

Witness Name: Tim Jarvis

Statement No.: 1

Exhibits: TJ/01 - TJ/08

Dated: 9 December 2024

THE INDEPENDENT UK COVID-19 INQUIRY

MODULE 5

FIRST MODULE 5 WITNESS STATEMENT OF TIM JARVIS

Contents

Section 1: Introduction	3
Section 2: Role and Background	4
Pre-Pandemic Role: Overview	4
<i>Pandemic Role: Overview of Role and Relationships with Other Government Departments</i>	5
Section 3: PPE Make Programme	8
Sprints and Product Categories	9
<i>Cross Departmental Working</i>	10
<i>Wider Industry Engagement</i>	12
Section 4: Suppliers and Manufacturing	12
Manufacturing	12
Innovation	14
Devolved Administrations, Regional and Local Manufacturing	15
Agua Fabrics	15
Global Strategic Sourcing and Engagement Project and Project DEFEND	17
Cost Effectiveness and Controls	17
Reflections on Changes to Domestic Manufacturing and the Procurement Process	17
Private Consultants	18
<i>Suitability and Resilience of Supply Chains</i>	19
<i>Effectiveness of Regulatory Regimes</i>	20
Section 5: Distribution and Disposal	20
Distribution	20
Disposal	20
Section 6: Testing and Regulation of PPE	21
Regulatory Co-ordination Cell	21
Section 7: Commercial and Financial Governance and Contracts	21
Conflict of Interests	22
Section 8: Concluding Summary	23
Annex A	26
Exhibit Table	26

Section 1: Introduction

- 1.1. I, Tim Jarvis, have provided this written statement in response to the Inquiry's Rule 9 request dated 25 September 2024 (**the 'Rule 9 request'**).
- 1.2. I would like to start by expressing my deepest sympathy to all those who lost loved ones during the Covid-19 pandemic and those affected in many other ways, including those that continue to be affected.
- 1.3. I would expect my statement and evidence to be considered alongside that provided by those within DHSC who contracted with UK manufacturers for the manufacture of PPE. My role and that of my team was in support of that work.
- 1.4. This statement addresses my role and involvement in the BEIS PPE Make Programme (**PPE Make**) and has been prepared based on my personal recollections. I have also reviewed the Module 5 corporate witness statement made on behalf of the former department for Business Energy and Industrial Strategy (**BEIS**). This is referred to in this statement as 'the BEIS Corporate Statement'. I refer to that statement, dated 11 October 2024, where relevant and have tried to avoid unnecessary repetition of matters set out in detail there. I agree with the summary in that statement.
- 1.5. In Sections 2 to 7, I address the topics that the Inquiry has asked me to consider and, where necessary and within these, I have addressed all matters that I consider would be helpful to the Inquiry. The topics include:
 - a) My role, background and experience prior to and during the pandemic;
 - b) The structure of PPE Make and cross departmental working, with a focus on how BEIS and DHSC worked together;
- 1.6. The work undertaken by PPE Make in respect of supply chains, manufacturing and testing of PPE;
 - a) The role of private consultants in the PPE Make Programme; and
 - b) My role as it related to commercial and financial governance, fraud, and conflicts of interest.
- 1.7. In Section 8, I provide a concluding summary of my work in respect of PPE Make and my personal reflections.

Section 2: Role and Background

- 2.1. I am currently the Director General of Markets at the Office of Gas and Electricity Markets (**OGEM**) and have been in that role since September 2023. Between 1 January 2018 and 28 June 2022, I held a number of positions within the civil service, namely:
- a) Between 1 January 2018 and 27 April 2020, I was Director of Consumer and Competition Policy at BEIS;
 - b) Between 27 April 2020 and September 2020, I was Director, PPE Make, at BEIS; and
 - c) Between September 2020 and 28 June 2022, I was Director, Companies and Economic Security, at HM Treasury.

Pre-Pandemic Role: Overview

- 2.2. At the start of the pandemic and the first lockdown in March 2020, I was Director of Consumer and Competition Policy at BEIS. In this role, I led a directorate of around 100 staff. At that time, the directorate comprised four teams covering: market analysis; consumer protection, including sponsorship and government funding of consumer bodies; competition law and policy, including sponsorship of the Competition and Markets Authority (**CMA**) and the Competition Appeals Tribunal; and government policy on foreign investment screening. The directorate advised ministers on consumer and competition policy, oversaw arms-length bodies such as the CMA and led policy consultations and any resulting changes to legislation. During my time in this role, I led the team negotiating the consumer and competition elements of the Trade and Cooperation Agreement with the EU after the referendum and oversaw the introduction of a new regime to screen foreign investment for national security purposes.
- 2.3. I continued in this role for the first month of the lockdown during which I was mainly involved in ensuring the directorate could adapt its working practices to the Covid-19 restrictions that had been put in place at that time. We needed to ensure that everybody had what they needed to work remotely and that we could put in place new ways of working, such as online meetings rather than face to face.
- 2.4. As a Senior Civil Servant, I had some experience of public sector procurement. This had largely been in policy rather than delivery roles for consultancy and advisory services. For example, as part of the policy work for the consumer green paper in 2018, my team procured a contract with a research company to assess the impact and

effectiveness of alternative dispute resolution. In response to specific questions from the Inquiry, I can confirm that prior to the pandemic I did not have experience of:

- a) Procurement during civil emergencies;
- b) Co-ordinating the design and manufacture of specialist equipment;
- c) Streamlining approvals and procurement processes;
- d) Scaling up domestic engineering and manufacturing capacity; and
- e) Supply chain management.

