

Witness Name: Jonathan Irvine

Statement No. 1

Exhibits: 248

Dated: 17.01.2025

## **UK COVID-19 INQUIRY**

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### **WITNESS STATEMENT OF JONATHAN IRVINE**

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I, Jonathan Irvine, of 4-5 Charnwood Court, Heol Billingsley, Parc Nantgarw, Cardiff, CF15 7QZ will say as follows: -

#### **Introduction**

1. I am employed by NHS Wales Shared Services Partnership (NWSSP) as Director of Procurement Services. My tenure in this role and within NWSSP commenced in September 2019. Information in this witness statement which relates to matters before my employment or information requiring specialised knowledge outside of my organisational remit has been provided to me by suitably experienced colleagues within NWSSP.
2. My statement relates to matters within the Provisional Outline of Scope for Covid Inquiry Module 5 which will examine procurement and distribution of key healthcare equipment and supplies including PPE, ventilators and oxygen, lateral flow tests and PCR tests. I have referred to PPE throughout with reference to the definition as set out in the R9 request to include eye protection, face shields, fit test gloves, masks, shoe protectors, scrubs, aprons and gowns.

### **NHS Wales Shared Services Partnership (NWSSP) – Establishment**

3. NWSSP was established in November 2010 and began operating from April 2011. From 1st June 2012 the function of managing and providing shared services to the health service in Wales transferred to Velindre University NHS Trust. The Velindre University NHS Trust's Establishment Order was amended to reflect this. The position and relationship of NWSSP to the rest of NHS Wales and Welsh Government (WG) has been reflected in the organogram at **(INQ000506410)**.
4. The Velindre National Health Service Trust Shared Services Committee (Wales) Regulations 2012 (S.I.2012/1261 (W.156)) (the "Shared Services Regulations") require the Trust to establish a Shared Services Committee which is responsible for exercising the Trust's Shared Services functions.

### **Shared Services Partnership Committee (SSPC)**

5. The Shared Services Regulations prescribe the membership of the Shared Services Partnership Committee (SSPC) in order to ensure that all Health Boards (HBs), Trusts and Special Health Authorities in Wales have a member on that Committee and that the views of all the NHS organisations in Wales are taken into account when making decisions in respect of Shared Services activities.
6. The membership of the SSPC is 14 voting members, comprising:
  - a) the SSPC Chair;
  - b) the Chief Executives of each of the HBs, Trusts and Special Health Authorities (or their nominated representatives); and
  - c) the Managing Director of Shared Services.
7. The SSPC was in place from the establishment of NWSSP and has continued to operate during the pandemic to the present day under the same operating arrangements. The only development has been the movement to virtual on-line meetings which started during the pandemic and has remained in place.
8. The SSPC Chair from establishment to December 2012 was John Colins. The Chair from December 2012 to April 2021 was Margaret Foster OBE. From April 2021 the Chair has been Professor Tracy Myhill OBE.

### **Senior Leadership Team**

9. The Managing Director of Shared Services holds Accountable Officer status and retains overall accountability in relation to the management of NWSSP.
10. The NWSSP Senior Leadership Group, led by the Managing Director, is responsible for the delivery of Shared Services in accordance with an Integrated Medium Term Plan agreed by the SSPC. The membership of our Senior Leadership Team is chosen by the Managing Director and has changed over time in order to meet the requirements of NWSSP and stakeholders.
11. From the establishment of NWSSP the Senior Leadership Group (SLG) roles below have been held by the following individuals:
  - a) Managing Director (Neil Frow)
  - b) Director of Finance and Corporate Services (Andy Butler to April 2024; Alison Ramsey from April 2024; Alison Ramsey was Deputy Director of Finance and Corporate Services from June 2019 to December 2020)
  - c) Director of People, Organisational Development and Employment Services (Hazel Robinson, People and Organisational Development to June 2018; Gareth Hardacre, People and Organisational Development from June 2018 and Employment Services from October 2020; Paul Thomas, Employment Services prior to October 2020)
  - d) Director of Procurement Services (Mark Roscrow prior to September 2019; Jonathan Irvine from September 2019)
  - e) Director of Primary Care Services (Dave Hopkins prior to April 2020; Andrew Evans from April 2020; Nicola Phillips from May 2024)
  - f) Director of Legal and Risk Services (Anne-Louise Ferguson prior to April 2020; Mark Harris from April 2020)
  - g) Director of Audit and Assurance Services (Phil Sharman to June 2014; Simon Cookson from June 2014)
  - h) Director of Specialist Estates Services (Neil Davies prior to April 2023; Stuart Douglas from April 2023).
12. The following senior leadership roles have been added as NWSSP has developed:
  - a) Medical Director (Malcolm Lewis from November 2019 to October 2021; Ruth Alcolado from October 2021)

- b) Director of Planning, Performance and Informatics (Alison Ramsey from December 2020; Rebecca Nelson from August 2024)
- c) Director of Surgical Materials Testing Laboratory (SMTL) (Pete Phillips prior to April 2022; Gavin Hughes from April 2022)
- d) Director of All-Wales Pharmacy Technical Services (Colin Powell from April 2022)

13. Our SLG met throughout the pandemic.

14. NWSSP provides a range of shared services to NHS Wales including;

- a) Accounts Payable
- b) All Wales Laundry Services
- c) Audit & Assurance
- d) Counter Fraud Services
- e) Digital Workforce
- f) Employment Services
- g) Lead Employer for Medical, Dental & Pharmacy Trainees
- h) Legal & Risk Services
- i) Medical Examiner Services
- j) Primary Care Services
- k) Procurement Services
- l) Specialist Estates Services
- m) Student Awards
- n) Surgical Materials Testing Laboratory
- o) Wales Infected Blood Support Scheme
- p) Welsh Risk Pool

#### **NWSSP Procurement Services – overview of role and responsibilities**

15. The Division for which I am Director, Procurement Services, is responsible for facilitating the procurement of the majority of goods and services used within NHS Wales organisations, e.g. HBs, Trusts and Special Health Authorities. This includes the main operational areas of sourcing/contracting, warehousing and distribution and transactional purchasing by way of direct transactions with suppliers via electronic purchase orders. Our area of responsibility covers both clinical and non-clinical products and a wide range of services provided by suppliers within the relevant markets.



16. The Division is responsible for undertaking national or “All Wales” procurement activity on behalf of all or multiple HBs, Trusts and NHS Organisations within Wales.
17. Examples of “All Wales” procurement activity include the procuring and establishing of national contracts for the supply of goods and services and the warehousing and distribution of a nationally stocked product range through our warehousing network. The Velindre University NHS Trust Board is the contracting authority for these national contracts due to its position as the host Trust for NWSSP.
18. As part of the “All Wales” procurement activity contracts were established and maintained during the pandemic for the supply of critical goods and services which were outside of the defined range of PPE and equipment that are the subject of this Inquiry but nevertheless crucial to maintaining the clinical capability of NHS Wales to continue to treat patients. Such contracts included those for the supply of medical and surgical consumable products, supporting contracts for clinical waste collection and contracts for the supply of vital medicines.
19. Our NWSSP Accounts Payable teams across Wales transact the payments to the suppliers for these goods and services on behalf of NHS Wales organisations. The Accounts Payable function is the responsibility of my colleagues in the Finance and Corporate Services Division.
20. My colleagues within the Surgical Materials Testing Laboratory (SMTL) provide medical device testing and associated technical services to the NHS in Wales, enabling my Division to undertake evidence-based purchasing.
21. Procurement for organisations outside of NHS Wales is generally out of scope of NWSSP Procurement Services (Procurement Services) but we do collaborate with other public sector procurement organisations for the procurement of common goods and services where this is practical and possible. During the pandemic Procurement Services did, at the instruction of the Welsh Government (WG), carry out procurement functions on behalf of organisations outside of NHS Wales including Local Authorities, Social Care organisations and Primary Care Contractors such as GPs, dentists, pharmacists and opticians.

