

Before the Right Honourable Baroness Hallett D.B.E.

MODULE 5

THE WELSH GOVERNMENT'S MODULE 5 OPENING STATEMENT

1. In Module 5, the Inquiry will consider a range of issues relating to the procurement and distribution of key healthcare related equipment and supplies.

Overview in Wales

2. During the pandemic, the procurement and distribution of key healthcare related equipment and supplies in Wales was carried out by the NHS Wales Shared Services Partnership, working alongside the Life Sciences Hub and the Surgical Materials Testing Laboratory. The Welsh Government's practical role was limited: it provided funding, oversight and support, but it did not itself conduct procurement of healthcare supplies or equipment apart from certain limited exceptions.
3. As of June 2022, over 1.4 billion items of PPE had been issued in Wales since the start of the pandemic. Of these, over 500m were issued to the social care sector. At no point did Wales run out of PPE at a national level.
4. Procurement processes in Wales were different to those in England. There was a strong centralised NHS procurement system in place before the pandemic and there was no 'high priority' or 'VIP' lane. All offers to supply PPE or other key healthcare equipment and supplies in Wales were subject to the same transparent and rigorous processes, regardless of their source.
5. As a result of these processes, and a strong culture of fairness and openness, Wales did not encounter the problems that were experienced in England. No reports were required to be made to the Welsh Government's Head of Counter Fraud in respect of PPE or other healthcare procurement during the pandemic, nor were any reports required to be made in respect of conflicts of interest, preferential treatment, or suspected or attempted fraudulent attempts to secure contracts. There were no cases of suspected PPE fraud reported to the police or prosecution authorities by the Welsh Government.

6. Wales also did not experience the same level of unusable or expired stock having to be written-off or destroyed as in England. In the two-year period ending in April 2022, NHS Wales expenditure on PPE totalled some £385 million of which just over 3% was written off as unusable due to shelf-life expiry. Although any amount of waste is regrettable and must be minimised, a figure of 3% represents a modest margin of error in light of the fast-paced changes of the pandemic and the overriding need ensure that stocks of sufficient PPE was available. Wales was also able to donate some excess stock to other countries during the pandemic.

The NHS Wales Shared Services Partnership

7. Although the shorthand phrase “NHS Wales” is often used, there is no single legal entity for the NHS in Wales. NHS services are provided by health boards, trusts and special health authorities. The NHS Wales Shared Services Partnership is an independent organisation, established in 2011, to provide a range of high quality, customer-focused professional, technical and administrative services on behalf of NHS bodies in Wales, to deliver economies of scale, efficiencies and consistency of quality and processes.
8. The NHS Wales Shared Services Partnership is the central expert procurement function for key healthcare equipment and supplies in Wales. During the pandemic, it carried out all of the operational functions of such procurement to NHS bodies and, from March 2020, to the social care sector and the wider NHS, including independent contractors in primary care such as GPs, dentists, pharmacies and optometrists.
9. The types of PPE to be used in health and social care settings were specified by UK Infection, Prevention and Control Cell guidance. Within that framework, the NHS Wales Shared Services Partnership was responsible for decisions about what PPE and other supplies to buy, in what quantity, from which suppliers and at what cost.¹ It was also responsible for contractual arrangements and provisions, the use of framework agreements and direct awards, the publishing of contract award notices and the management of contracts once awarded.² The NHS Wales Shared Services Partnership also carried out demand modelling, stock management and distribution.³

The Surgical Materials Testing Laboratory

10. The Surgical Materials Testing Laboratory, which is part of the NHS Wales Shared Services Partnership, was responsible for ensuring that PPE and other equipment and supplies met technical and quality standards through the provision of medical device

¹ INQ000536425, NHS Wales Shared Services Partnership witness statement paragraphs 119-124.

² INQ000536425, NHS Wales Shared Services Partnership witness statement paragraphs 196-204, 227.