- 2.5. However, these were also not functions that I undertook during the pandemic. BEIS was asked to support DHSC in encouraging UK manufacturers to produce PPE products to supplement the equipment being procured from global suppliers. Our role was to advise and support that function in the early months of the pandemic but BEIS did not procure PPE or contract directly with suppliers. All procurement was undertaken by DHSC and Cabinet Office.

Pandemic Role: Overview of Role and Relationships with Other Government Departments

- 2.6. The BEIS PPE Make team was established on 28 April 2020. In my role as Director, PPE Make, for BEIS, I led a small team of no more than eight officials from BEIS who worked alongside the DHSC procurement team led by Lord Paul Deighton (discussed in further detail below in section 3). I was not involved in the recruitment of the BEIS officials. From memory, they were selected based on availability, which depended on the impact of the Covid-19 restrictions on their day job, experience, and the extent to which they had put themselves forward to work on the exceptional issues that had arisen during the early days of the crisis. My remit on appointment was to help DHSC identify and support UK manufacturers to make PPE to meet the increased demand from the pandemic. Prior to the pandemic, very little PPE was made in the UK. Further, many manufacturers of other products had closed as a result of the national lockdown and staff were furloughed. The idea was that this unused manufacturing capacity might be repurposed to support DHSC in securing PPE which was no longer available or was in short supply on the global market. I understood that DHSC staff had few or no links with UK manufacturers and, therefore, no capacity to explore whether this was feasible or how to support manufacturers to make items they had not made previously.
- 2.7. The role developed over time. In the early days as I was building up a team to support me, I saw my role as helping Lord Deighton establish the team and processes he

needed. This involved bringing on board a team of supply chain specialists who he had worked with previously and providing links and liaison with relevant parts of Government and external stakeholders, such as Business Representative Organisations (**BROs**). The team of specialists was brought in by Chanzo in consultation with Lord Deighton and I understood that at least some of them had worked with him on the London Olympics in 2012. They came from the private sector and had, in various roles, led supply chains in global companies including, for example, Adidas. The work undertaken by Chanzo, and my team's involvement with them, is set out at paragraphs 12.20 to 12.30 of the BEIS Corporate Statement. I confirm that it is accurate to the best of my knowledge and belief.

- 2.8. I also spent these early days building up my understanding of how the procurement teams in DHSC and Cabinet Office were dealing with the large number of offers of help that were coming in from manufacturers responding to the Government's "call to arms". This involved meeting DHSC and Cabinet Office officials, and consultants who had been brought in by those departments, who were attempting to triage what I understood to be the large number of offers from different companies and individuals across the UK.
- 2.9. My role, and that of my team, became one where we were asked to help those responsible for procurement to navigate government processes and enable them to draw on expertise and advice that was available within government. A Memorandum of Understanding (**MoU**) was put in place between my team and DHSC, which was agreed and signed by my department on 20 July 2020 and by DHSC on 21 August 2020 [TJ/01 - INQ000064907]. The MoU set out four goals for the BEIS PPE Make team, which reflected that our role had developed over time to support DHSC, namely:
- a) Produce a long-term proactive strategy to ensure a robust supply of PPE produced domestically;
 - b) Streamline the online technical guidance available to companies seeking to secure PPE for the first time, to help them to get their PPE to the forefront more quickly;
 - c) Expedite the technical approval process for PPE products by exploring the ways to expand test house capacity in the UK; and
 - d) Explore regional manufacturing and innovation, pending strategic resilience decisions.

- 2.10. Under the terms of the MoU, I reported directly to Lord Deighton. Lord Deighton introduced a system of 'sprints' for the initial work of cross-government UK Make team. These sprints were dedicated week-long periods of focus on a specific priority PPE product. In early June 2020, the PPE Taskforce led by Lord Deighton merged into a combined DHSC and NHS organisation, product category teams were developed from the UK Make sprints and each was led by a Category Lead. Some of those leading these teams, had little or no experience of government. They had extensive experience of private sector supply chains but, particularly in the early days of my involvement, did not know where to go for advice or specialist knowledge within government or how to navigate the regulatory and approvals processes within government. My team acted as a conduit between those brought in from the private sector, the rest of government and external stakeholders such as the BROs. We ensured the category team leads could focus on the tasks they needed to undertake and provided the links required within government to assist with: a) supporting the manufacture of PPE; and b) setting up new supply chains at pace. This was a time limited function but an important one in the early months of the PPE response.
- 2.11. It is worth stating that this is a very different function from the one that I think was originally envisaged and thought to be required. Once the decision was made to structure procurement teams according to product categories looking at all sources of PPE, including domestic production, there was a less identifiable separate PPE Make workstream. Category leads were looking at the available sources of PPE (imports and domestic manufacturing) and making decisions on how they could meet demand from those sources at the best price. Where that involved contracting with UK manufacturers and ensuring they could supply, we provided advice and a coordinating role with other organisations within and outside Government to help this to happen. However, we were not the large joint BEIS/DHSC team originally envisaged which would run a separate UK PPE Make programme. That function was essentially consumed into the DHSC-led product category teams and instead we retained a small team in BEIS to advise and support.
- 2.12. The main organisations, departments and people I worked with in relation to the domestic manufacture of PPE are set out in the BEIS Corporate Statement at paragraphs 12.12 to 12.15 and 12.38.
- 2.13. From a personal perspective, the key people I worked with were Lord Deighton, Gil Steyaert (Leader of the Sprints Team and, latterly, Co-Director of PPE Taskforce),

Gary Horsfield (COO, the National PPE Cell at DHSC), Jonathan Marron (DHSC), and Emily Lawson (NHS). Once Lord Deighton was made responsible for the whole of PPE procurement, rather than just the UK manufacture of PPE as originally envisaged, Lord Deighton, Emily Lawson and Jonathan Marron were the three key people who led the work for DHSC/NHS. My main interaction was with Lord Deighton in the early days of my involvement in the project but, over time, I joined meetings with Emily Lawson and Jonathan Marron to update them on what my team was doing. Jonathan Marron was generally my first point of contact at DHSC.