22. At the outset of the pandemic, the procurement of PPE and ventilators was the responsibility of WG and the UK Government (UKG). In respect of PPE, Procurement Services then took on the responsibility for procuring PPE products directly from the market in accordance with the prescribed range of PPE products determined by UKG and WG. The functions and responsibilities of NWSSP and WG in relation to procurement of key healthcare equipment and supplies namely ventilators, oxygen, Lateral Flow Tests (LFT) and Polymerase Chain Reaction Tests (PCR) are set out later in this statement.
23. Procurement Services took responsibility for procurement of PPE when it became apparent during March 2020 that stock to replenish the existing Pandemic Influenza Preparedness Programme (PIPP) stockpile plus the additional, new items of PPE, that were not part of the existing PIPP stockpile, were not going to be available through a central UKG allocation. The responsibility for, and ownership of, the stock of PPE were retained by WG and continued to be managed on their behalf by NWSSP.
24. Procurement Services began sourcing activity for all PPE products during March 2020 in order both to secure supply of new products such as the fluid resistant thumb loop gown and to replenish PIPP products such as FFP3 masks and “business as usual” (BAU) products that were part of the normal stock range, which included aprons and nitrile examination gloves.
25. The total expenditure for PPE (as defined) by NWSSP during the pandemic period (as defined by the Inquiry) was £305,304,766. The total expenditure on ventilators was £4,090,253. The total expenditure on medical liquid oxygen vacuum insulated evaporator (VIE) system refills and medical oxygen cylinders was £5,274,062. WG were responsible for the procurement of, and payment for, LFT and PCR test kits.

#### **NWSSP Decision Making and Governance**

26. The majority of key decisions relating to the procurement of equipment required as a result of the pandemic were taken by WG or UKG officials. These decisions included those on the type of products to purchase, the stockholdings of products to build and maintain, the financing of products purchased and which sectors and organisations were to receive a supply of products from our warehousing network. NWSSP was instructed by WG to implement these decisions.

27. The key decision makers within NWSSP in relation to the scope outlined for Module 5 were as follows:
- a) Managing Director and Accountable Officer (Neil Frow)
  - b) Director of Finance and Corporate Services (Andy Butler)
  - c) Director of Procurement Services (Jonathan Irvine)
  - d) Director of Specialist Estates Services (Neil Davies)
28. Each of the above-named Directors, including myself, were responsible for and directed teams of staff working for NWSSP across NHS Wales during the pandemic. The responsibility for any operational decisions taken (in the pursuit of enacting WG and UKG decisions) was ultimately that of each Director.
29. Existing measures to support the governance of procurement decisions were in place before the pandemic. During the pandemic further such measures were implemented, namely the amendment to spending approval limits, the introduction of the Triage Process and the establishment of the Finance Governance Group (FGG). These measures are described in more detail below.

#### **Delegated Authority – Pre-Pandemic**

30. A Scheme of Delegation has been in place since the establishment of NWSSP, with thresholds for the authorisation of expenditure and procurement. Under the Scheme of Delegation, the Managing Director may, under normal operating conditions, authorise All Wales contracts with a value of up to £1,000,000. As the Velindre University NHS Trust, the host Trust of NWSSP, is the contracting authority for all national contracts and procurements undertaken by NWSSP on behalf NHS Wales HBs, Trusts and Organisations, NWSSP's Managing Director acts under delegated authority from the Velindre University NHS Trust in authorising such contracts.
31. Contracts or spend over this £1,000,000 threshold cannot be entered into without the approval of Velindre University NHS Trust and WG.

#### **Delegated Authority – During the Pandemic**

32. Andrew Goodall, Director General Health and Social Services/NHS Wales Chief Executive, wrote to all NHS Wales Chief Executives on 30th March 2020 regarding Covid-19 Decision Making & Financial Guidance (**INQ000182437**). Within this guidance there was a requirement for NHS Wales organisations to review their

financial governance arrangements to ensure that decision-making could continue at pace while maintaining the appropriate financial controls and governance.

33. The Cabinet Office published a Procurement Policy Note – Supplier relief due to COVID-19 (Action Note PPN 02/20) on 20th March 2020 **(INQ000048823)** and Financial Guidance to NHS Wales Organisation **(INQ000434421)** which sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the COVID-19 outbreak. In addition, the Healthcare Finance Management Association (HFMA) had issued guidance to its members which included the need to review schemes of delegation.
34. Against this backdrop, at the outset of the pandemic, it quickly became apparent that we needed to act swiftly to procure the required volumes of PPE at pace. Our Scheme of Delegation **(INQ000506414, INQ000506415, INQ000506416, INQ000506417, INQ000506418, INQ000506419, INQ000506440, INQ000506463, INQ000506483, INQ000506503, INQ000506524, INQ000506540, INQ000506562, INQ000182591, INQ000506591, INQ000506602)** and our normal terms of trade therefore required a major revision to respond to the new global trading conditions.
35. As a consequence of this very challenging operating environment, on 18th March 2020, our Director of Finance and Corporate Services, Andy Butler, following discussions with the Managing Director of NWSSP, Neil Frow and the Executive Finance Director of Velindre University NHS Trust, Mark Osland, proposed that we should amend our Scheme of Delegation and increase the purchasing threshold for All Wales contracts above which we require Velindre University NHS Trust Board approval from £1,000,000 to £2,000,000 **(INQ000506616)**. The procurement of PPE was on an All Wales basis and therefore these procurements fell into the category of All Wales procurements and the associated threshold. This proposal was subsequently approved by Velindre University NHS Trust Board **(INQ000506632)**.
36. After a short period of time, it became evident that the new limit was insufficient because of the volume and cost of PPE required to meet the demand. Therefore, on 30th March 2020 the Director of Finance and Corporate Services proposed that this limit should be further increased to £5,000,000 **(INQ000506648)**. This further proposal was subsequently approved by the Velindre University NHS Trust Board **(INQ000506661)**.

37. Following the approval of the FGG, procurements subject to the revised delegated limits were required to have the approval of the NWSSP Chair and either the NWSSP Managing Director or the NWSSP Director of Finance and Corporate Services. Procurements above the value of the revised delegated limits additionally required the approval of Velindre University NHS Trust Board which for the purposes of expediency was deemed to be a minimum of the Trust Board Chair, Chief Executive Officer and two Independent Members.
38. The Velindre University NHS Trust Executive Director of Finance and the Vice Chair of the Velindre University NHS Trust Board also became members of the FGG thereby providing additional assurance to the Velindre University NHS Trust Board.
39. The approval mechanism for procurements within WG was also revised to allow one officer out of a pool of four senior officers to approve COVID 19 related procurement contracts negotiated by NWSSP up to a value of £5,000,000. Where the contract value was over £5,000,000 the approval of WG through this mechanism was sought and obtained before final approval by the Velindre University NHS Trust Board as previously described. During the early stages of the pandemic advance part-payments were on occasion required by suppliers to secure stock on the ground or manufacturing slots ahead of significant competition from other global buyers for the PPE products required. Approval for advance payments requested by suppliers valued at 25% or more of the contract value was sought from WG as part of this approval process.
40. These arrangements were extended with the approval of the Velindre University NHS Trust Board in September 2020, March 2021 and June 2021. Papers providing the reason for each extension were submitted to the Velindre University NHS Trust Board for approval (INQ000506672, INQ000506673, INQ000506591).
41. All contracts were awarded in accordance with the agreed Scheme of Delegation and the revisions outlined in this statement.

#### **Finance Governance Group (FGG) – Role and Remit**

42. The paper to the Velindre University NHS Trust Board requesting the revision of the spending limit to £5,000,000 states that the NWSSP Managing Director requested the NWSSP Director of Finance and Corporate Services and the NWSSP Director of

Audit and Assurance to develop Terms of Reference for a FGG to oversee proposed and actual COVID 19 expenditure and provide additional governance and assurance.

