

Witness Name: Richard Elsy

Statement No.: 1

Exhibits: 2

Dated: 24th May 2024

UK COVID-19 INQUIRY

WITNESS STATEMENT OF RICHARD ELSY

I, Richard Elsy will say as follows: -

- 1 This letter responds to Module 5 of the UK Covid-19 Inquiry following the request to the Ventilator Challenge UK (VCUK) Consortium under Rule 9 of the Inquiry Rules 2006 Reference Number M5/VCUK/01. It has been prepared by Richard Elsy, who acted as Chairman of the VCUK Consortium and Rosa Wilkinson who led communications. As the Consortium was disbanded having completed the Ventilator Challenge both are now in different roles: Mr Elsy has retired, and Ms Wilkinson is soon to retire as Director of Policy at the High Value Manufacturing Catapult.
- 2 In presenting this evidence, it should be noted that although VCUK played an enabling role and its brand was used for external communications, the procurement of ventilators was through two separate contracts with Penlon and Smiths Medical.

Overview of the Ventilator Challenge UK Consortium

- 3 COVID-19 affects the lungs, requiring use of ventilators to help manage severely ill patients. At the beginning of the pandemic there were only 5,900 ventilators available within the NHS. It was then estimated that this was around 20,000 ventilators short in a worst-case scenario for the NHS. At the time, the UK had no local manufacturing base for Intensive Care Unit ventilators and high global demand meant that importing ventilators through established overseas suppliers was unlikely. On 16th March 2020, the Government

called UK manufacturers together to seek their help in ventilator production: the Ventilator Challenge.

- 4 Richard Elsy attended the meeting in his capacity of CEO of the High Value Manufacturing Catapult, an organisation which supports and accelerates manufacturing innovation, and which had a strong track record of convening players to take action across the manufacturing sector. On the back of that meeting, Mr Elsy initiated conversations with leading manufacturing companies, including Ford UK, Airbus, Siemens, and others to form an informal association of businesses that came together to respond to the government call to industry to repurpose its facilities to manufacture ventilators. This became known as the VentilatorChallengeUK or VCUK Consortium. A full list of those involved in the VCUK Consortium is attached at Annex A.
- 5 The Consortium came together w/c 16th March 2020 and began to collaborate, bearing the financial risk of any work at that point. It considered the Rapidly Manufactured Ventilator Specification (RMVS) issued by Technical Design Authority (TDA) and initially sought to support Smiths Medical with the scale-up of its existing Parapac ventilator.
- 6 On 20th March 2020 the consortium was approached by Cabinet office via the TDA (PA Consulting) to consider scaling up a Penlon ESO 2 device which was a prototype configured from existing anaesthesia equipment which met the requirements of the RMVS and was presented as the “clinician’s choice”. This approach was a telephone call from Frazer Bennett (PA Consulting) to Richard Elsy culminating in an agreement to make contact with the CEO of Penlon (Guru Krishnamoorthy) and arrange to evaluate the prototype. Richard Elsy does not hold any minutes of this call. On the 21st of March 2020 a specialised team from the consortium members visited Penlon and assessed the manufacturability of the ESO2 prototype. On the basis of the team’s findings the consortium advised PA consulting that it would be prepared to create a standalone team as a separate consortium to help Penlon with mass manufacture.
- 7 On 24th March 2020 the VCUK consortium received a letter from Minister Nadhim Zahawi, financially underwriting the work of the consortium pending formal orders and contractual arrangements **Exhibit RE/01** INQ000477663.
- 8 Smiths Medical, a subsidiary of Smiths Group plc, decided to run its own programme to scale-up its Parapac ventilator and formed two agreements with Rolls Royce and GKN as delivery partners. Smiths, with overall programme control of the Parapac scale-up, contracted other VCUK consortium companies to provide specific support (e.g. Thales for training and McLaren for Test equipment manufacture).

- 9 Penlon being a very small specialist firm was not capable of scaling itself up, so a new consortium was formed around Penlon, with roles and responsibilities clearly defined in a formal “Penlon Consortium Agreement” featuring HVM Catapult, Ford, McLaren, Airbus, Siemens, Siemens Healthineers, Ultra, Renishaw, Meggitt and Penlon. This Penlon Consortium Agreement was created on 10th April 2020 with Penlon as the principal contractor to Cabinet Office.
- 10 With two separate contractual delivery structures in place for Smiths Medical and Penlon, the VCUK “brand” continued to be used for convenience in external communications but had no contractual role other than to communicate between the two programmes through short status meetings. These meetings were initially used to establish the key relationships between the consortium members, PA consulting and the Cabinet Office. They were also used to establish common activities between the two delivery structures such as component sourcing and logistics plans.
- 11 There was no requirement for any formal contractual agreements between the Penlon Consortium and the Smiths Medical led programme.
- 12 A substantive programme was established by the Penlon Consortium to undertake the scale up. This was managed by a small executive team meeting daily. Deloitte were appointed very early in the programme by Penlon, following a recommendation by the Cabinet Office, to provide full financial services to the Penlon Consortium and to ensure full transparency to Government. We recommend that you approach Penlon on questions related to this element of the Ventilator Challenge