- 2.14. Although my official title was Director, PPE Make, my team within BEIS and I ultimately undertook a very specific but limited set of support functions for the reasons described above. Neither I, nor my team, were involved in procurement decisions. I was not requested to procure PPE (nor did I have a budget to do so), or to make any logistical or any other decisions in relation to such procurement. The procurement of PPE, and by extension decisions surrounding such procurement, were undertaken by DHSC and Cabinet Office. Our role was to support DHSC and Lord Deighton's team until they had established a domestic source of PPE manufacture. As far as I can remember, I had no contact or involvement with international manufacturers and/or suppliers.

Section 3: PPE Make Programme

- 3.1. The PPE Make Programme was led by Lord Deighton as part of his wider responsibility for PPE. Lord Deighton was appointed by the Secretary of State for Health and Social Care and he reported directly to the Secretary of State and the Prime Minister. I had little to no contact with ministers in my role.
- 3.2. The history of the PPE Make Programme and key personnel are set out at paragraphs 12.1 to 12.11 of the BEIS Corporate Statement. The specific role of BEIS is also fully and accurately contained within the BEIS Corporate Statement within Section 12 which considers all aspects of my team's involvement in PPE Make. I have reviewed this section and I agree with the information provided and that it is, to the best of my knowledge and understanding, correct.
- 3.3. With regard to my personal working with Lord Deighton, I had weekly discussions with him in which I would update him on progress, including on issues that were coming up, such as challenges in navigating regulatory approvals. We would also discuss stakeholder management, ensuring BROs were being informed about what was needed, how they could best help through their members and where specialist teams in BEIS and other departments might be able to provide support. This relationship has

also been set out at paragraphs 12.50 to 12.53 and 12.56 of the BEIS Corporate Statement.

- 3.4. The key structure, systems and principal workstreams of the PPE Make Programme are contained throughout the BEIS Corporate Statement. In my view, following Lord Deighton's decision to create product category teams led by supply chain specialists (as set out at paragraph 2.10 above), the structures and systems worked well. This is evidenced by the speed at which manufacturing capacity was stood up, and the amount of PPE being produced domestically by the end of the year when compared with capacity prior to the pandemic. The structure and systems evolved quickly and by July 2020 those systems had been incorporated into broader category teams within DHSC which were responsible for the make and buy elements of the programme. There was therefore a relatively short period of a couple of months when there was anything which could be described as a separate 'Make' programme.

Sprints and Product Categories

- 3.5. In May 2020, Lord Deighton decided to focus on mobilising larger manufacturers who could produce at scale rather than trying to triage the large numbers of offers from smaller companies. This was set out in an update to the Secretary of State on 15 May 2020 [TJ/02 - INQ000475379]. The work, therefore, became less about triaging incoming offers and more focused on working with BROs and others to target the relatively few manufacturers that had the potential to produce at scale. Lord Deighton initially established sprint teams on individual product lines led by the supply chain specialists he had brought in. My new team supported these sprint teams, on specific tasks and by providing links to different parts of government, as appropriate.
- 3.6. In early June 2020, Lord Deighton set up a new structure within DHSC which replaced the sprints approach. Product category teams were created to lead on all aspects of procurement for a particular product, including domestic manufacture. For example, the gowns team was responsible for procuring different types of gowns for different uses within the NHS and would source from global markets, existing and new suppliers within the UK.
- 3.7. From memory, from my team of eight we allocated one member of the team initially to support each sprint and later to support the product category leads on domestic manufacture. The extent to which these individuals were involved varied depending on the needs of the team. For example, the sprint on gowns involved looking at how to speed up the testing and approvals processes; the BEIS official supported this by

contacting testing houses and scoping capacity in UK laboratories. My team had no role in the design and running of sprints.

Cross Departmental Working

- 3.8. As a result of the speed with which events were moving, during the five-month period I was involved in PPE Make the nature of the relationship between BEIS and DHSC on the programme evolved. It was initially proposed that I would lead a joint BEIS/DHSC team that would identify manufacturers who could make PPE and help them start production to support the supply of PPE to the NHS. It quickly became clear that my small team and I were part of a rapidly evolving procurement strategy at DHSC and that Lord Deighton's original brief (to lead on domestic manufacturing) had been expanded. This made sense. The system was agnostic about the source of PPE. The priority was to maximise the availability of compliant PPE to the NHS from wherever it could be sourced. An artificial distinction between domestically produced PPE and that imported from elsewhere was unnecessary. In effect, we became additional resource available to support the DHSC efforts focused on the activity required to upscale UK manufacturing of PPE.
- 3.9. As a result, I deployed my team of BEIS officials where I thought they could add the most value to the overall effort. This was particularly the case once the supply chain specialists reporting directly to Lord Deighton took charge of the product level sprints and led the product category teams that were put in place from 8 June 2020.
- 3.10. This evolution of roles is an important factor to be taken into account when considering what is meant by cross-departmental working. In normal times, cross-departmental working is required where different departments might have differing interests or perspective on an overall policy goal and joint working is required to ensure such differences do not undermine policy ambitions. This was not the case on PPE. It was very clear to everybody what was required, and we were all committed to doing what we could to meet that need. In terms of structures, systems, and processes, these evolved over time but the core principle that underpinned my work, and that of my team, was that we worked to support Lord Deighton, Jonathan Marron and Emily Lawson in the overall PPE effort by facilitating an increase in domestic manufacture.
- 3.11. The constantly evolving and ramping up of teams and resources on the DHSC side, particularly at director level, did make it challenging. My role would have been easier had I had a single point of contact on the DHSC side at director level, but this reflects