43. The Terms of Reference of the FGG were considered at its first meeting on 6th April 2020 and were approved **(INQ000506675)**. The Terms of Reference stated that the FGG's primary aim was *"to assist the appropriate decision maker to ensure that COVID 19 related expenditure is incurred and monitored appropriately given the current national emergency. In particular, it is recognised and appreciated that established governance and finance procedures may be disrupted by the need to act swiftly to secure the goods and services required to respond effectively to the national emergency and Welsh Government priorities."*
44. The following were members of the FGG:
- Simon Cookson – Director of Audit and Assurance (Chair)
  - Alison Ramsey – Director of Planning, Performance and Informatics (Vice Chair) (in the period up to December 2020, Alison Ramsey was Deputy Director of Finance and Corporate Services)
  - Andy Butler – Director of Finance and Corporate Services
  - Mark Harris – Director of Legal and Risk Services
  - Mark Osland - Velindre University NHS Trust Director of Finance to 2021
  - Stephen Harries - Velindre University NHS Trust Independent Member
  - Graham Dainty - Head of Counter Fraud
  - Andrew Naylor – Programme Lead, Finance and Corporate Services
  - Peter Stephenson - Head of Finance and Business Development
45. FGG scrutiny involved working through the pre-completed Approval Form for each proposed purchase which was within the remit of the FGG **(INQ000506678)**. All such forms considered by the FGG have been provided to the Inquiry.
46. The FGG did not review every prospective contract. It was anticipated that most items of COVID-19 related expenditure would not need to be considered by the FGG. Only potentially higher risk purchases were considered by the FGG. The Terms of Reference state that part of the remit of the FGG was "To consider the risks of each significant contract/purchase that may cause disruption to established governance and finance procedures e.g. risk of financial loss if a percentage of the payment is up front." Another part of the FGG remit was to consider single tender and direct award of contracts as anticipated by PPN 1/20, variations to contracts as anticipated in PPN

2/20 and any other consequential actions required which may include review and consideration of established procedures in the Standing Orders and Standing Financial Instructions where appropriate.

**Prior to the Covid-19 pandemic (defined as June 2009 to March 2020)**

47. NWSSP did not exist prior to April 2011. After this date the full procurement and logistics service for all NHS Wales HBs and Trusts, i.e. all local procurement teams, central contracting teams and central warehousing and distribution teams, were incorporated into NWSSP. From 1st April 2015, the NHS Wales Health Courier Services team, responsible for pan-Wales distribution of various products and services was also incorporated into NWSSP. This service comes within Procurement Services.

**The PIPP stockpile**

48. The PIPP stockpile which included PPE, medicines and medical consumables was procured by WG for Health and Social Care. A Service Level Agreement (SLA) (INQ000177448) dated 1st April 2019 is in place between NWSSP and WG which sets out each of our organisations' roles and responsibilities. The procurement of the PIPP stockpile was the responsibility of, and undertaken by, WG and not NWSSP. NWSSP manage the ongoing receipt and storage of PIPP products at a WG-owned warehouse location and the distribution of PIPP product when the need arises as instructed by WG.
49. The WG PIPP stockpile was originally held in a warehouse at RAF St Athan until March 2018. That facility had 5,300 pallet spaces, with an additional large floor space for ground level storage. In April 2018, the WG PIPP stockpile was moved to a smaller warehouse at the adjacent Picketston/Bro Tathan site, with a smaller, 3,200 pallet space and minimal floor space. The volume of PIPP stock being held however remained unchanged despite the reduced storage space. NWSSP is not aware of any warehousing or stock management operations with regards to the PIPP stockpile that were contracted out by WG.
50. The PIPP stockpile was administered and managed as per our NHS Wales BAU stock, via the Oracle Financial Management System (Oracle). The Picketston site is

almost entirely temperature-controlled at ambient temperature (20 degrees celsius). There are approximately 300 pallet spaces that are not temperature-controlled. The expiry of stock was managed upon the instructions of WG. Expired stock was only disposed of on the decision and instruction of WG. WG also made decisions and gave instruction to us for the management of date life expired stock that was not disposed of, in relation to date life extension testing and subsequent date life extension over-labelling of the product packaging. NWSSP held the inventory on behalf of Welsh Government and this resided on the WG “set of books” for accountancy purposes

51. The PIPP products were recorded on the Oracle system, with periodic updates provided to WG on items that were close to use by date /expiry date. This was also part of the work of the UK Clinical Countermeasures Board which had oversight on these items as they were generally all purchased at the same time on a Four Nations basis for the UK. The replacement of product was managed at a UK level through Public Health Wales (PHW) / Business Services Authority (BSA) / Public Health England (PHE – Now UKHSA), and NWSSP engaged with both the Finance and Emergency planning departments in WG for this process of product replacement.
52. The 3M FFP3 Respiratory Protective Equipment (RPE) facemasks were re-tested following a review at a national (UK) level on three separate occasions. This product was tested nationally against the relevant standard and approved through Public Health Wales (PHW) / Business Services Authority (BSA) and Public Health England (PHE – Now UKHSA). Following that testing and approval, at the request of WG, these masks were over-labelled with new expiry dates twice during their storage with us. The third occasion for re-testing was during the start of the pandemic and time would not have been available to undertake the relabelling of new expiry dates. Following a Four Nations approval, the product was issued as it was currently labelled, commencing 25/3/20 together with FFP3 FAQ Guidance (drafted on 20/3/20). The distribution of the product included a separate note in each box explaining that the label showed the product as being out of date, but they had been tested and were suitable for use.
53. As part of holding the PIPP stock, NWSSP would identify any products held that were close to expiry date and arrangements would be made to replace these through the UK Clinical Countermeasures Board under the direction of WG.



54. With the exception of the PIPP product range, Procurement Services was responsible for procuring BAU goods and services on behalf of NHS Wales HBs, Trusts and organisations with some work undertaken during this timeframe for Primary Care Contractors.
55. Prior to the pandemic, for BAU arrangements, procurement was carried out using historical purchasing data as well as any known predictable factors, and wherever possible on an All-Wales basis. For the Wales PIPP stockpile, WG took the decisions on the range of products held and the volumes held. These procurements were arranged through PHE and agreed by WG. There was no further procurement undertaken by HBs as the national procurement responsibility was undertaken by WG (in respect of the PIPP stockpile).

#### **Just in Time (JIT) Contracts**

56. I am aware that the PIPP stockpile relied upon the use of Just in Time (JIT) contracts to supply the "Valmy" FFP3/RPE mask. WG can confirm if other products also relied on a JIT contractual arrangement. NWSSP is unaware of any other JIT contracts other than the above. The JIT contract had been established by UKG on behalf of all four UK nations. WG made the decisions in conjunction with UKG as to which PIPP products were contracted for on a JIT basis. NWSSP was not involved in this decision-making process.
57. JIT inventory management, in theory, ensures that stock arrives as it is needed for use to meet consumer demand but no sooner, and at volumes to meet the volumes contracted i.e. rather than stockpiling the products. I believe that this JIT method of supply was introduced after Swine Flu, with the aim of reducing the need to write off stockpiled out of date stock. During the pandemic, JIT contracts failed, resulting in the required products not being made available by the contractors when they were required.
58. We were not involved in the procurement of PIPP products prior to the pandemic. The contractual arrangements used, including identification of any direct award contracts or framework agreements that were used, will be a matter for WG to confirm.

