeed it is wasted, until the year you are burgled or have a fire.
- 5.11. Supply chain resilience. A related problem is that of establishing a supply chain with the resilience to deal with rapid spikes in demand. The lowest-cost way of running a supply chain is to have a supply chain that has no or limited excess capacity, relative to what is required by the buyer, and for the buyer to only require very stable levels of supply. When the pandemic took hold, not only did demand go up massively, but some countries refused to export any products or components to other countries. The system had no way to react as rapidly as demand was rising, and prices ballooned as a result.
- 5.12. It is tempting, therefore, to think that the solution is to build UK sovereign capacity. While this avoids the problem of product blocking, that only works if the UK also controls the material supply chain; there is no point having a factory with no raw materials. But it does not solve the surge problem. If we want a factory to be able to e.g. triple its output rapidly we need it to have three times the capacity that we need for

our normal demand. For some products that is not a problem, because no additional capital equipment is required, but the complex products we needed (gowns, for example) do come from large and expensive factories. We could run such facilities at, in this example, a third of their actual capacity, but this means that for all of the period outside of a surge / pandemic, we will be paying a cost premium related to the maintenance cost of the unused capacity. And that only covers a threefold surge, not the much greater orders of magnitude we experienced in the pandemic. Consequently, if we do not want to run out of product at times of high surge, unless the supply chains are very flexible, we need to accept the cost, year on year, of considerably higher stockpiles of those key items than we have been prepared to pay for in the past, and we need to avoid running those stockpiles down to avoid handling costs without considering the effect of these rare events. The year-on-year costs of these actions make these decisions very difficult.

- 5.13. The staff in GCF were involved in many key areas of the pandemic including: the design and manufacture of ventilators; mask manufacturing; death management; PPE procurement; Test and Trace; laptops for schools; and, food packages. These examples give a flavour of how the GCF was able to work in support of multiple parallel departmental requests. There are significant lessons to be learnt from many of those, which I am sure will be subject of further modules. Of course I would be happy to expand on those lessons learned as and when the Inquiry would find that helpful.



### **Statement of Truth**

I believe that the facts stated in this corporate witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: **Personal Data**

Dated: 28 April 2023