Background

- 13 The introduction above sets out how and why the VCUK Consortium came into existence and a full list of the organisations involved is at Annex A. The VCUK Consortium was the principal brand used externally for communications and the Consortium initially came together daily to ensure no resource conflicts (eg where both Penlon and Smiths Medical were both trying to track down components that were in short supply) and to identify common problems. Once the Smiths Medical and Penlon contracts were fully operational, the daily meetings moved to thrice weekly. The Inquiry should approach Penlon and Smiths Medical for the detail of issues related to their separate contracts.
- 14 Key meetings: the VCUK Consortium had short status report meetings initially daily and then three times a week throughout the project. These meetings included a progress review, discussion of issues arising and a review of internal and external communications.

Communication with government, regulators, industry and the NHS

- 15 The Consortium enjoyed regular and professional communication with the Cabinet Office, led by Gareth Rhys-Williams and with PA Consulting which had been contracted by the Cabinet Office to provide project management to the wider ventilator supply challenge project. The Inquiry should approach the Cabinet Office for the dates of those meetings and for any minutes.
- 16 Although the main channel of communication with Government was managed by PA consulting, the Consortium also had occasional verbal briefings with Vaccines Minister – formerly the UK Industry Minister – and received messages of support from serving and past Ministers, parliamentarians, sports people and other celebrities to share with the wider team as it worked 7 days a week to deliver the ventilators. No record of these verbal meetings was made by the VCUK.
- 17 The Consortium also created a dedicated website and made regular posts on social media to inform wider industry contacts and the public on progress through both the Penlon and Smiths Medical contracts. This generated an avalanche of approaches (typically direct to Penlon or Smiths Medical) with offers to supply components. Every approach received a response.
- 18 The principal channel for communications for both the VCUK Consortium and for the individual contracts held by Penlon and Smiths Medical was with the UK government and regulators.

Procurement of Ventilators and related medical equipment and supplies

- 19 The VCUK consortium cannot comment on the government procurement timeline or decision-making. A high-level timeline for the Penlon ES02 element of the Consortium's work is on page 10 of **Exhibit RE/02 [INQ000478212]** .
- 20 Production planning within both the Penlon and Smiths Medical contracts, was led by demand signals from government. The Inquiry should approach these companies for the detail, but we know that in the early stages of the pandemic the NHS believed it could need far more mechanical ventilators than were available. The Cabinet Office negotiated and renegotiated demand with Penlon and with Smiths Medical as the individual contractors.
- 21 The VCUK Consortium was not involved in how options for ventilators acquired were assessed and what assessment was made of what related medical equipment, supplies and staffing would be required to operate ventilators. Penlon and Smiths Medical should be approached to provide more insight into the operation of their products.

- 22 Expert advice was provided not to the VCUK Consortium but to the individual contractors: Penlon and Smiths Medical. We recommend that the Inquiry approaches Smiths Medical and Penlon for more information on this point.
- 23 Changing advice on the required specification for the ventilators was also to the individual contractors – Penlon and Smiths Medical - rather than to the VCUK Consortium.
- 24 The following Ventilators were procured from Penlon and Smiths Medical during the project :

Ventilator	Units	£ Cost per Unit
Penlon ES02	11,683	I&S
Smiths Parapac 300	988	I&S

- 25 In respect of steps taken to mitigate or assume liability for risks to participants in the Ventilator Challenge and steps taken to seek assurance over suppliers' costs, on 24th March 2020 the VCUK Consortium received a letter from Minister Nadhim Zahawi, financially underwriting work pending formal orders and contractual arrangements. This is provided as **Exhibit RE/01** [INQ000477663]. Further discussions then took place with the individual contractors Penlon and Smiths Medical as contracts were formalized.
- 26 The cost of delivering and distributing ventilators was not a matter for the Consortium and you should approach the Cabinet Office or PA Consulting. Penlon and Smiths Medical will be able to provide more insight to the cost of transporting the ventilators to the central distribution hubs.
- 27 The companies involved in the Consortium were not public authorities and are therefore not bound by the public sector equality duty – however all are equal opportunity employers – often leaders in their sector. Creating a positive and inclusive environment was a vital element of the Consortium's approach. Many team members were working long days, 7 days a week. This could not have been sustained had we failed in any aspect of the public sector equality duty.
- 28 The Consortium worked hard to ensure transparency around its work for those in government responsible for the procurement of ventilators. The individual contractors made regular reports to the cabinet office and included PA Consulting in daily meetings.

