

Witness Name: The Lord

Agnew of Oulton DL

Statement No.:

Dated:

8th June 2025

UK COVID-19 INQUIRY

WITNESS STATEMENT OF THE LORD AGNEW OF OULTON DL

I, The Lord Agnew of Oulton DL, will say as follows:

1. I make this statement in response to the requests from the UK COVID-19 Public Inquiry (the Inquiry) dated 16 August 2024 and 2 September 2024, under Rule 9 of The Inquiry Rules 2006 (SI 2006/1838), requiring that I provide the Inquiry with a witness statement in respect of specified matters relating to Module 5.

Positions held immediately before and during the pandemic

2. Prior to February 2020 I was the Lord's education minister in the Department for Education (DfE) where I had been since September 2017.
3. I joined the Cabinet Office (CO) as a minister on 14 February 2020. By July 2020 my focus was very substantially redirected to a new role I was handed by the Chancellor of the Exchequer (CoX), namely Her Majesty's Revenue and Customs (HMRC) minister for Brexit Readiness. I was given less than 6 months to steer HMRC (and multiple associated departments) to a point of readiness on 1st January 2021.
4. Between joining the Cabinet Office and taking on the HMRC role my involvement in Covid-related procurement was focused on ventilator procurement. From around April 2020 the bulk of Covid procurement was handled by the Department of Health (DH)/NHS and its ministers.



5. Although I had in my brief the designation 'Procurement Minister' the reality is that it accounted for only about 5% of my workload. Other roles included:
- a. Minister for the civil service;
 - b. Minister for Levelling Up in as much as it referred to moving civil servants out of London;
 - c. Minister for the Government property portfolio;
 - d. Minister for spend controls;
 - e. Minister for Government digital;
 - f. Minister for the Government functions (including for example counter fraud);
 - g. Treasury minister for 'Project Speed' (as alternate to the CoX who never attended); and
 - h. Oversight board for High Speed 2.
6. These are just the ones I can remember. Each one was time consuming in its own way.
7. Some of these responsibilities moved away with the arrival of an additional Cabinet Office Minister - Julia Lopez - but she was locked down in Australia with a new born baby and didn't arrive until (from memory) late 2020.
8. At one point, later in (from memory) May or June 2020, I was asked, by the Prime Minister, to be the Personal Protective Equipment (PPE) procurement minister in the DH alongside my other responsibilities. I turned this request down. It was subsequently partially delivered by Lord Deighton in conjunction with other DH Ministers. I think this might be what is confusing people in assuming I had a much bigger role in PPE procurement than I did. Before Lord Deighton arrived Lord Feldman supported Matthew Hancock in DH procurement matters alongside the DH designated ministers.

9. Further confusion probably arises as many CO procurement officials were seconded to DH but they kept their CO email addresses. However they reported into the DH procurement chain of command.
10. By the end of March 2020 DH ministers were assigned to specific areas of procurement.

Roles in procurement of key healthcare equipment and supplies

11. PPE: This was handled by DH. From memory my only significant interventions were:
 - a. Encouraging Gareth Rhys Williams, the Government Commercial Officer, to lend up to 50 procurement staff to DH to help them accelerate procurement. I made this suggestion at a meeting in the Cabinet Office called by Michael Gove on the first or second Sunday of March 2020. This number was substantially increased over the following months.
 - b. I obtained funding from The Treasury to buy several mask manufacturing machines in an attempt to create some local manufacturing capacity. These were imported from China but by the time we got them up and running world supply chains had created a flow of masks that were much cheaper. The idea was to try to create some capacity for non NHS needs.
12. Ventilators: I played a bigger role here as I volunteered to be the minister overseeing efforts to manufacture them in the UK. Michael Gove appointed me to this oversight role in March 2020 just after a competition had been announced for UK suppliers to come forward with designs and plans. From memory there were about 20 applicants and in the end we went with about 3 firms and manufactured around 15,000 ventilators. However by the time these came on stream it became clear that ventilators could be dangerous for many sufferers of severe covid as the tubes damaged the already weakened lung tissue. The original plan was for 50,000+ ventilators. In addition to these I was able to accelerate the manufacture of ~10,000 continuous positive airway pressure (CPAP) style ventilators which didn't have tubes into the lungs. These were built by the Mercedes Benz F1 team in Hertfordshire.