³ INQ000536425, NHS Wales Shared Services Partnership witness statement paragraphs 15, 48, 217.

testing and technical services. This included, for example, processes to identify non-compliant medical grade PPE. Offers from prospective suppliers were referred to the Surgical Materials Testing to confirm that the right standards were being met.⁴

The Life Sciences Hub Wales

11. The Life Sciences Hub Wales is an arm's length body of the Welsh Government: it is a private company, limited by guarantee, owned by Welsh Ministers. Its role is to work directly with industry and academia to identify, develop and deploy health innovation solutions to meet the needs of health and social care in Wales. During the pandemic, the Life Sciences Hub triaged offers for the provision of PPE and medical equipment and was the main point of contact to which the Welsh Government and others referred all incoming offers of support.⁵

UK Government procurement for Wales

12. Lateral flow tests and PCR tests were procured by the UK Government on a four nations basis under the UK Testing Programme arrangements. The NHS Wales Shared Services Partnership was not responsible for the procurement of tests.

13. Additional ventilators were also procured for Wales through UK arrangements, in addition to those procured by the NHS Wales Shared Services Partnership.

The role of the Welsh Government

14. The Welsh Government is responsible for the provision of NHS services in Wales which includes ensuring those services have the equipment and supplies they need. As noted above, the Welsh Government's practical role in respect of the procurement and distribution of key healthcare equipment and supplies during the pandemic was principally to facilitate and provide funding, oversight and support. It also enabled some procurement through existing framework agreements and engaged with industry to stimulate the domestic supply of key products.

Funding

15. When the UK Government decides to spend on public services in England, the Barnett formula is used to decide how much money the devolved nations receive, reflecting differences in population size plus the range of devolved public services in each nation. This sum is called the Barnett consequential and is often referred to as consequential funding. The procurement of key healthcare supplies in Wales benefitted from the crucial decision for a Barnett allocation of funding to Wales for the procurement of key healthcare related supplies and equipment, rather than funding from a centralised UK

⁴ INQ000536425, NHS Wales Shared Services Partnership witness statement paragraphs 92, 109-115.

⁵ INQ000527715: Life Sciences Hub Wales witness statement paragraphs 5, 15, 22, 36, 41.

pot. This allowed the Welsh Government to take decisions which better met the needs and circumstances in Wales.

16. In total, between 2020-2022, Wales received £1.022 billion in consequential funding from the UK Government in relation to PPE. In the two-year period ending April 2022, NHS Wales expenditure on PPE totalled approximately £385 million. The Cardiff University Wales Governance Centre estimated that the cost of PPE and the devolved element of the test and trace system in Wales cost approximately half the level of consequential funding stemming from English spending on test and trace and PPE, representing a £158 lower cost per person in Wales than in England.

The Star Chamber

17. Funding for procurement and distribution of healthcare equipment and supplies in Wales was managed through the Star Chamber process where the Minister for Finance considered all requests for funding. The Star Chamber was an effective process, introduced at a time of financial pressure in March 2020, and it ensured that public funds in Wales were being spent in the most efficient and effective way to respond to the pandemic, with the further benefit of offering an additional level of assurance and scrutiny in a context where decisions were being taken very rapidly. By October 2020, the interventions in place to support the response to the pandemic were well established and the additional consideration provided by the Star Chamber was no longer needed. After the winding down of the Star Chamber, the Minister for Finance returned to managing the Welsh Government's finances and allocating money, including for procurement, in the normal way.

Oversight and support groups

18. The Welsh Government established a small number of groups to provide oversight and support in relation to the procurement and distribution of key healthcare supplies and equipment. The group names, personnel and terms of reference evolved throughout the relevant period, reflecting the changing needs of the developing pandemic and the procurement response in Wales. These various groups provided a regular forum for representatives of the NHS Wales Shared Services Partnership, the Welsh Government and other relevant organisations to share information and data and to work collectively to co-ordinate and overcome operational challenges. The principal groups were as follows.