an ideal that was unlikely to be met given the complexity of the work we were doing and the speed at which it was being done.

- 3.12. My team also supported DHSC and the Department for International Trade (**DIT**) on a strategy for the long-term domestic supply of PPE as part of a wider supply strategy. Our advice was provided to DHSC as part of the handover process at the end of August 2020, and the team was officially disbanded by the beginning of September 2020. I sent a final handover email on 8 September 2020 [TJ/03 - INQ000477753]. By this point, the domestic supply had been set up, production was in place and the need for a BEIS PPE Make team had come to an end.
- 3.13. We were also involved with a range of industry bodies on an issue-by-issue basis in order to find solutions to particular issues as they arose. As the role of my team was to facilitate, our involvement was generally to seek assistance from the relevant body where it could be of assistance, or to support longer term strategy work from a BEIS perspective. For example, my team put manufacturers in touch with the High Value Manufacturing Catapults (**HVMC**) who were able to provide advice which enabled the manufacturer to increase its production.
- 3.14. HVMCs are a group of manufacturing research centres which were set up by Innovate UK, a non-departmental public body then sponsored by BEIS¹. They were established to strengthen the UK's manufacturing capability, providing a link between industry and academia. The HVMCs assist companies in transforming innovation into usable products by providing expertise and insight into the manufacturing industry and key players. HVMCs can also provide access to specialist equipment to assist with production. This is why I suggested to Lord Deighton that HVMCs should be involved to assist manufacturers during the pandemic.
- 3.15. My team also worked with the Chemicals and Plastics Sector team based in BEIS to provide contacts to companies, and with the Industrial Strategy Team in relation to policy on the long-term domestic manufacturing strategy for PPE. From memory, I worked with Jo Bray who led the team and one of my team, Jonathan Hoare, who had been seconded in from the Chemicals and Plastics Sector team. Unfortunately, I am not able to recall the names of other individuals who I worked with on either of those teams owing to the passage of time and the number of persons that I spoke with during the pandemic.

¹ Now sponsored by the Department for Science, Innovation and Technology.

- 3.16. My team also worked with Graham Russell, who was, and still is, the Chief Executive Officer of the Office for Public Safety and Standards (**OPSS**). A member of OPSS was seconded into my team to advise on regulatory approvals and I agreed with Graham Russell that my team could rely on OPSS for support on technical questions regarding regulations and standards.

Wider Industry Engagement

- 3.17. In terms of wider industry engagement, my team worked through sector teams within BEIS and BROs to engage with industry. My team liaised with those who managed the relationships with BROs, such as Make UK. I provided the link between those organisations and Lord Deighton.
- 3.18. The PPE Make Team within BEIS was not responsible for contacting and engaging with individual companies. This responsibility rested with the individual product category teams in DHSC which were put in place following the sprints. My personal direct engagement with industry was generally limited to those businesses that had come through the process run by product category leads or where there were individual queries. For example, my involvement with Agua Fabrics arose because they contacted the gowns team in DHSC (further information in relation to Agua Fabrics is set out below at paragraphs 4.14 to 4.18).
- 3.19. I also attended meetings with Make UK and the Association of British HealthTech Industries (**ABHI**) and these were on occasion attended by members of organisations who were either making PPE or were looking to do so.

Section 4: Suppliers and Manufacturing

Manufacturing

- 4.1. Prior to the pandemic very little PPE was manufactured in the UK. PPE manufacture is largely a high volume, low margin business. By contrast, my understanding is that the UK has for many years focused on, and been successful in, specialist manufacturing. The UK has not sought to be competitive with low wage, largely unskilled manufacturing at scale. Products like PPE can, in normal times, be procured much more cheaply overseas. During the pandemic, prices increased internationally and supply was severely restricted. This meant that there was a need for PPE manufacturing capacity to be stood up at pace. For a period, the domestic supply was competitive on price because global prices had increased so much. One potential lesson from the pandemic is whether we should retain some residual capacity to stand

up manufacturing of PPE at scale for critical goods in a future emergency. This was not in place prior to the pandemic and the PPE that was in short supply globally had not been considered critical. This was not a situation unique to the UK; every country in the world that did not produce PPE domestically faced the same challenges.