#### **Pandemic Preparedness**

59. It should be noted that the responsibility for pandemic preparedness sat with Governments, i.e. at a WG/UKG level, rather than with local organisations. Notwithstanding, business continuity arrangements had been established by, or were supported by, NWSSP.
60. In more general terms, prior to the COVID-19 pandemic, NWSSP had in place a Business Impact Assessment (BIA) (INQ000506680) that informed the NWSSP Business Continuity Plan (BCP) (INQ000506694).
61. The BCP had a two-yearly review period. The BCP formed part of our preparedness arrangements covering all NWSSP services and covered risks such as loss of building, loss of key staff and loss of key IT systems. The BCP plan was underpinned by action cards for each NWSSP Division. The action cards addressed the key areas of risk in the BIA and detailed the action to be taken in the event of the risk materialising.
62. The BCP plan had last been reviewed and updated by the NWSSP SLG in July 2018 and the BIA in January 2019.
63. The BCP was reviewed and updated in September 2021, January 2023, and March 2024. During the pandemic, the SLG received updates on BCP arrangements in August 2020, May 2021 and October 2021. The August 2020 paper was also shared with the SSPC in September 2020. The SSPC would also have been kept updated via the Managing Director's update to the SSPC meetings.
64. The BCP arrangements worked well assisting the NWSSP transition from a BAU approach to a COVID response in respect of the move to remote working for those staff that could accommodate these arrangements. All NWSSP services were maintained and operational throughout the pandemic, providing our services to NHS Wales.
65. An NWSSP Procurement Services Pandemic Flu Response Plan was in place from 20 May 2016, approved by my predecessor Mark Roscrow (INQ000506695). There was also a Procurement Services – Long Term Strategy Plan in place from September 2021 (INQ000438422). There was also a dedicated WG-owned warehouse which we managed, to hold the PIPP stockpile.

66. In the years leading up to the pandemic, extensive work and business continuity testing had been undertaken to prepare for BREXIT. This involved building contingency stockholdings of critical products and citing these within a new storage and distribution facility that WG had invested in, pre-BREXIT, at Imperial Park 5 (IP5), Newport. This allowed NHS Wales to increase its stock of BAU goods. BAU goods include the majority of products used by HBs and Trusts and not those products which were purchased specifically for the COVID pandemic or BREXIT. The IP5 facility was then used further during the COVID pandemic and proved to be of significant benefit to enable us to provide a service to our Health, Social Care and Primary Care colleagues.
67. Our portfolio of "All Wales" contracts for BAU goods and services facilitated a degree of flexibility to increase the volume of products that could be ordered over and above the contracted volume, should the need arise. Volumes at the point of award were based on an estimate of historic usage. Purchases exceeding the estimated volume and value of the contract were subject to the permitted contract variation parameters stated within The Public Contracts Regulations 2015 (PCR 2015) as provided for within Regulation 72. This provision within PCR 2015 legislation underpins the procurement of the All-Wales contracts generally, including all key healthcare equipment and supplies. It is not a regulatory mechanism specific to emergency situations. The responsibility to manage these frameworks in this respect resides with the Contracting Authority responsible for establishing the framework. The contractors in place prior to the pandemic to supply BAU products which became very high demand products during the pandemic, such as nitrile examination gloves, were unable to meet these heightened levels of demand. This necessitated the requirement to find alternative sources of supply that had the capacity to meet the demand for product within Wales. Procurement Services did not utilise "sleeping contracts" or JIT contracts. New contractual arrangements had to be established during the pandemic to meet the demand for PPE.
68. The remainder of the planning and procurement arrangements specific to large-scale emergencies or global disruption to supply chains prior to the pandemic were managed centrally by UKG in conjunction with each of the four nations of the UK.
69. WG established a COVID 19 Health Countermeasures Group which began meeting in February 2020. NWSSP was represented on this group. Through this Group the deployment of the PIPP PPE into healthcare settings was co-ordinated and agreed

with Ministerial approval, where necessary. The Group stood down on 1st June 2020. We used the existing BAU IT and infrastructure to manage the distribution of this stockpile; NWSSP Oracle Financial Management System, NWSSP warehousing network and NWSSP transport/fleet.

#### **During the pandemic (January 2020 to 28 June 2022)**

70. During the early stages of the pandemic, March 2020 onwards, individual NHS organisations were attempting to order large quantities of product from the WG PIPP stockpile as they had no understanding of the actual volumes required. I would describe the early stages of the pandemic as very challenging due to exceptionally high levels of demand for PPE product.
71. The majority of requirements for PPE products were distributed centrally by Procurement Services to the designated delivery point within the hospital and healthcare setting. This was additional to the PPE ordered by NHS organisations, although there was minimal PPE ordered directly by NHS Wales HBs and Trusts through the locally based Procurement Services teams.
72. Procurement Services vetted the requisitions we received from NHS organisations for PIPP products from the stockpile to identify any obvious anomalies in requested volumes which then ensured that sufficient stock remained available for all to access. It became clear at an early stage that some organisations were not aware of where and how much local stock of PPE had been delivered and was being held within their own facilities. This led to PPE being ordered from our warehouses when local stocks were still available resulting in unnecessary additional pressure being placed on the central stockholding position.
73. The PIPP stockpile of PPE products soon ceased to exist as a separate standalone stockpile as it was merged into the wider centrally managed warehouse stock and the associated distribution and replenishment arrangements from 11th March 2020 onwards. The PIPP stockpile pre pandemic did not cover all PPE requirements and therefore additional products were added to the internal Procurement Services sourcing, stock management, distribution and replenishment arrangements at this time.

#### **Social Care Sector**

74. The decision to expand PPE supply to the Social Care sector was taken by WG, effective from 19th March 2020. WG determined the volumes of PPE to be supplied by Procurement Services to Social Care and Primary Care settings. Procurement Services continued to supply PPE to the Social Care and Primary Care sectors throughout the remainder of the pandemic.

### **Local Authority Joint Equipment Stores (JES)**

75. The supply of PPE to care homes in the Social Care sector from the 19th March 2020 presented Procurement Services with a further challenge as this added to the volume of PPE which needed to be sourced, warehoused and distributed. Procurement Services supplied the 22 Local Authorities via the Local Authority Joint Equipment Stores and Community Equipment Stores (JES). This additional activity was addressed by a commensurate scaling up of the already heightened operations within Procurement Services for the sourcing, warehousing and distribution of PPE and the arrangements were formalised by a Service Level Agreement (SLA) in September 2020 (**INQ000436116**). The SLA reflected the volumes of stock issued to each JES location and was based on the stock issue data trends to that date and the stock distribution model that had been developed in conjunction with WG and WLGA colleagues from the commencement of distribution to Social Care on 19th March 2020. The SLA acted as the agreed position in relation to the distribution of stock to Social Care throughout the remainder of the pandemic and up to 31st March 2024 whenever the service concluded. Throughout this period of time, we provided a regular supply of PPE product to these areas which should have enabled providers to have continuous access to the products.

### **Military Support**

76. During the early stages of the pandemic, many recipients of PPE stock in the NHS and the JES locations did not have data available locally to identify how much stock they were holding on-site within their own local facilities. The military were asked by WG to review this situation and bring forward proposals as to how the NHS and Local Authorities could better manage the PPE product which we were supplying to them. The military produced a report (**INQ000500182**), that concluded an inventory

management system should be introduced within HBs, Trusts and JES locations to allow these organisations to improve their management and ordering process for local stocks of PPE (in locations where inventory management was not already in place). The system introduced, "StockWatch", relied on NHS and JES users to input their data into software designed to report on inventory management and provide visibility as to where PPE product was being held within each HB and JES location. Initially data was sent from HB and JES users by email to Procurement Services staff on a daily basis. Procurement Services staff would input the data manually into "StockWatch". Some users did not submit the required daily report and in some cases, data was only submitted on a weekly basis and when not submitted this had to be expedited by Procurement Services staff. This placed an additional pressure on Procurement Services operations which in November 2020 prompted the switch to direct user input to the "StockWatch" system. Each user was provided with a login to enable them to input their data directly. Overall the adoption of "StockWatch" by HBs and JES for data input was slow, with a perceived reluctance to adopt this approach to stock management. As a result the local PPE stockholding position was not accurately maintained through "StockWatch" by a number of HB and JES users. This resulted in Procurement Services issuing stock to those locations based on average issue volumes that had been established from the history of issues to those locations over time.

77. A second report was produced by the military through a dedicated lead from the Royal Welsh Regiment who reviewed the supply and distribution arrangements in place for PPE, including NWSSP (**INQ000506700**). This report recognised that the supply and distribution arrangements in place had proved to be sufficiently resilient to ensure continuity of supply of PPE; recommendations were however made in relation to the need to build resilient stockholdings and further develop reporting and demand management systems. These recommendations were addressed by NWSSP as the pandemic progressed and as outlined in further detail in this statement.