The Covid-19 Health Countermeasures Group

19. The Welsh Government established the Covid-19 Health Countermeasures Group, which first met on 12 February 2020, to secure the procurement and distribution of pandemic stockpiles to healthcare settings as part of its initial response arrangements. Chaired by the Welsh Government's Health Emergency Planning Adviser, the Group

was attended by Welsh Government officials and representatives from the NHS Wales Shared Services Partnership and Public Health Wales. The group's responsibilities included ensuring the deployment of pandemic stocks in accordance with ministerial agreement, monitoring the stock holding and the resilience of business-as-usual stocks, identifying operational issues, and ensuring members worked with UK nations and supply networks. The group was stood down and placed on standby from 1 June 2020.

The PPE Sourcing and Distribution Group

20. The PPE Sourcing and Distribution Group was established following the standing down of the Covid-19 Health Countermeasures Group, and held meetings between 25 June 2020 and 1 September 2020. The group was chaired by the Director of Finance of the Welsh Government Health and Social Services Group. Its purpose was to ensure supplies of PPE to the NHS and social care sector in Wales and co-ordinate the response to operational issues and risks flagged by local health board and social care representatives in attendance. The group provided updates on the current PPE stock position and any at-risk items, the order pipeline and any new supply routes, spending data, and feedback on matters raised at UK-wide Four Nations PPE meeting, including any mutual aid requests. The PPE Sourcing and Distribution Group was stood down on 1 September 2020.

PPE Procurement and Supply Group

21. The PPE Procurement and Supply Group, which first met on 2 December 2020, was the result of a merger between what was briefly two separate groups (the PPE Policy and Demand Modelling Group and the PPE Sourcing and Distribution Group). The PPE Procurement and Supply Group was chaired by the Deputy Chief Executive of NHS Wales and included Welsh Government officials and representatives from the NHS Wales Shared Services Partnership, Public Health Wales, the Association of Directors of Social Services, and local government.
22. The Group's purpose was to inform PPE procurement decisions, including sourcing, distribution and policy implementation for health and social care in Wales through expert policy input and intelligence on demand and supply and emerging risks and issues. As with predecessor groups, it provided updates and data on stocks and supply lines in Wales, feedback from UK wide groups, and was a forum for raising and resolving operational challenges. The last meeting was held in December 2021.

Ministerial PPE meetings

23. From April 2020, the First Minister chaired a PPE meeting with relevant Ministers and Welsh Government officials to monitor stocks and supplies. Initially, the meetings were held weekly and then moved to fortnightly in June 2020 as the PPE position regarding

the supply and distribution improved. The meetings acted as a forum to raise and resolve any emerging issues at a ministerial level, and an opportunity to review the latest weekly dashboard which the NHS Wales Shared Services Partnership produced with details of the current stock position and the forward order pipeline. Regular written briefings were also produced in advance of these meetings to provide Ministers and officials with the latest data, stock position, assistance from Welsh industry and other updates relating to PPE procurement and distribution. The last meeting was held on 28 July 2020, by which point the procurement position in Wales was largely settled, but written briefings continued until March 2022.

Enabling procurement via existing framework agreements

24. Framework agreements in place before the pandemic relevant to the procurement and distribution of key healthcare equipment and supplies including PPE, ventilators and oxygen, were predominantly established and maintained by the NHS Wales Shared Services Partnership. However, two of the existing framework agreements managed by the Commercial & Procurement Directorate of the Welsh Government were relevant: a PPE Framework Agreement and a Cleaning Materials Framework Agreement. Although they were put in place by the Welsh Government, organisations including the NHS Wales Shared Services Partnership could call-off contracts from these frameworks and did so during the pandemic.
25. The suppliers appointed to the framework were mainly industrial PPE and workwear style suppliers but, once the pandemic began, many of them attempted to diversify their supply lines to accommodate the needs of customers in purchasing masks, sanitisers and aprons, and the PPE Framework Agreement enabled the procurement of medical PPE for use in Wales during the pandemic. As the organisation responsible for procurement for the NHS in Wales, the NHS Wales Shared Services Partnership undertook its own price benchmarking exercises to compare the pricing of products being sourced through the frameworks. These frameworks were a supplementary channel of supply given the existing and additional arrangements put in place by the NHS Wales Shared Services Partnership.