13. Lateral Flow Tests: I have no recollection of any significant role on these. I think they were handled by DH. I believe Baroness Harding may have led on this but I can't recall. According to the internet she was appointed on 7 May 2020.
14. PCR Testing Equipment: Lord Bethell was made Health Procurement Minister for testing in mid-March 2020. As part of the CO loan of procurement people we sent a very senior civil servant who I think was Gareth R-W's deputy - Andy Wood - to support all DH procurement.
15. In addition to this No 10 set up something called No 10 Covid Coordination Cell. A key person in there was Alex Cooper who had a military logistics background. This was an attempt to coordinate procurement across Government.
16. I have been asked to describe my understanding of how the idea for and establishment of the High Priority Lane (HPL) came about. I have always been puzzled by this. The only role I played was to talk to potential suppliers who contacted either myself or Michael Gove to try to establish whether they were credible. If I thought they were I would refer them to the Government commercial team. What seems to have been forgotten is that we were completely naked as a country in March 2020. We had nothing like enough of anything that was needed. For example on ventilators I think there were about 5,000 in the whole NHS across 1200 hospitals and early estimates of need exceeded 50,000. We had no manufacturing capacity. We were competing with every other advanced economy in the world. There was no PPE, nothing. The immediate aim was to get 'stuff'.
17. I did not have a role in the establishment, operation or supervision of the HPL other than referring credible sounding people to the CS commercial team. I made contact with the British embassy in Beijing to see if processes could be accelerated but much of this was led from No 10 in the chaotic early days.

Referrals

18. I didn't decide which potential suppliers to refer to the HPL.
19. No potential HPL suppliers were known to me prior to them contacting me and I don't recall having any further contact once I referred them into the system. They approached me. I simply referred them via my ministerial private office to the

relevant commercial team. The only information I had about the potential HPL suppliers was what I got from the phone call. If there was additional information it was forwarded via my ministerial private office to the relevant commercial team as set out above.

20. I did not have any prior personal, professional or other type of relationship and/or interest with any of the potential suppliers.
21. I did not perform any checks on the potential suppliers before referring them. Given our total national unpreparedness I was simply trying to prioritise those who sounded credible. This was at a time when neither hospitals nor nursing homes had anywhere near adequate supplies of masks, gowns or gloves. It seems this context has been forgotten.
22. I took very little action to inquiry or monitor whether any referrals I made had been awarded a contract, as once it was inside the DH commercial system they had to manage as best they could. The vast majority of this was in DH. The only exceptions were, as discussed above, the ventilators and mask manufacturing machines for non NHS use.
23. The only supplier that actively lobbied me from memory was Baroness Mone who you will know all about. The National Crime Agency have a full statement from me on that. They have asked that I don't send it to anyone so I suggest that the inquiry get it from them. However even that was (from memory) little more than two or three 5 minute phone calls.
24. I do not recall intervening in the award or refusal to award contracts to potential suppliers.
25. It is possible that I was approached by potential suppliers who I refused to refer to the HPL. Amongst the majority of well intentioned people there were always some cranks on the fringes.

Appointment as Chair of Daily Procurement Meetings



26. I'm not aware that I was ever called 'Chair of Daily Procurement Meetings' other than in my role in the oversight of ventilator manufacture. For this stream of activity we had daily meetings for about 3 months including Sunday evenings. This brought together PA Consulting/ Medicines and Healthcare products Regulatory Agency/ senior procurement staff in DH and CO. There were normally 8-12 people on the Zoom call.

27. I suggested to Michael Gove that I take this role on in March 2020.

28. Prior to the pandemic I had been the minister overseeing capital spend in the DfE. This was mostly preallocated but it did include budgets for free school sites and the building of free schools. Mostly non staff spend in the schools system is delegated to Local Authorities (for LA schools) or academies but we did track non staff spending. We had an excellent CS- Mike Green- who revamped the procurement rules around schools capital spending. I pushed the procurement of modular school structures as they were far quicker to build and more eco friendly. We made some solid progress in this area.