### **Central UK Supply of PPE**

78. The anticipation that Wales would be allocated and supplied PPE from UKG/DHSC was heightened through the request from DHSC via WG to provide details of PPE requirements as part of a wider request across all four UK nations. DHSC advised that the data requested from NWSSP was for the purpose of understanding the urgent stock requirements for Wales. These details were duly provided by NWSSP to WG

on 6th April 2020 and were then forwarded by WG to DHSC. There was some uncertainty, however, in further communications from DHSC as to whether the data requested was being used to address immediate/urgent stock needs or whether it was to forecast future demand. INQ000560909 & INQ000560910 As it transpired, the actual intention of DHSC was to develop a forward procurement plan for PPE. The information was not therefore being used to address the immediate demand for PPE within Wales. WG were directly involved in all of these communications.

79. The inability of the DHSC/NHS Supply Chain to supply any meaningful levels of PPE to Wales early in the pandemic demonstrated that there was insufficient stock available through this potential supply channel. Although some unexpected deliveries were received from NHSE via Clipper Logistics/NHS Supply Chain for aprons and masks during April 2020, these were unsolicited and arrived with little or no notice of what products or volumes were being delivered. The sporadic volumes of product received were not sufficient to meet demand. Within this context, it was clear to me that there was insufficient product available centrally via DHSC (and therefore NHS Supply Chain) to permit any meaningful level of supply into Wales, certainly in the early stages of the pandemic.
80. Despite the absence of DHSC co-ordinating the sourcing and distribution of PPE across the UK, Procurement Services continued to maintain a supply of PPE to meet the needs of NHS Wales, Social Care and Primary Care sectors throughout the pandemic. We did however have to move swiftly to secure product directly from the market for Wales in competition with buyers from across the globe. Procurement Services began sourcing and dedicating specific staff to PPE sourcing activity around 20th March 2020. The first PPE items sourced were delivered around 25th March 2020.

#### **Procurement Services – addressing the sourcing challenge**

81. Procurement Services had to adapt to the immense challenges of sourcing and supplying key healthcare equipment and supplies within volatile markets which, in many instances were overheated, with demand far outstripping capacity to manufacture and supply. We quickly realised that most of the previously reliable supply chains had fractured and were unable to supply products in part or at all. Against this backdrop, the profile of the market quickly became a “suppliers’ market” with limited sources and finite capacity, particularly in the early months of the

pandemic. This created challenges for us in sourcing and securing the range and volumes of products required for NHS Wales.

82. Suppliers advised they were unable to fulfil orders and secure stock. Buyers and sourcing teams quickly understood from communications with their regular suppliers that demand had outstripped supply and that the suppliers, mostly wholesalers rather than manufacturers, were unable to source the products required. Suppliers restricted volumes to at least historic or pre pandemic levels or in some cases less than these levels due to their inability to meet demand. **(INQ000506701, INQ000506702, INQ000506703, INQ000506705, INQ000506708, INQ000506711).**
83. In this challenging environment, Procurement Services had sole responsibility for procuring PPE products. We sought to secure PPE products once, on an “All Wales” basis wherever possible, to avoid unintentional competing demands within Procurement Services. Procurement teams across Wales are co-located with HBs and also operate from a central position in relation to national procurement activity. This approach allowed aggregation of the volumes of product necessary to secure manufacturing slots and acquire any stock already manufactured on the ground.
84. Procurement Services operated on a national basis, with each team focusing on securing specific products and product ranges for central stockholding and distribution within our warehousing network. Wherever possible, staff with experience of sourcing in specific markets were aligned with the procurement of the PPE product(s) most relevant to that experience.
85. All products were in high demand during the pandemic. In relation to PPE, this includes all the products identified by WG as part of the core nationally stocked product range. There was also very high demand for ventilators during the early stages of the pandemic.
86. Procurement Services also had to arrange several crucial PPE product deliveries, following WG approval, directly with air charter specialists (recommended by the military) to bring product by air directly into Cardiff International Airport. Once landed, we were directly involved in the offloading of product from the aircraft and assisted by the military. Procurement Services staff both managed the co-ordination of the offloading and were also involved in the physical offloading of the product from the aircraft.



87. The following products were supplied through this direct airlift delivery channel;

Product	Volume Delivered	Total Cost (exc VAT)	Source Country of Manufacture	Date Landed at Cardiff International Airport
Fluid resistant thumb loop gown	200,000 gowns	£ 840,000	Cambodia	28/04/20
Fluid resistant thumb loop gown	417,800 gowns	£ 1,044,500	China	01/05/20
Nitrile examination gloves	60,500,000 gloves	£ 5,567,984	China	22/03/21 and 23/03/21

These were key deliveries that provided us with additional time to source and secure further product which prevented potential stock out situations. All the products supplied were of the required quality and met all the required standards. All the products supplied were subsequently used.

#### **Wider Role of Surgical Materials Testing Laboratory (SMTL)**

##### **Reusable PPE**

88. All PPE prescribed for use was disposable in accordance with the relevant standards and requirements. As a consequence there was no option to switch to reusable PPE product as there were no such products available that were capable of meeting the technical and regulatory standards.
89. Representatives from SMTL and Specialist Estates Services (SES) were members of a UK wide group actively examining the feasibility of repurposing single use devices (PPE and medical devices) for use as a last resort measure in emergency circumstances such as the COVID pandemic.
90. A cross organisational group of colleagues across MHRA, OPSS, HSE, PHE, Northern Ireland Department of Health, NHS in England, Scotland and Wales, and devolved administrations were focused on testing and assessing emergency repurposing methods, with SMTL and SES assessing single use surgical gowns and respirators respectively.

91. Whilst initial feasibility studies showed the promise that repurposing single-use devices may be a viable option in times of severe shortage, supply chains were unable to meet demand and the active deployment of products assessed in this project was therefore not possible. The requirement from HBs remains for single use/disposable gowns. Reusable gowns are being assessed in some HB settings.

### **Wider work for NHS and Industry**

92. SMTL undertook a range of projects to assess the quality and efficacy of PPE against the required standards and certifications for the NHS across the UK and wider industry (**INQ000506712**). This demonstrated that the technical expertise within SMTL was a sought-after service during the pandemic.
93. SMTL were members of the following DHSC groups, providing and receiving advice and support in relation to PPE products;
- Medical Devices and Personal Protective Equipment (PPE) Product Assurance & Technical Sign-Off Decision Making Group.
  - Medical Devices and Personal Protective Equipment (PPE) Decision Making Committee.

In addition, SMTL also provided advice and support to the Small Business Research Initiative (SBRI) Face Mask Challenge and the WG work to develop a transparent facemask.

## **Selection of Contractors**

### **Selection Process – Overview and Initial Contact**

94. NWSSP received a very substantial number of offers for the supply of PPE products during the pandemic. Offers were assessed through a triage process which aimed to establish the validity, efficacy and regulatory conformity of the products offered and the viability and credentials of the suppliers. Within Wales there was no operation of any form of “VIP lane” for selecting products and suppliers. This was stated in the findings of the Audit Wales Report referred to in later in this statement.
95. All offers were funnelled to the Procurement Services Triage Team (Triage Team) through a central NWSSP email contact address. Direct approaches made by

telephone, email or other forms of contact were directed to the central email address. This ensured that all offers were treated in a consistent manner.

96. Each offer received through the central email address was logged and allocated to a member of staff within the Triage Team to progress. All staff involved in the process completed the Declaration of Interests form **(INQ000506713)**. No conflicts of interest were identified. The process from this starting point in the triage process to the point of final approval took an average of 10 days. Where circumstances of extreme urgency dictated, there was sufficient flexibility within the process to respond at a faster pace than the 10-day average.
97. The triage process consisted of two main stages which I will summarise in the following paragraphs.