Working with industry

26. The Welsh Government recognised early in the pandemic the need to act quickly to facilitate and encourage the domestic supply of key products which global markets would be unable to reliably provide. In March 2020, the Welsh Government established the Critical Equipment Requirement Engineering Team, made up of key individuals with specialist expertise in health, finance, procurement and innovation, from both within and outside government. Its purpose was to support or facilitate the NHS Wales Shared Services Partnership in sourcing alternative suppliers of PPE and other key healthcare supplies where usual resources were not sufficient or were expected to

come under severe pressure. The Team supported the development and manufacture of new products and secured components, raw materials, and services to help meet the needs of Wales during the early phases of the pandemic. This included supporting Welsh manufacturers to change their existing production lines to manufacture PPE and explore new methods of production that aimed to offer the NHS a strong, local supply chain.

27. Companies that were assisted by the Critical Equipment Requirement Engineering Team included the Royal Mint, which changed its coin production facilities to enable the production of visors, and Penderyn Whisky which made hand sanitiser. The Rototherm Group was also supported to change production from making industrial measuring equipment to making high quality face shields. In total, over 30 companies repurposed production lines to produce hand sanitiser, 25 companies repurposed production lines to make face visors, 30 companies provided decontamination solutions for surfaces, nine companies invested in machinery to produce clinical grade face masks and coverings and five of these were capable of mass production. In addition, 189 community volunteers made over 5,000 sets of scrubs for the NHS in Wales.

28. The Critical Equipment Requirement Engineering Team did not itself carry out any procurement of healthcare related supplies, save for a single instance in respect of components for Continuous Positive Airway Pressure devices, as well as materials to enable volunteers to make scrubs. Together this amounted to a spend of less than £0.65m, and these were the only healthcare equipment or supplies directly procured by any part of the Welsh Government for the health or social care sectors during the pandemic, representing a fraction of a percent of the total spend in Wales.

Procurement processes

29. As the principal body carrying out the procurement of key healthcare equipment and supplies in Wales, the NHS Wales Shared Services Partnership had its own internal governance processes to manage spending, prevent fraud, manage conflicts of interest and due diligence, and ensure quality and compliance with relevant standards.⁶

30. The Welsh Government has long established and well embedded governance and accountability frameworks for NHS bodies in Wales. This includes Standing Orders and Standing Financial Instructions covering procurement and purchasing processes and controls, organisational financial control procedures, procurement regulations and controls complying with the NHS Wales Procurement Manual. Furthermore, the

⁶ INQ000536425, NHS Wales Shared Services Partnership witness statement paragraphs 95-115, 148-162.

'Managing Welsh Public Money' framework sets out the main principles for managing resources.

31. While recognising the importance of timely decision making, the Welsh Government wrote to NHS bodies on 30 March 2020 emphasising that it still expected good governance around spending decisions. The letter recognised the need to adapt arrangements on an interim basis and included guidance on financial management and reporting, including expectations on delegating authority for decision making and recording decisions and the supporting rationale. It also acknowledged the unprecedented challenges that might be presented by the developing Covid-19 pandemic and recognised that routine financial arrangements and disciplines might be disrupted and may need to adapt on an interim basis. The guidance was intended to emphasise to organisations that they had to continue to comply with their legal responsibilities and have regard to their duties as set out in Managing Welsh Public Money, their Standing Financial Instructions and other related guidance.
32. The normal monthly monitoring arrangements between the Welsh Government and NHS bodies in Wales remained in place and were enhanced in line with the guidance. The Welsh Government also utilised additional support from the NHS Wales Finance Delivery Unit in the ongoing financial management and governance of the NHS throughout this time.
33. It remained the case during the pandemic that Welsh Government approval of a contract would be needed if the value was greater than £1 million. It was also the case that, under revised delegations, if the value of the contract was greater than £5 million, approval would have been required from the Velindre NHS Trust Board as well as the Welsh Government.
34. In agreeing to allocate funding to NHS bodies, the Welsh Government also recognised that the nature of the supply chain challenges meant the NHS Shared Services Partnership would, at times, need to agree to significant advance payment terms, in some cases exceeding 50%. These levels are above what would normally be considered 'prepayments up to a modest limit' as set out in the Payments Outside the Normal Pattern section of the Managing Welsh Public Money requirements. If an advance payment request was approved by the NHS Wales Shared Services Partnership's own Finance Governance Group, the Director of Finance for the NHS Wales Shared Services Partnership would have to gain further agreement from the Deputy or Director of Finance of the Health and Social Services Group within the Welsh Government, before proceeding.
35. Guidance issued by the Welsh Government Permanent Secretary on 30 March 2020 highlighted the need to accept an increased risk appetite across the Welsh Government during the crisis, albeit in a selective and managed way and with due