- 4.2. During my time working on PPE, the work to promote UK manufacturing did not form part of any wider industrial strategy for domestic manufacturing of other healthcare equipment and supplies. This was primarily because my involvement was limited to the early days of the pandemic and the initial response.
- 4.3. Whilst I was not directly involved in the demand side of the PPE response, it was clear that there were challenges in getting data and responding to a clear demand signal. As I understand it, prior to the pandemic PPE was largely procured on a federated basis by hospitals and NHS Trusts. During the pandemic we moved to a situation where it was being procured centrally by government. This made linking demand to supply challenging. I understood that there was no central database on which the PPE stock held by each individual hospital in England was recorded. In other words, each individual hospital held this information on their internal systems. My understanding was that the new central DHSC team (which was implemented as a result of the pandemic) relied on information provided by individual hospitals and NHS Trusts to ascertain demand. We were able to develop a partial picture of local and regional manufacturing capability which we passed to government colleagues to inform future policy work but this had little practical application in the immediate response.
- 4.4. In some ways, the Agua Fabrics case was illustrative of this. The company had originally engaged with an individual hospital about providing gowns, but once products started being procured centrally the company needed to deal with the central DHSC team. This was not the only issue in the Agua Fabrics complaint, but it does illustrate the inevitable difficulties of moving from a system where PPE was procured locally, to one where it was procured centrally. I observed this rather than being directly involved and therefore DHSC and/or NHS officials may be better placed to comment further.
- 4.5. As a result of the pandemic there was a real need to improve and rapidly scale up the domestic manufacture of PPE in the UK. My team were involved in three areas of the attempt to do this, namely:
 - a) Liaising with BROs and trade associations to help identify manufacturers and to deal with queries coming into government from UK companies;

- b) Supporting the individual sprints on products; and
 - c) Supporting the regulatory approvals process to ensure manufacturers knew what they needed to do so that organisations and people were available to provide the necessary approvals.
- 4.6. On the first of these, as described at paragraph 12.51 of the BEIS Corporate Statement, I led and co-ordinated the regular interactions with BROs. We provided the main point of contact for trade associations to answer questions on behalf of their members and feed back issues that were being raised.
- 4.7. On the second of these areas, my team supported the sprints and product category teams led by the supply chain specialists. The member of the BEIS PPE Make team allocated to each sprint dealt with requests and provided feedback from BROs. In addition, we put in place arrangements with OPSS to ensure that each team had an allocated caseworker to guide manufacturers through the approval process. We also supported the development of technical guidance. This ensured that by the time the BEIS team left the project, all UK manufacturers supplying central government procurement had completed their testing.
- 4.8. On the third area, in relation to regulation, manufacture, testing and design, we worked to accelerate the regulatory approval process by assisting the regulators to increase testing house capability and capacity and to guide prospective manufacturers through the approvals process. As previously noted, prior to the pandemic there was hardly any PPE being manufactured in the UK. It was not therefore merely a change of approach to these issues, but instead applying a new (for the UK) form of manufacturing to the systems that existed. My understanding was that these existing systems were set up largely to accommodate a long lead in for companies to obtain regulatory approval. There was therefore a need to establish processes which could speed up this approval.

Innovation

- 4.9. Prior to the pandemic, the structures, systems and processes that existed to support new manufacturing were based on attracting long term investment opportunities. Supporting manufacturers to make something they had never made before, at scale and at a very fast pace, inevitably meant that those structures systems and processes had to adapt and be targeted. In brief, this involved:
- a) Adopting sprints to specific product lines; and

- b) Focusing on manufacturers who could produce at scale.
- 4.10. In my view this was a successful strategy, and an example of a key innovation made during the pandemic to support the domestic design and manufacture of PPE. By July 2020 contracts worth £0.5 billion had been procured with UK manufacturers, and it was forecast at that point that 20% of all PPE would be UK manufactured (compared with less than 1% before Covid-19). In terms of manufacturing processes, my team put companies in touch with, for example, the HVMCs which advised on innovative manufacturing techniques throughout the pandemic. I do not personally recall the BEIS PPE Make team discussing offers to 3D print PPE. However, I do not think it was considered a viable option given the scale of production the PPE Make team, led by DHSC, was looking to achieve through the sprints.

Devolved Administrations, Regional and Local Manufacturing

- 4.11. The role of my team was to try to assist those developing the capacity to support the manufacture of PPE in the devolved administrations and other regions of the UK by creating contacts with the correct people within BEIS, or sponsored by BEIS, who may be able to assist. For example, my team convened meetings with the regional offices of the Cities and Local Growth team (a joint MHCLG/BEIS team), other relevant BEIS bodies such as OPSS, and the HVMC and brought them together with NHS teams who were looking at regional demand.
- 4.12. An official from the NHS (Sue Pritchard) was working with Deloitte to reach potential regional and local suppliers. This work was led out of the NHS but we had some involvement in making the necessary connections with the regional catapults and engaging the Cities and Local Growth Team.
- 4.13. The Catapult Network and 'Hub and Spokes Model' was established by the NHS to assist with the domestic manufacture of PPE. Further information in relation to both of these models is contained at paragraphs 12.75 to 12.81, 12.117 to 12.126 and 12.130 to 12.131 of the BEIS Corporate Statement.

Agua Fabrics

- 4.14. As set out in the BEIS Corporate Statement at paragraph 12.83, Agua Fabrics is a performance upholstery fabric contracting company with a partner network for worldwide warehousing and distribution. It has been a long-time supplier of fabrics to the NHS, typically for use in customer areas such as table covers. Details of what happened in relation to Agua Fabrics and the conclusion of the matter are set out at

paragraphs 12.82 to 12.108 of the BEIS Corporate Statement, but I provide a summary below of how my team and I sought to help, alongside my personal reflections. The owner of Agua Fabrics had raised concerns at multiple levels within government, including with ministers, and I intervened to try to resolve the situation and prevent it distracting other senior people within government. I attempted, not wholly successfully, to mediate between the company and the central procurement team.