Challenges, good practice and lessons learned

29 On 4 May 2020, the Guardian newspaper published an article by Rob Davies entitled 'The inside story of the UK's NHS coronavirus ventilator challenge'. The article states:

"The inside story of what happened in this period is one of early panic and confusion, of companies with expertise clashing with those seizing the limelight with ambitions to innovate, of questionable designs, and the desperation of a government setting targets and then deciding it didn't need to meet them after all."

We make no comment on this quote beyond remarking that the VCUK Consortium and the two contractors involved in the production of ventilators had a constructive relationship with Government that ultimately saw the production of more ventilators in 12 weeks than might usually be produced in 20 years and at a cost well below the market price of ventilators even prior to the pandemic. The project attracted significant positive press coverage (online, print, TV and radio) praising the way the teams had come together to produce ventilators with the Consortium 'brand' used in all media communications.

30 The UK's decision not to join the EU procurement scheme was not a matter for the Consortium. We make no comment on this policy decision.

31 The VCUK Consortium and the two companies contracted to supply ventilators had an extremely constructive relationship with government throughout the project. The individual contractors – Penlon and Smiths Medical – will be able to say more on this point, but at the VCUK Consortium level there was a collaborative relationship with the Cabinet Office and PA Consulting around external communications and great support from senior officials and Ministers who recorded video messages of encouragement for the teams working flat out to produce ventilators.

32 In our view several factors underpinned the VCUK consortium's and the individual contractors' ability to deliver at pace and under budget:

- A rapid tempo of very senior engagement between ministers, officials and industry to remove any roadblocks as quickly as possible. Being aware of this very high-level support also fostered enthusiasm right across the consortium.
- The right kind of 'challenge leadership' culture. Activity was led by top industry figures from the High Value Manufacturing Catapult, Airbus, Ford, McLaren and Siemens Healthineers. They instilled a culture which allowed teams to 'Take risks, fail fast and move on to deliver solutions.'
- Within the individual contracts, real-time auditing of programme financials e.g. through the appointment of Deloitte as financial management support for Penlon

- Zero bureaucracy and a 'stop-at-nothing' culture to deliver.
- Flat structure, no complex governance, with the most capable people empowered to take the lead.
- Robust governance delivered through transparency of data meaning all involved parties could see progress.
- Fast data-driven decisions
- Ability to handle huge programme complexity through the right engineering skills.
- Highly effective internal and external communications were a key ingredient to the Consortium's success not only helping to keep up morale across the consortium who felt a pride in association with the project but helping draw out offers of support and a willingness from firms to lend their support at cost or gratis.

The Penlon Consortium produced a lessons learned document at the conclusion of its work. That is provided as **Exhibit RE/02 [INQ000478212]** .

- 33 It is for the government/NHS to comment on the challenges experienced in the procurement of ventilators and associated equipment. Penlon and Smiths Medical should be approached for any comment on the procurement of components for ventilator production.
- 34 As the VCUK Consortium had its last status meeting on 6th July 2020 after the final shipment of Penlon ventilators on 5th July 2020. No reviews were conducted by it. The VCUK has engaged in reviews carried out by the National Audit Office and the Public Accounts Committee.
- 35 We make no comment on the procurement and distribution of other healthcare equipment and supplies.

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.

Personal Data

Dated: 24th May 2024

Annex A

Full list of Companies involved in the VCUK Consortium

Companies that came together within the Ventilator Challenge UK Consortium included:

- Airbus
- BAE Systems
- Ford Motor Company
- GKN Aerospace
- High Value Manufacturing Catapult
- Inspiration Healthcare Group plc
- Meggitt
- Penlon
- Renishaw
- Rolls-Royce
- Siemens Healthineers and Siemens UK
- Smiths Medical
- Thales
- Ultra Electronics
- Unilever
- UK-based F1 teams: Haas F1, McLaren, Mercedes, Red Bull Racing, Racing Point, Renault Sport Racing, Williams

Key enablers:

- Accenture
- Arrow Electronics

- Dell Technologies
- Microsoft
- PTC