#### **Triage Process – Stage 1 (Provision of Information and Supporting Documentation)**

98. The first stage of the triage process required each supplier to complete and return a standard Supplier Triage Form **(INQ000438427)** together with the relevant documentation and certifications to support the assessment of their product(s).
99. The Supplier Triage Form was designed to capture four categories of information from each supplier.
100. The first category was contact information, in which suppliers were requested to provide basic company contact details.
101. The second category was basic product information, in which suppliers were requested to provide information such as product descriptions, delivery timescales, stock availability and price.
102. The third category was product requirements, in which suppliers were requested to provide information, documentation and certification to demonstrate legislative and regulatory compliance, evidence of quality management systems and evidence of compliance with the relevant standards for each type of product required. The requirements were specific to the product type being offered by the supplier for assessment. For example, where the product offered was nitrile examination gloves, test reports and certificates had to be provided demonstrating compliance with EN 455

Parts 1, 2 and 3; where the product offered was surgical face masks, test reports and certificates demonstrating compliance with EN 14683 had to be produced.

103. Responsibility for providing this information was imposed on each potential supplier as they were expected to understand, and be able to explain, the regulatory route they had followed to place their products onto the market. This approach ensured that the triage process assessed products offered against the supplier's own claims rather than relying on assumptions being made by NWSSP.

104. The fourth category was further information, in which suppliers were requested to provide any additional information such as product test descriptions and specifications.

105. If the supplier failed to complete and return the Supplier Triage Form together with the required documentation and certifications within three working days the request was not progressed any further.

106. In parallel, the Triage Team undertook a search via the Companies House government online portal to validate the supplier's existence and any recorded financial viability issues. If this information was not available or provided cause for concern (e.g. if a winding up order had been recorded) the supplier offer was not progressed any further.

107. To manage the volume of offers coming through to the Triage Team some of this activity was transferred to the Life Sciences Hub from the beginning of June 2020. The activity managed by the Life Sciences Hub from this date was limited to the logging of offers from suppliers and requesting completion of the Supplier Triage Form with the associated documentation. If a completed Supplier Triage Form with associated documentation was received by the Life Sciences Hub within the required timescale it was passed to the Triage Team within NWSSP for onward processing.

108. If documentation was submitted that had apparent signs of possible fraud it would be referred back to the supplier for explanation. If the supplier failed to respond then the request was not progressed any further. Examples of signs of possible fraud apparent on the documentation included: different lettering or font sizes; blurring of words; inconsistent information; and misspellings. If the supplier responded with a justification or alternative documentation, this information was passed to SMTL for further and final assessment in respect of validity at Stage 2 of the triage process.

## **Triage Process – Stage 2 (Assessment of Documentation and Quality Testing and Assurance)**

109. The second stage of the triage process was undertaken by SMTL for suppliers that had successfully completed Stage 1. This involved the assessment of the product testing and certification documentation provided by the supplier. The assessment checked: the validity of the certificates and test reports provided; the existence and competency of the testing laboratory identified; and for any signs of fraudulent activity.
110. The competency of the testing laboratories was based on evidence of accreditation to the International Standard for Testing and Calibration Laboratories (ISO 17025). SMTL checked the competency of laboratories and schedule of tests via the laboratory's accreditation body such as the United Kingdom Accreditation Service (UKAS) if the laboratory was based in the UK, or if in China, the China National Accreditation Service (CNAS).
111. As at Stage 1, SMTL checked for possible fraudulent activity through signs of document alterations such as blurred lettering, different font types, misspellings or photocopied images. In addition, the certification document was checked against the supplier's website to ensure details matched and cross-referenced against available websites such as the European Safety Federation which listed suspicious PPE certificates and testing laboratories. The testing laboratory identified by the supplier was approached if there were any suspicions relating to the authenticity of the test results stated. The supplier was notified of any doubts in relation to authenticity and asked for an explanation. If the supplier was unable, or declined, to respond the offer failed at that point in the process and did not progress further.
112. Where SMTL had concerns or questions about the appropriateness of some evidence, they would also contact the regulators, MHRA and HSE or notified bodies such as BSI directly for advice. In some circumstances SMTL were also requested to participate in calls with the suppliers directly to discuss the evidence base.
113. SMTL then undertook the following assessment of the documentation and information provided:
- Products and Claims – each supplier submission was checked against the requirements for that type of product e.g. surgical mask, the detailed product

list e.g. Type IIR facemask, reference numbers and product claims e.g. meets the requirement of EN 14683:2019.

- Product Classification – each supplier submission was checked against the classification claimed by the company and dependent on the type of product submitted e.g. Type IIR surgical masks are Class I medical devices, a FFP3 respirator is a Category 3 PPE product.
- Regulatory Legislation – each supplier submission was checked against the appropriate legislation under which the products were regulated e.g. Medical Device Directive, Medical Device Regulations, PPE, medicinal products.
- Regulatory Compliance – each supplier submission was checked for the required documentation for that type of product. Examples include a self-declaration, EU Type Examination Certificate from a Notified Body or approval from the Cross Government Decision Making Committee.
- Quality Management System (QMS) – each supplier submission was assessed on whether the supplier operated a valid ISO 13485 or ISO 9001 QMS and appropriate certification from an accredited issuer. If the product was classified as PPE and the company had a valid EU type certificate issued by a Notified Body, then additional QMS documentation was not requested.
- Appropriate Standards – each supplier submission was reviewed for copies of the test reports and certificates supporting company claims for compliance to appropriate standards. If test reports were received from ISO 17025 accredited laboratories, then additional checks were performed to assess the accreditation of the report issuer with the relevant body.

114. In addition to the Technical Assurance process detailed in the previous paragraph, SMTL performed several testing projects for NHS Wales to assess the compliance of medical devices and PPE to relevant technical specifications and standards. SMTL performed several in house testing projects and managed subcontracted testing with approved external testing laboratories. Testing projects included:

- Filtering Face Piece (FFP) 3 masks
  - Assess protective filtration levels (EN 149 ; BS EN 13274-7)
  - Fit testing of FFP3 masks (BS ISO 16975-3)

- Testing of Surgical Masks Type IIR
  - Bacterial Filtration Efficiency – BFE (EN 14683)
  - Resistance against penetration by synthetic blood (splash resistance) (EN 14683; ISO 22609)
  - Breathability/Differential Pressure (EN 14683)
  - Microbial Bioburden (EN 14683)
- Surgical Gown - Resistance to Liquid Penetration (EN 13795-1)
- Thumb Looped Gowns – Tensile Strength (EN 13795-1)
- Medical Gloves
  - Perforations (EN 455-1)
  - Force at Break ((EN 455-2)
  - Dimensions (EN 455-2)
  - Labelling (EN 455-2)

115. SMTL then provided the Triage Team with an outcome for each product of either “accepted” or “not accepted” together with a report detailing the reasons for the outcome. If the outcome was “not accepted”, the supplier offer for that product was not progressed further. SMTL had an average turnaround time for technical assurance checks of 1.87 days. 98.81% of SMTL responses were returned to Procurement Services colleagues within 10 working days and where this took longer it was due to SMTL relying on input from HSE, MHRA or other external stakeholders.

#### **Confirmation of price and availability**

116. Where there was still a requirement for the supply of a product, the Triage Team contacted the relevant suppliers that had passed Stage 2 of the triage process. If there was no requirement for the product at that point in time, contact with the supplier was not pursued.

117. The supplier was contacted by the Triage Team to confirm the current position with regards to delivery times, quantities available and prices for the relevant product(s). If the product was not available in the quantity and/or timescales required, the offer was not progressed further.

118. There was no determination of the minimum volume of product required until this stage of the triage process had been reached. The fast-paced nature of the market in terms of the manufacturing capacity available and the rapid changes in demand

resulted in availability close to the point of ordering becoming a key determining factor. Product that may have been available in large quantities at the time the offer was submitted may not have been available, or available to the same extent, several days later when the triage process reached this stage.