- 4.15. As I understood it, in the early days of the pandemic the company had begun negotiations with an individual hospital about producing gowns. By the end of April 2020, orders had been received from five NHS Trusts. As procurement moved to a centralised approach within government, the company had been advised to contact the central procurement team.
- 4.16. The owner and senior executives at Agua Fabrics had complained that they had bought fabric in anticipation of a contract based on their initial discussions with the individual hospital. My understanding was that there was no contract in place when Agua Fabrics entered the central procurement process. Once they had done so, they did not pass Cabinet Office due diligence checks. Agua Fabrics argued that this left them out of pocket. Whilst it remained open to them to try to secure contracts with other hospitals, Agua Fabrics maintained that they had been given an expectation of a contract with the hospital in question.
- 4.17. I was initially sympathetic to the company's position and remained of the view that they had, for a period, been lost between the move from local procurement by individual hospitals to a centralised procurement process. They felt they could help meet the demand for gowns and had purchased fabric with the expectation that they could do so. Nevertheless, it was clear as the investigation progressed that they could not meet the due diligence process for central procurement and there was no justifiable case for making an exception. They had bought the fabric without an agreed contract in place. This was unfortunate but I do not think there was another outcome that could have been reached that would have sufficiently protected public money.
- 4.18. With the benefit of hindsight, I am of the view that the case could have been handled better. Based on my memory of the discussions with the owner of the company, they were very frustrated by the difficulty in trying to engage the central procurement team and finding somebody to listen to and address their concerns. I was told they had been referred from one person to the next for some time. This was why I intervened, to try to understand what the concern was and whether we could do anything about it. I tried

to find a resolution that would satisfy the company but ultimately was unable to and I don't think we could have defended a different outcome. In short, the Government could not buy gowns from a company that had failed the due diligence process. In addition, at that stage there was no longer a shortage of the product in question. No formal commitment had been made to purchase gowns from the company and the decision they made to buy fabric had been taken by them at risk.

Global Strategic Sourcing and Engagement Project and Project DEFEND

- 4.19. From memory I attended some of the early meetings of the Global Strategic and Engagement Project (GSSEP) in May 2020. Minutes are provided at TJ/04 – INQ000489664 and TJ/05 INQ000494025. A member of my team, Jonathan Hoare, generally attended GSSEP meetings after this as the representative for the PPE Make Team and fed into the discussions on the potential role of UK manufacturing in supply chain resilience. Beyond this, I have no recollections of working with the GSSEP.
- 4.20. The GSSEP later became subsumed into Project DEFEND and was led by DIT. Jonathan Hoare continued to work with the DIT team on DEFEND and contributed to the policy development of what, I believe, became DHSC's strategy to prepare for a second wave of Covid-19. I have no recollection, beyond what is set out at paragraph 13.7 of the BEIS Corporate Statement, of working with DIT on Project DEFEND.

Cost Effectiveness and Controls

- 4.21. Questions in relation to the cost effectiveness of the speed of UK manufacturing would be best directed to the procurement teams at DHSC and Cabinet Office which made the decisions about contracts with domestic manufacturers. From memory, there was a period at the start of the pandemic when the unreliability of supply and cost of PPE on the international market was such that domestic manufacture was important and competitive on price.

Reflections on Changes to Domestic Manufacturing and the Procurement Process

- 4.22. As noted above, future contingency plans might usefully include the role of domestic manufacturing of critical goods. This could involve contracts that provide for capacity to be stood up at short notice or long-term contracts with domestic providers that are based on factors other than cost to ensure residual capacity is available.
- 4.23. The response of domestic manufacturers during the early days of the crisis demonstrated that with the right support and demand signal, the capacity was there to respond at pace and be flexible to stand up the manufacture of new products. Many of

the issues that proved difficult in that process could be used to inform future contingency plans. Examples of possible contingency plans include:

- a) Having an identified list of manufacturers that are able to respond to new demands at scale and at pace in the future, and are contracted to do so;
- b) Off the shelf systems and processes for seeking the necessary regulatory approvals where companies are entering new markets at pace; and
- c) A framework that could be stood up at pace to engage those companies and connect them to the demand signal that emerged from any future crisis.

Private Consultants

- 4.24. Private consultants were used to support our work as we were trying to identify companies that could make products they had never made before, at scale and at a reasonable price. The companies needed support to do that, for example, in securing raw materials, setting up new production lines, and acquiring new machinery to make new products. All of this had to be done at pace.
- 4.25. The supply chain specialists under Gil Steyaert all had very senior experience of how supply chains worked, what is needed to make them work, and what those supplying would need to be able to produce what was needed as quickly as possible. These skills and experience were not generally required in the public sector. Public sector procurement of goods and services usually involves a tendering process where market participants tender to provide what Government needs. It is the role of those procuring those goods and services on behalf of Government to evaluate tenders; it is not generally the role of those procuring goods and services to help companies meet a demand that they are not set up to meet.
- 4.26. Civil servants procuring goods or services would therefore not ordinarily be expected to understand the technical detail of the manufacturing or production service that the external companies were providing. There was therefore no team of people in government who had the relevant skills and experience to work with potential manufacturers and support them to move from a position of no production at all to relatively large-scale production in a matter of weeks. We did not have people with sufficient technical understanding of what would be involved in production, and what the costs would be. The supply chain specialists brought the required skills, knowledge and experience.