29. I had created a Business Process Outsourcing business that I sold to private equity in 2004. It was subsequently floated on the NYSE in 2006. This required a high degree of specialism in supply chains and associated activities. So my private sector experience had some relevance. My time in the DfE was useful in as much as I was minister for school capital and from memory 'minister for the school system' which had an overview of the financial plumbing of the sector.

My role in procurement and distribution of key healthcare equipment and supplies

30. As mentioned before, my role in DH very quickly dissipated. Lord Feldman went into DH to assist them with procurement. I don't have the dates but Lord Feldman was active in mid-March 2020 maybe for two or three months until their structures stabilised. He worked with Lord Deighton.

31. My role in relation to procurement and distributions to other departments, ministries and agencies was limited to my role as Minister for Spend Controls. For example, if a spending request was judged to require approval under this mechanism then I would receive a relevant submission. However I discovered that several



departments had obtained exemptions from this process. The biggest of DH followed by the Ministry Of Defence. From memory, the value of the DH exemption was a shocking £70billion/year of spend that should have come through this scrutiny but didn't have to. I fought hard to remove these exemptions with some success, but it took over 18 months. But the limitation of this role was that by the time submissions to spend money reached me the horse had pretty much left the stable and it was extremely difficult to amend decisions that the civil service machine regarded as done and dusted.

32. The key people I worked with were:

- a. Gareth Rhys Williams - Government Commercial Officer;
- b. Simon Tse - Head of Crown Commercial Service;
- c. Alex Chisholm – Permanent Secretary at the Cabinet Office; and
- d. Michael Gove – Chancellor of Duchy of Lancaster. Essentially the cabinet minister for the Cabinet Office. He also oversaw Brexit readiness and so my HMRC role dovetailed into this.

The role of private consultants

33. I had limited interaction with them other than being appalled at the costs. I tried to reduce this, in particular with Deloitte and the call centre they established in DH for Baroness Harding where they had over 15,000 employed with a FTE utilisation rate of less than 5%. However Baroness Harding had secured an exemption (via the Prime Minister) of being subject to oversight by the Cabinet Office. It was most frustrating as a great deal of money was wasted.

34. Later on I was able to establish an internal Government consultancy service to try to tackle the obscene costs of these people but of course once I left Gov this was disbanded. This was another disappointment as it was tackling the disease of infantilisation of civil servants who continually saw interesting and challenging assignments being subcontracted out for 10x the cost when the people working in these consultancies were no cleverer than our own bright young civil service.

35. From memory, I did not make or recommend any key appointments from either the private or public sector other than as outlined in relation to referrals above.

Principal issues with procurement as the UK entered the pandemic

36. There was no strategy or guidance. It was firefighting.
37. I never saw any pre pandemic modelling. But the most egregious and easily fixed failure was a complete lack of inventory management in hospitals. They had no clue what they held in inventory at any level- or at least it took a huge effort to get access to this. No 10 brought in Palantir who are a large US data mining business. That at least enabled a daily dashboard that the Prime Minister received. I was copied in on this from time to time. But overall this lack of transparency of inventory was one reason why we had the most appalling over ordering of PPE.
38. The industrial capability, flexibility and scalability for the domestic design and manufacture of key healthcare equipment and supplies was virtually non existent. For example the only substantial UK based mask manufacturer was 3M but they were subject to US Defence Act rules which could have meant that any UK output could have been seized by the US for their own security. I am not aware that this has been addressed.
39. The expertise within government and the civil service for procurement during a whole-system civil emergency was virtually non existent to my knowledge.
40. In relation to private sector expertise for procurement during a whole-system civil emergency, I'm sure it's there somewhere but I have no knowledge of how this been adopted by Government.