119. Decisions on the volumes of product required were taken by the Procurement Services PPE workstream teams and logistics teams taking account of demand, current stockholdings and any outstanding orders due to be delivered. Although it was not possible to be prescriptive about the minimum volumes required until this stage had been reached, it was clear that large volume orders were urgent and necessary during the early stages of the pandemic to meet the exceedingly high levels of demand across all PPE products. On occasions offers were rejected because volume of product was not sufficient to meet needs, but no offer was rejected at the outset of the triage process on that basis. Orders placed took account of accurate information provided by the Oracle financial management system and the dashboard in relation to current stockholding, outstanding orders due to be delivered and demand, which in turn permitted orders to be placed (once sourced) based on the most up-to-date data available to our buyers. Order volumes also took account of any minimum order quantities required by the manufacturer as part of each contractual agreement. Procurement Services did not place orders for higher volumes than required taking into account all of the factors mentioned previously.

120. There was no stated price limit after the triage stage however all prospective purchases of a significant value were subject to the expenditure limit approvals and controls outlined and the deliberations and decisions of the FGG as described in this statement. The decision around price, similar to the decision around volumes, was taken after the successful conclusion of Stage 2 of the triage process due to the volatility and uncertainty of the market and associated prices for product, particularly during the early stages of the pandemic. As with volume availability, the price offered at the time the offer to supply was submitted was not necessarily the same price that was applicable when the offer reached this stage of the triage process.

121. Within Procurement Services, a history of the prices paid for PPE product was developed through the sourcing and ordering data that was maintained by the teams. Internally this provided useful intelligence when determining the competitiveness of prices offered as the pandemic progressed from its early stages and as prices became more competitive. In relation to external price benchmarking during the early stages of



the pandemic the priority was to secure a supply of product of the required quality ahead of global competitors. In this context there was no real opportunity or benefit in benchmarking the prices being paid by other buyers as this would have had no influence on the price being paid by NWSSP on behalf of WG and NHS Wales organisations. As the pandemic progressed, we were aware of the prices being paid across other parts of the UK through regular scanning of supplier pricing when seeking to source or replenish product and through the sharing of intelligence within the market and the wider procurement community. Significant volumes of stock were secured early in the pandemic, due to high minimum order quantities and the very significant demand within the system for PPE. The levels of stock secured early in the pandemic reduced the need for early replenishment and any associated activity in respect of price tracking. When replenishment was required later in the pandemic the prices for all key PPE product lines had fallen dramatically from their high point during the early stages of the first wave. Through this approach, NWSSP could provide assurance that we were not paying more than the market rates and as the pandemic progressed, we were able to obtain pricing less than the market rate.

122. Procurement Services shared information regularly with colleagues across the Devolved Administrations (DAs) and England to identify opportunities for collaborative procurement and to share intelligence on pricing and availability of product. An example of this collaboration that had a positive impact on the price paid across the UK was the single UK procurement of Fluid Resistant Surgical Masks (Type IIR masks). This was undertaken by Procurement Services on behalf of all UK nations through which the combined volumes ordered achieved a price more competitive than any other prices known to be paid at that time for masks of the required quality. The price point for PPE moved very rapidly during the early stages of the pandemic and on an "order by order" basis. The market price at this stage of the pandemic was therefore not a "fixed" point and it varied by manufacturer, volume and the time and date at which contracts were ordered. Manufacturers were aware that if a buyer tried to negotiate on price they had many other buyers waiting to secure the product at the price being offered. Buyers were also aware that if they prevaricated on price they almost certainly risked losing the opportunity to secure the product from the supplier during the earlier stages of the pandemic

123. The decision on price was taken having regard to the availability or otherwise of alternative sources of supply, the volume of product required and the stock levels at the time. In a very restricted supply market, as existed during the early stages of the

pandemic, prices were significantly higher than normal, reflecting the scarcity of suitably certified products of the required quality. In these circumstances, buyers across the globe were often “price takers” rather than “price negotiators” if they wished to secure manufacturing capacity for their requirements ahead of competing global demands. During the early stages of the pandemic, Procurement Services encountered very limited opportunity for negotiation on price. Generally, if prices offered were rejected the manufacturing slot was secured by another buyer (at the same price point). On occasions we were able successfully to negotiate lower prices based on increased volumes (albeit with a view to volumes sufficient to meet demand) and with reference to previous prices paid to competitor suppliers. We were able successfully to negotiate downwards the value of the upfront payments requested on several occasions. As the pandemic progressed, Procurement Services were able to negotiate prices downwards based on volumes committed and the method of transportation selected e.g. sea freight as opposed to air freight. The option to use sea freight at a lower cost than air freight was possible as the pandemic progressed and the demand for product became less urgent/immediate due to the stock levels that had already been secured.

124. NWSSP managed the balance of risk associated with high value contracts for some contractors through the use of an escrow account to facilitate staged payments against large volume orders delivered across a number of “drops” into Wales. NWSSP also traded under the NHS Wales Standard terms and Conditions of Contract with all contractors which provided for the sharing of risk between supplier and buyer that would be deemed acceptable in normal trading conditions e.g. payment on delivery, acceptability of product and product quality and the consequences for late delivery and default/underperformance as referenced in more detail later in this statement.

125. The decisions around upfront payments and the associated risks were made by FGG in consideration of all factors referred to previously in this statement. WG only paid more than 50% of the contract value upfront for 5 contracts (which includes 2 contracts for air freight).

126. As the pandemic progressed and the global manufacturing capacity for suitably certified product of the required quality recovered, the prices of products started to fall, reflecting the availability of more competitively priced alternative products and falling demand. Prices notably started to fall from around July/August 2020 and continued to fall over the course of approximately 12 months to their current levels. There were

variations: the prices of some products, e.g. FFP3 masks, fell more gradually than others, with the fall starting later in 2020 and occurring over the course of 18-24 months. This fall in the price of PPE products through the pandemic was reflected in the prices secured by Procurement Services and factored into the decisions around price and whether to purchase at a particular price point. The scarcity of suitably certified product in the volumes required limited any opportunity for negotiation on price, particularly in the early months of the pandemic. Prices were set by manufacturers based on an agreed volume slot as part of a much wider manufacturing run.

127. Procurement Services did not observe any noticeable impact on the availability of PPE in Wales as the result of the work of CERET and the allocation of grants to manufacturers in order for them to repurpose to the manufacture of PPE. The majority of products supplied by Welsh manufacturers were secured early in the pandemic, prior to the outworkings of the programmes supported by CERET. The remainder of products were supplied by non-Welsh manufacturers through Welsh or non-Welsh distributors/agents and directly from global manufacturers. The time taken for Welsh manufacturers to develop suitably certified PPE products that were urgently required early in the pandemic, e.g. Type IIR masks and fluid resistant thumb loop gowns, was extensive. By the time any suitable products had been developed to the required standards, the stocks to ensure continuity of supply had already been secured by Procurement Services from alternative suppliers.

128. As the pandemic progressed through the course of late 2020 and into 2021, more suitably certified product became available on the global markets and the price fell naturally, in line with normal economic supply and demand principles. Larger volume orders then attracted lower prices and as the competitive position within the market started to improve, Procurement Services was able to influence pricing through negotiation and agreements on the size and frequency of bulk volume deliveries.

129. Later in the pandemic, Procurement Services established a framework contract, awarded in March 2022, for the supply of PPE product through further/mini-competition. This framework can be utilised for future requirements of PPE and has resulted in significantly lower prices than those available at the outset of the pandemic. NWSSP has also worked with DHSC to purchase surplus stock of gowns at advantageous prices.