regard to ensuring value for money. This was not always an easy balance to strike, but there was frequent dialogue between the NHS Wales Shared Services Partnership and Welsh Government officials in relation to larger contract approvals, payments in advance, and managing cash flow effectively.

Compliance with public law principles and regulations.

36. Procurement carried out by the NHS Wales Shared Services Partnership was required to comply with applicable legislation, public law principles and the policy and guidance published by the Welsh Government.
37. The overarching legislation in Wales before the UK's exit from the European Union was the European Union Directive on public procurement (Directive 2014/24/EU). The directive sets out detailed procedures that public bodies must follow before awarding a contract whose value equalled or exceeded specific thresholds. The EU Directive was transposed into domestic law by the Public Contracts Regulations 2015. Public bodies in Wales must also take into account other legislation that may impact procurement, such as the Modern Slavery Act 2015 and the Well-being of Future Generations (Wales) Act 2015.
38. The Welsh Government Procurement Policy Statement 2015, in place at the outset of the pandemic, set out principles of Welsh procurement policy including strategic planning, professionalism, value for money in terms of economic, social and environmental impacts, open and accessible competition, collaboration, supplier engagement and innovation.
39. The 2015 Policy Statement was replaced on 5 March 2021 with a new Wales Procurement Policy Statement 2021. The 2021 Statement reflected the amended Public Contracts Regulations 2015 and acknowledged the profound consequences of the Covid-19 pandemic for the economy, society, and communities, and that with this backdrop, together with the continued uncertainty of the long-term impacts of the UK's departure from the EU, it was important to ensure public sector expenditure delivered even greater value in contributing to positive social, economic, environmental and cultural outcomes. The statement sets out 10 principles for procurement in Wales based on the Well-being of Future Generations (Wales) Act goals and consistent with amended Public Contracts Regulation 2015.
40. The Welsh Government also adopted and issued the following Procurement Policy Notes during the pandemic:
 - a. Procurement Policy Note 01/20, published in March 2020, provided an overview of the options available to contracting authorities under procurement legislation when it was necessary to procure goods or services with extreme urgency.

- b. Procurement Policy Note 02/20, also published in March 2020, provided guidance for contracting authorities relating to payment of suppliers, to ensure service continuity during and after the pandemic. An updated version was published in June 2020 as Procurement Policy Note 04/20.
 - c. Procurement Policy Note 03/20, published in April 2020, provided guidance on how contracting authorities could increase their use of procurement cards in order to maintain cashflow to suppliers.
41. The Welsh Government also developed the Buyers Guide for PPE, with support from the British Safety Industry Federation, which was a compilation of information available from other sources to assist in the identification of non-compliant PPE. As such it was not intended for the NHS Wales Shared Services Partnership or local health boards, which had their own robust mechanisms already in place, but for other public and voluntary sector organisations.