Daily Procurement Meetings

41. As mentioned earlier I have no recollection of this structure other than for ventilators. There was a daily Prime Minister's meeting with about 20 ministers and civil servants that I attended as an observer.
42. Beyond that:

- a. Jo Churchill: Was a junior minister in DH put in charge of PPE in March 2020.
 - b. John Manzoni: He had been the Perm Sec at the CO but left pretty early on in my tenure. My interaction with him was limited beyond March/April 2020. He was replaced by Alex Chisholm in April 2020.
 - c. Gareth R-W: I have already explained his role above.
 - d. Steve Oldfield: He was a senior Civil Servant in DH. I dealt with him in the early weeks of the crisis as he was, from memory, their lead on technical procurement e.g. ventilators. In some cases he received direct offers of support for equipment which he looped back into the procurement process.
 - e. Emily Lawson: I think she was overall head of procurement in DH. I had limited interaction with her other than the meeting I referred to in paragraph [11] above.
43. In relation to how the DPMs interacted with DH and the Cabinet Office, as explained the Cabinet Office lent DH a number of commercial specialists but what interaction followed beyond that I had limited involvement in. As also explained because of the huge exemption that DH had on scrutiny of their spending I was only ever tangentially involved.
44. For the manufacture of the ventilators I think the DPMs were very effective. We went from having no UK manufacturing capacity to producing ~15,000 in 6-9 months. The sad thing was that they were not the tool that could be used for reasons that I have explained.
45. I was not close enough to other DPMs (I had forgotten they existed under that name) to make a judgement on their effectiveness. But if one steps back from the fray and sees the colossal amount spent on PPE much of which is now being burnt, one can hardly regard it as a success.
46. As previously explained, hospitals appeared to have no inventory management or data on consumption. Everyone was flying blind. For example I tried for 3 months to get oxygen capacity and consumption data for all hospitals as this was a key

determinant in how many ventilators a hospital could support. I asked for a simple spreadsheet showing oxygen delivery capacity per hospital. I never got it. Without that we risked installing more ventilators in hospitals that would have been unusable. It would have been extremely dangerous to have patients hooked up to ventilators where the oxygen supply was erratic - they would have died of suffocation. I never got to the bottom of this. I do recall the Nightingale Hospital near the O2 Centre did have a very large capacity oxygen supply but sadly hospitals would not release staff to work there and I don't think it was ever used.

Calls to arms

47. I have already explained my role in the Ventilator Challenge. I had nothing to do with Operation Moonshot from memory.

Structures, systems and processes

48. In relation to key changes instituted by me to improve procurement of key healthcare equipment and supplies, I implemented:

- a. Removal of exemptions held by DH from scrutiny by the Spend Control team in the CO.
- b. Some curtailment of the Deloitte call centre test & trace army in DH.
- c. Some lessons learned to be incorporated into the new post Brexit Procurement bill.

49. But mostly as soon as one's back was turned the system would revert to type. I left no lasting positive impression in my view.

50. I don't recall any involvement in the below committees beyond what I've already said. Most of these names mean nothing to me at all and I suspect they were mostly DH creations:

- a. PPE Programme Oversight Committee;
- b. PPE Programme Delivery Board;

- c. Finance Risk and Audit Committee;
- d. Customer Demand Group;
- e. PPE Supply Group;
- f. Decision Making Committee; and
- g. Deal Committee.

51. I found the structures, systems and processes of the PPE Programme to be highly ineffective.

Data

52. There was no culture anywhere of good data collection or use. This is why No 10, largely led by Tom Shinner, had to create a completely new system from a standing start. No 10 was able to create a daily dashboard showing number of NHS beds available/ new admissions/ deaths etc. But as I understand it this was all created from scratch in the heat of battle.

Governance

53. I have been asked to set out any advice I provided to DH about awarding contracts. DH were never in listening mode. As mentioned it took me 18 months to remove spend control exemptions (and possibly since I left Government they will have overturned that anyway).

Industry engagement

54. My main interaction with industry was the ventilator challenge which I have explained above.

55. I never had any conflicts of interest as I didn't know any of these firms or have any financial interest in them. I have no knowledge of which received any contracts apart from what I read in the press. I did periodically press officials to make sure that contracts were published. We were slow to do this simply because of pressure



of work but it was construed as Government trying to hide things. It was a sin of omission not of commission.

Award of contracts

- 56. I have previously outlined my role in relation to the approval of contracts for PPE and other key healthcare equipment and supplies.
- 57. To my knowledge no businesses were awarded contracts for key healthcare equipment and supplies in which I was a direct or indirect beneficiary.
- 58. The Inquiry has asked that I disclose any communications between myself and those responsible for approval of contracts for PPE and other key healthcare equipment and supplies. The bulk of these were through Government email addresses mostly via my Gov private office to which I don't have access. When I left Government I cleared the decks as part of the process of recovering from the ordeal.