- 4.27. My team and I had the most contact and involvement with the supply chain specialists brought in via Chanzo. As noted above, we allocated one person from my team to each of the product category team leads and they were called upon to varying degrees to support work with UK manufacturers.
- 4.28. I met with Deloitte, McKinsey and EY teams that had been brought in by Cabinet Office and DHSC on my first day as Director, PPE Make at BEIS to understand the current business engaged. However, I did not commission their role, which predated my involvement, and my only contact with these contractors was in the early days of my role when I was trying to understand who was doing what. I did not have oversight of their remit and role overall, so am not in a position to comment.
- 4.29. I am aware that private bodies, in addition to those discussed above, also had some involvement. These included Advanced Manufacturing Research Centres (**AMRC**), the Royal Academy of Engineering, Innovate UK and UK Research and Investment. I do not have any recollection of any specific advice provided to me or my team by private bodies in relation to the domestic manufacture of PPE. My memory is that we had occasional meetings with trade bodies and representative organisations and they would feed back the experience of their members. We also used these meetings to explain what we were doing, and they provided a channel to update their members.

Suitability and Resilience of Supply Chains

- 4.30. The experience of the pandemic was that there was some capacity within UK manufacturing and that capacity could be stood up relatively quickly. However, it is fair to say that this was something that was learnt from experience rather than part of a preconceived plan.
- 4.31. It seems unlikely that in normal times, UK manufacturing would be competitive in a global market for the type of high volume, low margin PPE products that were needed. As noted above, this raises the question of how we ensure that we have the ability to stand up manufacturing capability at pace to meet an unanticipated need that cannot be met from a global market in the future. Much will have been learned from those companies that started making PPE in response to the crises. I don't know how many of them have continued to do so or whether there are arrangements in place to call on those companies to start producing again if needed if they have stopped doing so. We started some work on this, before I left, to inform the DIT work on secure supply chains for the future, but it was at a relatively nascent stage. As set out in our lessons learned paper, a future resilience strategy is likely to consist of a combination of stockpiling,

long-term contractual relationships with international suppliers that can withstand global shocks, and a small amount of domestic manufacturing that can be stood up and expanded in response to a shock. There needs to be a detailed analysis performed of individual products, the global market for them and the domestic capacity available.

Effectiveness of Regulatory Regimes

4.32. The role of my team was to aid those working with companies, to navigate the processes involved to get the necessary approvals to manufacture and distribute. It was for the individual regulatory authorities to decide on what those rules were and whether any easements or changes to the rules were appropriate and necessary. From memory, I had no concerns expressed to me about sub-standard PPE being supplied to the NHS. However, I was not involved in communications to and from the NHS frontline.

Section 5: Distribution and Disposal

Distribution

5.1. My understanding was that there was not a separate process for distribution of domestically manufactured PPE; all PPE was distributed centrally regardless of source. However, I had no involvement in distribution decisions and processes. In the early days of the PPE Make work I attended some cross-government meetings to try and understand who was doing what, and how my team could work effectively within those structures. These included meetings at the beginning and end of each day with a large team of cross-government officials and bodies (DHSC, NHS, Cabinet Office and the military) which would look at what PPE was due to arrive that day from abroad and where it should be sent. I was not privy to decisions about how PPE was allocated according to demand or the distribution processes which, at that stage, were being led by the army.

Disposal

5.2. I did not personally introduce, adapt or oversee processes for the disposal of excess PPE and have no reflections on this. During my time working on PPE, the focus was on securing sufficient supply to meet the demand. Whilst there was the potential for over supply, and this was discussed as a potential issue towards the end of my team's involvement, I have no recollection of specific strategies that were discussed.

Section 6: Testing and Regulation of PPE

- 6.1. Testing and technical approvals were identified early on in the pandemic as challenges to increasing the pace of large-scale manufacturing of PPE in the UK. As has been set out at paragraphs 12.56 to 12.74 of the BEIS Corporate Statement, issues included testing house capacity and the provision of information to new manufacturers on the technical approvals process for particular items. For example, a member of my team researched the available testing house capacity in the UK and the ability of the market to respond to the increase in demand. Her report made a number of recommendations on action which could be taken to decrease demand for testing and increase supply [TJ/06 - INQ000475452].
- 6.2. In relation to the regulation of PPE and how agencies including OPSS, MHRA and the HSE worked together, I am not well placed to explain this. The role of my team was to identify challenges to manufacturing of PPE and to ensure that the relevant bodies worked with the right manufacturers in order to overcome any issues. In scenarios where challenges included testing and the approval of PPE, we played a co-ordinating role to ensure information flowed between the correct parties so that these issues could be tackled.
- 6.3. Beyond this involvement, I do not have sufficient knowledge to comment on the process for technical approval of PPE within the UK compared with PPE produced overseas during the pandemic.

Regulatory Co-ordination Cell

- 6.4. I had no involvement in the creation of the Regulatory Co-ordination Cell and had limited direct experience of it beyond attending a couple of its meetings. From this limited experience, I formed the view that it was important that the different regulatory bodies involved in PPE were able to co-ordinate through the Cell as this ensured safe PPE could be manufactured for use in the NHS.

Section 7: Commercial and Financial Governance and Contracts

- 7.1. I have been asked to describe my role and responsibilities, and to provide any reflections in relation to the effectiveness of the systems, structures, and processes, in the following areas:
 - a) Commercial and financial governance;
 - b) Due diligence;

- c) General risk assurance;
- d) Risk assurance with respect to (i) fraud; (ii) bribery; (iii) corruption; and (iv) conflicts of interest; and
- e) Fairness of access and award of procurement contracts.

7.2. I have considered these questions carefully, but as I had no role in procurement decisions or the process and procedure for awarding contracts, I do not feel able to provide any further reflections on these matters.