Pre-pandemic preparedness and the early stages of the pandemic

42. Before the pandemic, the Welsh Government maintained a range of medical countermeasures and consumables in accordance with the UK Pandemic Influenza Strategy 2011. This included stocks of FFP3 respirators, surgical masks, eye protection, liquid hand soap, detergent, hand hygiene, clinical waste bags, paper towels, aprons and gloves, in order to deliver what the 2011 strategy termed “a defence-in-depth” pandemic response. The Welsh Government was part of a UK health structure that maintained these countermeasures in a state of readiness. Decisions regarding which and how many items to procure and hold were the responsibility of Public Health England, acting on the advice of the New and Emerging Respiratory Virus Threats Advisory Group.
43. Under a Memorandum of Understanding agreed in July 2018 between the devolved governments and the Secretary of State for Health, the UK Government acted as lead purchaser, undertaking procurement exercises on behalf of the four nations to ensure value for money and to enable governments to benefit from economies of scale. On 10 December 2019, this was extended by agreement until 2025. The Memorandum outlined a four nations approach to the procurement and distribution of medicines and health emergency countermeasures.
44. The pandemic influenza stockpile of PPE products agreed as part of this four nations approach was in addition to any PPE procured and distributed by the NHS Wales Shared Services Partnership as part of business-as-usual requirements, and any PPE purchased by healthcare organisations themselves.
45. Wales also expected to be able to avail itself of UK-wide ‘Just in Time’ contracts and arrangements to procure PPE at pace in the event of an emergency. Just in Time

contracts were specific contracts where Public Health England led the procurement on behalf of the four nations, working with NHS Supply Chain (England) and reporting into the UK Clinical Countermeasures Board. The Board was chaired by Public Health England with representatives from all four nations, and was expected to procure replenishment of the PPE stockpile on behalf of the UK. The Welsh Government had the option to opt into those replenishment arrangements. However, it became apparent early on that the arrangements in England were very fragmented and there was no assurance on how and when they would supply PPE to the four nations to replenish stock. As Welsh stock was depleting quickly, the Welsh Government had to start making its own arrangements to ensure it could meet the growing demand in Wales, with procurement carried out by the NHS Wales Shared Services Partnership.

Distribution of the influenza pandemic stockpile

46. As described above, the Welsh Government established the Covid-19 Health Countermeasures Group in February 2020 to secure the procurement and distribution of PPE to healthcare settings as part of its initial response arrangements. Although the Welsh Government had oversight of the deployment of pandemic stocks via the Covid-19 Health Countermeasures Group, the management and distribution of the stock was undertaken by the NHS Wales Shared Services Partnership.
47. The Welsh Government realised early in the pandemic that the stock of PPE was diminishing very rapidly. Although the pandemic influenza stockpile worked as an effective buffer, some items were inadequate and stocks were exhausted much quicker than expected, meaning that Wales needed to procure more PPE than initially anticipated to meet demand. However, this was challenging because most supplies came from outside of the United Kingdom, from China and India, and due an increased global demand for such supplies and lockdown restrictions in those countries, they were difficult to source. The Welsh Government was clear about the difficulties faced throughout the pandemic as exemplified by the Minister for Health and Social Services' public statement on 21 April 2020 that Wales had only had enough stocks of all items to last for a few days.
48. On 27 April 2020, the First Minister, following discussion at Cabinet, confirmed in a Covid-19 public briefing the Welsh Government strategy as regards ensuring sustainable PPE supplies. This involved not relying simply on established links, but taking a multi-pronged approach including procuring additional PPE supplies, working with other UK nations to pool procurement efforts and provide mutual aid, continuing international supplies and increasing work with Welsh businesses through innovation and new manufacturing routes to produce PPE domestically.
49. Throughout the relevant period Wales did not run out of PPE on a national level. That said, even where there was sufficient PPE stock, there were distribution challenges.

As the Inquiry heard in Module 3, there were instances of healthcare workers in Wales who were unable to obtain PPE or were so concerned about the availability of PPE that they were forced to adopt unsafe infection prevention control practices such as using bin bags for aprons. Public ministerial statements gave assurance about PPE stock levels, advice about how to access PPE and set up a hotline for workers to ask for PPE. Although the Welsh Government confronted this challenge at a national level, the Inquiry heard evidence during Module 3, which the Welsh Government accepts, that delivering PPE stock to local health boards did not necessarily mean it reached the right hospital or the right ward.