Overall value of the contracts awarded

- 59. I have previously described the key processes and procedures I introduced to ensure there was overall value in the contracts awarded.
- 60. As I've previously stated the system worked very poorly.

Spending controls

- 61. Based on the outcomes I do not think there was effective and timely coordination between the DPMs and DH about procurement spending.
- 62. The DH seemed to adopt a 'whatever it takes' approach. I have already explained what limited impact I was able to have.
- 63. I think that the programmes for monitoring inventory and expenditure in relation to procurement were poor as previously stated.
- 64. I found procurement processes and procedures during the pandemic to be poor. Other than in relation to ventilators and mask manufacturing machines, as

previously stated, my role in procurement processes and procedures during the pandemic was at best tangential.

65. My experience in working with DH and HM Treasury to agree funding envelopes for the procurement of key healthcare equipment and supplies was extremely frustrating but again I was never in control of events. More often than not I was simply served up a fait accompli.

Steps taken to eliminate fraud and the prevalence of fraud

66. Whilst I had oversight of the counter fraud function in the Cabinet Office, DH had its own counter fraud structure. The best we could do was offer advice to how they ran their affairs, but we had very little leverage.
67. The CO Counter Fraud function was run by an excellent civil servant – Lyn Macdonald. She was very experienced in this area having cut her teeth in HMRC.
68. We were both frustrated because her experience and that of her immediate team were not properly utilised across Gov and in the context of Covid especially in DH.
69. My main input during my time in the CO was to ensure that we kept the counter fraud training function going across Gov and the wider roll out of a counter fraud tool called Contexta. However, this was more directed at grant giving across Government.
70. I also worked with the new Perm Sec (Alex Chisholm) in the CO to lobby departments to become more assertive in their counter fraud management but I fear it had a limited impact. Trying to reach across the silos of Whitehall as a middle ranking minister was nearly impossible. Departments had their own priorities and one was mostly considered to be intruding and interfering.
71. . My frustration emerged from the mishandling of the Bounce Back Loan scheme initiated by the Treasury. This was a £47 billion scheme for small businesses. Despite my warnings the scheme was put in place without proper fraud checks and we have seen the outcome of that. Again the CO Counter Fraud team tried to warn the Treasury but were ignored.

72. More widely across Government the situation is very frustrating as there are over 20 counter fraud organisations over which the Cabinet Office had very little reach beyond exhortation. One key lesson to come out of Covid would be to have a proper cross Government counter fraud capability with joined up thinking.

73. I didn't direct the programmes for the procurement of key healthcare equipment and supplies to adapt counter-fraud systems during the pandemic because DH had its own counter fraud function.

Remarks on fraud

74. My remarks made in my article, 'Fraud is rampant – and no one in government is paying attention' dated 24 January 2022 published in the Financial Times were specifically about Bounce Back Loans (BBLs) initiated by the Treasury.

75. I became aware of huge levels of fraud in the Universal Credit system in Department of Work and Pensions (DWP). This arose because the decision was taken to remove virtually all checks in March-July 2020. The two most common frauds were to lie about the number of children a claimant had and to lie about the rent they were paying (overstate it). Again I didn't have any direct reach but I was able, in conjunction with our CO Perm Sec (Alex Chisholm), to get some additional funding from Treasury to DWP so they could properly resource their counter fraud activities. However the situation was poorly handled.

76. I am not sure that there were large levels of fraud in the procurement area. No doubt there was some. We have suffered greater losses in a complete failure to manage stock levels/demand and then end up with exorbitant storage costs for excessive ordering and now destruction of items as they pass their use by dates. There were disputes on the quality of goods.

77. There was fraud in grant giving and preventative action was ramped up during Covid. Hence my reference to Contexta above. The fraud in the BBLs has proven to be far higher than comparable schemes in other western countries because such basic checks were not done such as checking whether a company was actually trading when Covid hit. I think from memory 1500 companies received £50,000 each even though they had not traded before March 2020. This was

because Treasury civil servants didn't understand that a company formation agent could create new companies and hold them 'on the shelf' before actually selling them at a later date. So they took the incorporation date as a false piece of key data in allowing this newly created company to be considered already trading before Covid hit.