Conflict of Interests

7.3. The standard rules in place for civil servants to avoid conflicts of interest when engaging with industry were, to my knowledge, observed to avoid actual or potential conflicts of interest during the pandemic. Central Cabinet Office guidance on the declaration and management of outside interests in the Civil Service was, and still is, published online for all civil servants. In addition, each department ran its own processes for annual declarations and reminders to staff to declare anything which would be, or could be perceived to be, a conflict of interest.

7.4. I was directly responsible for a relatively small team within BEIS, and to my knowledge any direct engagement between this team and industry was through the DHSC product category teams once contracts had been secured. If any such engagement gave rise to an actual or perceived conflict of interest it would have been for the individual involved to make such a declaration. To my knowledge, no such declarations were made by my team.

7.5. I was not aware of, nor did I suspect, that any person or company engaged through the work my team supported, received any preferential treatment and/or were awarded contracts on the basis that they were a donor of or had a connection to the Conservative Party.

7.6. We ensured that, in relation to the domestic manufacture of PPE during the pandemic, there was an effective system of managing conflicts of interests and relied upon the existing BEIS policies on conflict of interest for employees [TJ/07 - INQ000408357 and TJ/08 - INQ000507556)]. Contractors were working under contracts mainly issued by DHSC and Cabinet Office and I would expect those to have standard terms on conflicts, but I did not have access to or oversee those contracts.

Section 8: Concluding Summary

- 8.1. In summary, my involvement in the PPE work, and that of the BEIS team I led, was relatively short-lived. Whilst in the early days of the pandemic a joint BEIS/DHSC team to promote UK manufacturing of PPE was envisaged, this did not materialise in practice and there was no separate UK manufacturing workstream. Instead, I had a small team of BEIS officials and Lord Deighton oversaw a DHSC-run PPE procurement programme which included UK manufacturing. I endeavoured to ensure that we could be as useful as we could be to the DHSC teams and in the early weeks I think we were an important resource for Lord Deighton to help him put in place the team he needed. However, it was reasonably clear that there was unlikely to be a worthwhile, enduring role for BEIS in the PPE work.
- 8.2. I do not think that this was indicative of any failing. It is very common for the right response to an identified problem to change once more facts and information become available. In a crisis and fast-moving situation, you need people who can work flexibly and adapt to a changing environment. My team aimed to work adaptively to the needs of the PPE response but ultimately played a supporting rather than substantive role.
- 8.3. It was ultimately far more efficient to have individual product category teams led out of DHSC to procure from domestic and international sources the PPE that was needed by the NHS. The supply chain specialists brought in by Lord Deighton were best qualified to help UK companies start production as soon as possible.
- 8.4. Where appropriate I have set out some of my own experience and personal reflections throughout this statement and identified some barriers to the PPE response including the availability of data; a lack of clarity for companies; and the UK's manufacturing capabilities at the outset of the pandemic. In brief, I would note the following:
 - a) My team and I supported data gathering by developing a (partial) picture of regional manufacturing capability, but I understand that the relevant data was dispersed across hospitals and NHS Trusts which made it difficult to link demand and supply and frustrated the efforts of the DHSC team. The work my team undertook to develop a partial picture of local and regional manufacturing capability was intended to inform policy planning, but this may be an area of further development;
 - b) As was demonstrated by the Agua Fabrics matter discussed at paragraphs 4.14 to 4.18, some companies found engaging with the central procurement team

frustrating and felt that they had been referred from one person to the next. Whilst I don't think there would have been a different outcome in that case, the handling of the matter could have been better and clearer communication may have made things smoother; and

- c) Finally, as I discuss at paragraph 4.1 above, at the start of the pandemic the UK excelled in specialist manufacturing rather than high volume, low margin PPE production. Future contingency plans might explore whether there is a role for repurposing manufacturing quickly (as we did) or whether standing residual capacity for such PPE manufacture should be procured based on factors other than cost to ensure we are able to respond rapidly to demand signals. At paragraphs 4.22 to 4.23, I set out in further detail my reflections on possible future contingency plans.

Annex A

Exhibit Table

Exhibit Ref	Internal Reference (e.g. paragraph #)	Date of document	Description	External Reference (e.g. Relativity #)
TJ/01	2.9	21/08/2020	Memorandum of Understanding between DHSC (Jonathan Marron) and BEIS (Julian Critchlow) titled 'PPE 'Make''	INQ000064907
TJ/02	3.5	15/05/2020	Presentation titled 'PPE Make: Lord Deighton Taskforce. Update: 15th May 2020'	INQ000475379
TJ/03	3.12	08/09/2020	Email thread between Tim Jarvis, Peter Howitt (DHSC), Gary Horsfield (DHSC), Jonathan Hoare (BEIS), and Graham Russell (OPSS) re: Handover	INQ000477753
TJ/04	4.19	14/05/2020	Meeting minutes for Global Strategic Sourcing and Engagement Project Board held 14th May 2020	INQ000489664
TJ/05	4.19	21/05/2020	Meeting minutes for Global Strategic Sourcing and Engagement Project Board held 21st May 2020	INQ000494025
TJ/06	6.1	20/07/2020	Report on testing capacity for a potential second wave of Covid-19	INQ000475452
TJ/07	7.6	01/02/2018	BEIS Conduct – Conflicts of Interest policy	INQ000408357
TJ/08	7.6	01/03/2021	BEIS Conduct – Conflicts of Interest policy (revised)	INQ000507556