Provision of PPE to the social care sector

50. The Welsh Government is not responsible for the operational delivery of social care, nor does it directly fund the delivery of social services or social care: that is the statutory duty of local authorities in Wales. Ordinarily, PPE for the social care sector was sourced by each local authority for its local area and private providers were responsible for sourcing their own. However, early in the pandemic, local authorities were experiencing difficulties in delivering sufficient volumes of PPE to the sector because global supply chains were collapsing and PPE was in very high demand. The Welsh Government worked to identify possible solutions and, on 18 March 2020, requested that local health boards put in place arrangements to support the provision of PPE to social care settings as an interim contingency measure. Following Welsh Government discussions with the NHS Wales Shared Services Partnership and local authority leaders, the Minister for Health and Social Services announced on 19 March 2020 that the NHS Wales Shared Services Partnership's procurement and distribution remit would expand to include the social care sector. This facilitated more effective central procurement by the NHS Wales Shared Services Partnership than would have been possible by individual local authorities.
51. Local authority stores were used to distribute PPE which helped on a practical level in delivering supplies, but also helped to instil confidence that the system was working. Difficulties persisted in the first few months of the pandemic, particularly following updated PPE guidance in April 2020 which significantly expanded the use of PPE and whilst the new arrangements in delivering PPE to the social care sector became embedded, but had improved considerably by May 2020. The Welsh Government accepts that the move to centralised NHS-led procurement for the social care sector could have been put in place earlier in March 2020, which might have quickened the improved availability of supplies for the sector in those very early days of the pandemic.
52. PPE to manage Covid-19 was provided for free to the social care sector in Wales during the pandemic. It was also provided for free to independent NHS contractors in primary care such as GPs, dentists, pharmacies and optometrists.

Working with the UK Government and other Devolved Governments

53. The difficulties with UK and English procurement at the outset of the pandemic, which led to the Welsh Government's decision to opt out of UK arrangements for replenishment of the pandemic influenza stockpiles, are described earlier in this statement.
54. There were also some early issues in communication with the UK Government relating to oxygen supply. Priority arrangements made by the UK Department of Health and Social Care with oxygen suppliers were not initially communicated to the Welsh Government or the NHS in Wales. Consequently, when local health boards in Wales became aware that their existing systems could not deliver the level of oxygen needed, the British Oxygen Company was contacted to request enhancements to their systems, only for the health board to be referred to the Department of Health and Social Care's priority list. This caused some difficulties, but the Welsh Government worked closely with health boards and the NHS Wales Shared Services Partnership Specialist Estate Services to understand the challenges and system limitations to enable a list of priority sites to be established for enhanced oxygen provision in Wales. The Welsh Government, assisted by the NHS Wales Shared Services Partnership-Specialist Estate Services, negotiated with the British Oxygen Company to establish options, agree delivery timescales and monitor progress on site.
55. A Four Nations PPE Strategic Board was established in April 2020 to support all four nations in the procurement and continuous supply of PPE. Wales was represented on the group by the NHS Wales Shared Services Partnership and representatives from the Welsh Government's Health and Social Services Group. The Strategic Board met monthly to provide mutual, strategic support with the aim of developing a shared view of PPE supply and demand, ensuring value for money on PPE procurement activity and minimising competition between the four nations on the international market.

UK procurement of testing devices and ventilators

56. The procurement of lateral flow devices and increasing PCR testing infrastructure and consumables was undertaken by the UK Government on a four nations approach under the UK Testing Programme arrangements. This was initially delivered by NHS Test and Trace which was created on 28 May 2020 and transitioned to the UK Health Security Agency from its establishment on 1 April 2021. Under the UK Testing Programme, over £2.7 billion of Lateral Flow Devices were procured for the UK which included £111.6 million allocated to Wales. Due to having a sufficient stock of Lateral Flow Devices, Wales chose to opt out of two procurements of these tests amounting to 16.3 million Lateral Flow Tests, of which the Welsh Government received a funding transfer equivalent to the value of the tests.