78. Because there is no joined up approach to counter fraud in Government, essentially no one is in charge. It is a huge waste and indeed the National Audit Office's (NAO) lower end estimate to annual losses to the taxpayer from fraud are around £30 billion. These 20 agencies need to be harmonised with one person holding overall responsibility. I'm sure we don't need 20 agencies. Some are specialised and so one might need 6-8, but they should all operate under the same legislation. It is ridiculous that, say HMRC, has more power to recover fraud than say the DPW. It is all taxpayers' money that's being stolen.

79. I commissioned a report with Policy Exchange shortly after I left Government (at my own expense) on how to address these issues. Sadly it was never published but I exhibit it for your interest. They had complete editorial freedom. I think it is an excellent report which should be debated in Government.

Conflicts of interest

80. As previously explained I had very little input into DH healthcare equipment except the ventilators. In their case it was a competition with very visible information on who the competitors were and the assessment process used to decide which ones to use. For example in my daily oversight meetings on ventilators the MHRA had a representative in attendance pretty much every time. Beyond this stream of activity and in the first few weeks of March 2020, before DH procurement took full control of their affairs, I was clear that any referral was only that and proper checks needed to be carried out. I was never in a position to personally award contracts.

81. The DWP Universal Credit and BBLs were a disaster. Grants were pretty bad. The NAO has consistently said the Government's ability to tackle fraud is abysmal and this was before Covid. So if you pump, at high speed, another £350 billion into a system that is already not fit for purpose one shouldn't be surprised by the result.



82. The Inquiry has asked that I describe how I directed the PPE Programme to adapt to procurement conflicts of interest systems during the pandemic. I delegated to the excellent head of Cabinet Office counter fraud, Lyn Macdonald. When you have really good civil servants that is how it should work. But she shared my frustration at her inability to do a great deal more. It is one of the biggest leaks of tax payers' money in the whole of Government.

83. Beyond that I asked Lord Maud to review the so called Cabinet Office functions. He had created this system during his tenure between 2010-2015. Much had fallen into disrepair by the time I arrived in February 2020. The functions included things like counter fraud. He made a number of recommendations (several dozen from memory). It took a long time but we got most of them accepted by the Cabinet Office Permanent Secretary. The job of implementing them though was extremely slow and painful. We did plug away but I have no idea what happened after I left. Given the resistance I suspect much of it never happened or fell away again.

Contractual provisions and performance by suppliers and manufacturers

84. As far as I am aware, during the pandemic the standard Government procurement practices and contractual terms were deployed. The fault was that too many were direct award (as that's the quickest way to get an order placed) and we took too long to pivot to competitive tenders once the initial panic subsided. Attempts were made to learn from these mistakes in the way the new post Brexit Procurement Bill was put together. For example a streamlining of pre registration of potential bidders with pre qualification and better signalling to potential bidders of new contracts coming up the pipeline.

85. One thing I pushed hard for generally was to get the notice of new contracts published earlier to give new suppliers a chance to bid. The biggest issue was that renewals were left far too late and so by the time the contract period came up for renewal it gave insufficient time for a new bidder to put together a credible bid.

86. As outlined above, I found the contractual processes and procedures poor. Partly because of the sheer volume of contracts that needed to be placed and partly because the NHS had no proper data on historic demand for items so they just ordered blind. But it was wider than DH. For example hundreds of millions of

pounds were wasted on food parcels to people who didn't need them. The procurement there was dreadful. Done too quickly and so the cost per food parcel was well beyond what it needed to be in addition to there being no proper filter on eligibility. I tried unsuccessfully to rein this in. The problem over Covid was the overriding herd mentality to just spend money. We are now suffering the consequences of that.

Compliance with public law procurement principles and regulations

87. Given the volume and speed at which contracts were awarded I'm not sure any laws were broken. But it was the waste that saddened me. On the PPE we were in a global market and had to accept spot prices in the first few weeks. For example disposable masks were over a \$1 each at the start and probably within 6-9 months less than 5c. Because we were completely unprepared and had no local manufacturing capacity we just had to take the pain and take the spot market price. I even remember being told that £ was not an acceptable currency to pay in.

Operation and effectiveness of regulatory regimes

88. I have explained above the changes related to PPE that I brought about to improve procurement during the pandemic. However what tends to happen in Government if a zealous minister brings in changes to improve things as soon as he/she is gone the system will revert back. I gave the example of wasteful spend on consultants (it was £1.8 billion per annum pre-Covid)

Decisions as to what to buy at what cost

89. As previously explained procurement was assigned principally to DH for PPE/testing. Ventilators remained mostly in the Cabinet Office, however DH had to procure the attachments to make a ventilator actually work. One lesson learned was that DH was not strong enough to be relied upon to oversee the vaccine which is why it was led by the Department for Business Energy and Industrial Strategy.
90. I think very few lessons seem to have been learned about PPE procurement in relation to what to purchase, the quantities, the quality and the cost of purchases. As mentioned previously the most impactful and cost efficient change would be a proper inventory management system across all NHS hospitals with DH central

viewing ability. Then at a glance it would have a proper understanding of what was where. This is exactly how the retail clothing industry works. The technology could be adapted at pretty low cost as long as administrators were disciplined in its implementation.

91. This would apply to the cost as well. For example in the DfE we built a data base tracking expenditure in all 23,000 schools in the UK showing how different categories of spend compared to other similar schools. This data was obtained from returns schools or academy trusts had to make. There are only ~1200 hospitals and so it would be easier, particularly if one started with a specific range of items and then built on it as people grew comfortable with the system.
92. I found the processes and procedures to ensure effective decision-making in relation to what to purchase, the quantities, quality and cost of purchase to be Poor. The system was overwhelmed.
93. As explained above, my role in directing programmes for procurement of key healthcare equipment and supplies diminished extremely quickly. The Prime Minister asked me to be the PPE overseeing minister in DH. I declined. It was taken on by Lord Deighton who was a better choice having for example overseen the London Olympics in 2012. Prior to that Lord Feldman was involved in the DH supporting its ministers – Lord Bethell/ Jo Churchill. I worked most frequently with someone whose name I have now forgotten. He was designated the DH Minister responsible for overseeing the sourcing the components needed for ventilators (It may have been Edward Agar). I also tried to get him to obtain the oxygen capacity information that I referred to earlier but I was unsuccessful.
94. I have been asked to provide my views as to whether anyone or any company received preferential treatment as a result of their status as a donor or with connection to the Conservative Party in relation to access to the systems for procurement and the award of contracts. I saw very little lobbying. Michael Gove delegated to me some of the people who approached him but these were broadly decent people trying to help in an emergency But I was soon out of the loop. Baroness Mone was one who did lobby but as you will know this is subject to an NCA investigation.

95. Below are some examples of people I did deal with:

- a. Sir James Dyson. He was pushing hard to get ventilators built. But very quickly he was folded into the ventilator competition that I oversaw. He was not successful as MHRA and others felt the design was not feasible. He spent, he told me, over £20million of his own money developing the idea. I had the unfortunate job of ringing him to give him the bad news.
- b. Christopher Nieper. He runs a business called David Nieper. A women's clothing business with UK manufacturing capacity. He was able to source cotton suitable to make medical gowns and he supplied several hospitals. I was hopeful that it might change the previous appallingly unecological practice of plastic gowns that were thrown away after a single use. But I don't think DH followed through with it.
- c. Emma Willis. She runs a men's shirts business again with UK manufacturing ability. She also harnessed her workforce to make gowns from memory.
- d. UK trade envoy in Beijing. There were multiple efforts to harness Chinese manufacturing capacity. I'm not sure whether his contacts helped us open up these markets but one at least felt one was dealing with someone well regarded over there. I think his name was Richard Burn.
- e. Ineos: I made contact with them to try to get a source of hand detergent. They are one of the biggest chemical companies in the country and we had a dramatic shortage of detergent at the beginning. At that point there was real concern about how contagious the disease was as we had very little knowledge of it.