57. In addition to those procured by the NHS Wales Shared Services Partnership, ventilators for Wales were also procured through UK arrangements. There were no issues in relation to the availability of ventilators in Wales during the pandemic period.

Mutual aid

58. From the very early stages of the pandemic, the four nations recognised the need to make all reasonable endeavours to assist one another when requested, taking into account the health needs of their own country. The *Pandemic Stock Principles for the Coronavirus Outbreak* agreed by the four nations on 11 February 2020 made provision for such mutual aid requests.
59. Between April 2020 and August 2021, Wales issued 13.8 million items of mutual aid to other UK nations and received 1.4 million items on request from Scotland and Northern Ireland. Welsh health services' buying power enabled £37.5 million of PPE for other UK nations. In return, Wales received around 3.3 million items from the UK Government to replenish stocks. In December 2021, Wales also loaned 20 million lateral flow tests to England from its ringfenced allocation, which were subsequently replenished.

Lessons learned

60. A number of reviews touching upon healthcare procurement in Wales during the pandemic have been carried out by or in respect of the Welsh Government. These include the independent Audit Wales 'Procuring and Supplying PPE for the COVID-19 Pandemic' report dated April 2021, which recognised that the Welsh Government and NHS Wales Shared Services Partnership put in place good arrangements to procure PPE that helped manage risks and avoid some of the issues reported on in England.
61. Throughout this Inquiry, the Welsh Government has been steadfast in its commitment to learning lessons from the pandemic. Having reflected on the reviews referred to above, and on the written evidence submitted by senior officials and Ministers, there are three principal lessons.
62. First, the importance of an effective central purchasing and procurement system which focused on quality and value for money in a fair and transparent way and without preferential treatment. It became clear early in the pandemic that the supply chains we relied on were not resilient. Having a centralised system in place in Wales through the NHS Wales Shared Services Partnership helped to reduce any element of competition within Wales and we did not end up with health boards competing for the same contracts.
63. Secondly, it is imperative that decision-makers engaged in future pandemics are mindful of the speed with which stockpiles of key supplies can be exhausted during a

pandemic. Following recommendations made by the Senedd's Health, Social Care and Sport Committee in July 2020, the Welsh Government developed a strategy for securing a resilient supply of PPE, including a plan for stockpiling, referred to as the "NWSSP Procurement Services PPE Winter Plan". Key to the plan was the decision to buy and warehouse a physical stockpile of 24 weeks of key PPE items to improve resilience.

64. Finally, it is paramount that all four governments in the UK recognise the fragility of international supply lines during a global pandemic or similar event. The issues caused by the disruption in the global supply chain and were not unique to Wales. The experience of Covid-19 ought to alert any future governments to the dangers of over-reliance on conventional markets and overseas suppliers during a crisis. While global supply chains offer greater cost effectiveness in a narrow, short-term sense, there can be greater value in having resilient domestic supply chains which are less likely to break down during a global pandemic when international supplies are in extremely high demand. A blend of local manufacture with international supply should be considered. The Welsh Government recognises that investment in domestic supply chains runs the significant risk that such supplies do not end up being required and for that reason consider that investment in supply chain redundancy would need to be supported by governments, and the public, across the UK.

Statutory changes since the pandemic

65. The Social Partnership and Public Procurement (Wales) Act 2023 came into force in May 2023 and established a framework for promoting sustainable development, improving public services, and enhancing the overall well-being of the people of Wales. It achieves these goals through social partnership working, fair work, and socially responsible procurement. The Act introduced a duty for public bodies including the Welsh Ministers and the NHS bodies in Wales to consider socially responsible public procurement. It also requires public bodies to publish a procurement strategy and to set objectives related to well-being goals in their procurement processes.
66. The UK Procurement Act 2023 will come into force in February 2025 and although the fundamental requirements of procurement will be substantially the same as under the Public Contracts Regulations 2015, the Act has introduced significant changes not least in relation to the debarment of suppliers.