Disposal strategies

96. Disposal of surplus PPE was one of the most upsetting parts of the whole procurement journey. There was vast over ordering. At one point it almost blocked Felixstowe docks. Penalty rates were being paid on seaborne containers that were kept because there were no storage facilities. Warehouses were rented eventually



but then began the destruction of PPE. I gather recently they are even destroying CPAP ventilators. My role again was tangential as it was all inside DH. I tried to donate surplus PPE to countries less well supplied but hit obstacles everywhere - the Foreign and Commonwealth Office, the Treasury, you name it. I think we donated a small amount but it was another example of un-joined up Government. I would say I failed completely in this area.

Distribution of key healthcare equipment and supplies

97. I have addressed this above.

Suitability and resilience of supply chains

98. Prior to the pandemic, resilience of supply chains was pretty well non-existent. In a meeting called by Michael Gove in about the second week in March (to which I have already referred) Emily Lawson from DH joined to update us on the ordering of ventilators. Basically all deliveries by then were being blocked by the countries in which they had been placed (to be kept for their own use). Bear in mind we had no manufacturing capacity in the UK.

99. Once Lord Deighton got involved during the pandemic I believe things improved significantly. But he was brought in as a fire fighter not a builder of a resilient system.

100. In relation to the post-pandemic suitability and resilience of supply chains for key healthcare equipment and supplies, who knows? I'm pretty gloomy that anything permanent has been implemented. I refer to my above comments on inventory management.

101. Beyond better inventory management it really needs for the NHS to have redundant capacity that can be activated in an emergency. We are of course a million miles from that with ~7million people on waiting lists. The building of the Nightingale hospital in/near Canary Wharf was a great achievement but the surrounding hospitals refused to send staff to operate it, so it became a white elephant. Meanwhile NHS GPs were on holiday. Clearly there is something that could be done to amend employment contracts to harness this resource in an emergency.

102. It must also be possible to create a reservist type mechanism as in the armed forces. A small retainer paid each year to allow immediate call up and a requirement that the relevant area of training and knowledge is maintained. However I don't see any will to make anything like this happen. Over 500,000 people applied to be volunteers at the start of covid. The system barely responded in harnessing this resource. A simple register for these sort of people could be created and maintained at a relatively low cost.

Changes to procurement processes

103. I have provided my reflections on the robustness and effectiveness of procurement processes above.

Lessons Learned

104. Beyond what I have said above there is a basic failure in the Civil Service to enable cross silo thinking. The NHS had its own procurement system that completely buckled in the crisis. It resented any intervention other receiving vast sums of money from the Treasury.
105. Probably the most visible manifestation of this siloed thinking was the lack of joined up data. It took weeks for No 10 (not DH) to create a dashboard that was useful. This is inexcusable in a modern western state. We had to fight inertia at every turn to move things at any level. I have no idea if anything permanent now remains of the limited progress made at the time.
106. In the drafting of the Procurement Bill (which was happening simultaneously) we tried to take some lessons learned to ensure that DH was part of the improvements built in. They resisted strongly. It was not complete by the time I left Government in January 2022 so I'm unable to speak for the current status.
107. A lack of accountability inside the Civil Service. Who made the decisions? The Inquiry seems to think it was me. It was rarely me. I tried to invoke the principle of Ministerial Directions on several occasions but that was resisted too.



108. The question is really a political one: How much is the country prepared to spend to have spare capacity for a crisis like this? We spent £350billion during the crisis. Much of this was wasted. How do we stop another catastrophe like this? I suspect we would need to spend £2-3billion/year, which in the current climate few politicians would have the courage to advocate. If I was in charge I would tackle the waste in the NHS and hypothecate part of that sum to create this resilience. But it's easy for me to say that as I will never have to do it.

109. It is important to look at the broader context of how ineffective the Whitehall machine is. We see failure in border control, policing, courts, prisons, supply of housing (in particular social housing), universities, infrastructure and health to name just a few. We see stagnant economic growth on a per capita basis. This is not a problem localised to an inadequate DH. For as long as people think in those parochial terms we will continue our gradual slide into penury. Sadly there is no will across the political firmament to grab hold of this. It is very depressing and why I left the Government.

Statement of Truth

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

Signed

Personal Data

Dated:

8th January 2025