## **Final Approval and Purchase Order**

130. Products that were confirmed as being available in the quantities required, and at a price which was acceptable having regard to the considerations identified above, were progressed to consideration of final approval to place an order. Approval to place an order was sought through the FGG, to which reference has been made previously in respect of higher value and/or new suppliers. The terms of reference for the FGG refer specifically to the responsibilities of the group in relation to “major expenditure” products. The membership of the FGG as stated in the Terms of Reference document **(INQ000506675)** was selected to ensure appropriate governance, finance, audit and counter-fraud representation and scrutiny.
131. The FGG met to review FGG Approval Forms **(INQ000506678)** prepared and provided by the relevant Procurement Services PPE leads seeking approval to proceed with purchase of the relevant product. The FGG Approval Form was a standard template against which relevant details were provided to enable the FGG fully to understand the nature and intent of the purchase proposal and consider all the relevant issues in relation to need and risk. These issues are as stated in the FGG Approval Form document and provided a summary overview of the outcome of the triage process, covering areas such as volume, cost, compliance with relevant quality and technical standards, testing, delivery timescales, procurement route, payment arrangements, financial viability of the supplier and previous contractual relationships with the supplier (if any). The Procurement Services PPE lead was often required to attend the FGG meeting to provide further insight and detail to support decision making.
132. At the conclusion of each meeting, the FGG decided either to approve or not to approve the purchase. The details of the meeting were recorded on the form and retained to reflect the discussions and reasons to support the decision taken.
133. Stock orders were placed without FGG approval with a small number of suppliers which had successfully passed through the triage process, including confirmation of acceptable price and availability, on the basis that they were known/contracted suppliers and/or the value of the order was at a relatively low level when compared to the value of proposed expenditure for which FGG approval was generally sought. The purpose of this arrangement was to ensure that products that had been successfully

triaged were swiftly processed for ordering and that the FGG process was not delaying the process unnecessarily.

134. There were no exceptions to the triage process described above. On one occasion a supplier had already submitted their product offer into the approval process route managed by the UK Cross-Government Decision Making Committee that assessed PPE products which had been tested to standards other than CE and which did not have a letter of CE derogation from a Notified Body. All stages of the NWSSP triage process and FGG approval were completed in parallel with the subsequent approval obtained from the UK Cross-Government Decision Making Committee for this product.

135. Despite the collapse of established global supply chains during the early stages of the pandemic, a relatively small quantity of PPE was obtained from pre-existing contractors and purchase orders were left open for supply to resume from these sources as soon as the market conditions permitted.

136. All orders were approved in accordance with the spending controls in place at the time.

### **Outcomes of the Selection Process**

137. In total, 692 products were assessed through the triage process as detailed in the document, "Summary of Outcomes of Triage Process" (**INQ000506715**). A total of 117 products passed both Stages 1 and 2 of the triage process. The reasons for failure for each product type at each stage of the triage process are also recorded in this document. There were three main reasons for failure, categorised as "Appropriate documents not received or incomplete", "Suspected fraud" and "Paused until a requirement was identified". In respect of the latter reason for failure, the timing of the offer being submitted was a determinant as to whether it would be fully processed. If there was sufficient stock already available and/or expected from orders already issued, the offer would be paused as further stock was not required at that stage.

138. Contracts totalling £305,304,766 were awarded across 33 suppliers for the supply of PPE during the pandemic as detailed in the document "PPE Summary of Contractors, Value and Performance" (**INQ000506716**). The total expenditure on contracts above £2,000,000 was £296,943,237 of which the total expenditure on contracts above £5,000,000 was £281,350,588. Most contracts were awarded to suppliers who had no

previous contractual arrangements in place with NWSSP to supply these specific product types. These suppliers and products were therefore assessed through the previously outlined triage and approval process.

139. The overwhelming majority of these contractors, 29 out of 33, executed their contracts in full. Four suppliers failed to execute their contracts in part or in full and were subject to further action as described below.

140. [I&S] is currently subject to a legal review in respect of recovery of funds due to alleged unsolicited delivery of product and delivery of product that did not meet the standards specified. The contract with [I&S] is subject to legal action to recover funds due to non-delivery of product. The contract with [I&S] [I&S] is subject to a legal review to seek recovery of funds due to incorrect product delivery.

141. The contract with [I&S] which was concluded on 6 January 2021 was subject to a separate settlement agreement. The agreement secured replacement product from [I&S] to replace defective product that had been delivered. The value of the contract was £495,000 (exc VAT). This issue is now complete and closed with no further action required.

### **Warehouse capacity**

142. Warehouse capacity was a challenge due to the volume of PPE products required. Warehouse capacity was also allocated to the preparation of COVID vaccinations and the assembly of vaccination consumables packs. Medical equipment was stored within the warehouse network to support the various field hospital and surge capacity requirements in HBs across Wales. Procurement Services addressed this, in part, by using significant floor space in our largest warehouse facility at Imperial Park 5, Newport (IP5) and by spreading stock across our warehouse network in Wales including warehouses in Bridgend and Denbigh. Additional warehouse capacity from the commercial sector was also brought online in North, South-West and South Wales.

143. Due to the high volumes of product being distributed around the country, NWSSP engaged an existing, nationally contracted local food distributor to assist with transport and distribution in the early stages of the pandemic. This distributor had the infrastructure and resource to support our requirements at this point in the pandemic.

144. Initially this was a relatively small-scale operation, with deliveries being taken from stock held at our own warehouses in excess of what would have been our BAU volumes. In addition, we added to our own additional storage footprint and increased our fleet to support distribution, but volumes were so large that we had to seek external support for both storage and distribution. As the demand and volume of PPE required increased dramatically and exponentially, it was clear that an enhanced storage and distribution network would be required to meet this significant increase in demand for PPE within Health, Social Care and Primary Care Contractors.

145. Initially six suppliers with whom NWSSP had experience of working closely with prior to the pandemic were engaged to support the enhanced storage and distribution requirements. These suppliers were:

- Castell Howell Foods
- Gerry Jones Transport
- Owens Group
- Delivery Solutions (Delsol)
- TDW Distribution
- Alan R Jones (Palletline)

146. On 15 October 2020, with support from Specialist Estates Services colleagues, a Warehouse and Onward Distribution SBAR paper was drafted for approval for direct awards to the following suppliers under regulation 32(2) of The Public Contracts Regulations 2015, to extend the existing arrangements at that time for the warehouse management of 15,000 pallets of PPE product lines:

- Gerry Jones Transport
- Owens Group
- Delivery Solutions (Delsol)

147. In 2021, as it became apparent that the WG requirement for NWSSP to stock manage and distribute large volumes of PPE was to continue, the external storage requirements for PPE were formally tendered and contracts established with the suppliers identified in the previous paragraph.

#### **Measures to prevent Fraud**

148. The triage checking process was designed to prevent fraudulent or bogus PPE products being ordered. In relation to PPE, further due diligence and checks on supplier capacity, need for purchase and risks were assessed by the FGG prior to funding approval and orders being placed.

149. NHS Counter Fraud Services (CFS) were represented on the FGG membership by the Head of NHS CFS Wales. The CFS Wales team continued to investigate any economic crime referrals (**INQ000506717**) during the pandemic period and circulated information on specific fraud alerts and emerging crime risks based on information received from the NHS Counter Fraud Authority (**INQ000506718**).

150. No referrals were made by CFS to the police or other authorities regarding suspected fraud. Any potential economic crime issues were investigated by CFS Wales or the Local Counter Fraud Network during the pandemic period. CFS Wales investigated several mandate fraud cases during the pandemic period and used their financial investigation powers to secure and recover the funds paid to the bogus bank accounts. Operational procedures were reviewed and updated to take account of the new surge in bank mandate fraud. This included designing a new form and guidance (**INQ000506719**) as well as introducing new sign-off/approval arrangements with further checks introduced.

151. The number of mandate fraud investigation undertaken by NHS CFS Wales with financial outcomes and sanctions from April 2019 to March 2023 is shown in the following table:

<b>Year</b>	<b>No. of cases</b>	<b>Value of Losses (£)</b>	<b>Value of Prevented Fraud (£)</b>	<b>Value of Funds Recovered (£)</b>	<b>No. of Criminal Sanctions</b>
2019/20	0	0	0	0	0
2020/21	6	102,524.98	105,906.51	63,906.51	0
2021/22	1	807.87	0	807.87	0
2022/23	7	0	10,232,860.98	0	0
<b>Total:</b>	<b>14</b>	<b>103,332.85</b>	<b>10,338,767.49</b>	<b>64,714.38</b>	<b>0</b>

152. The findings in the table above identify that the significant increase in mandate fraud attacks in budget year 2020/2021 correlates with the cybercrime risks associated with the COVID-19 pandemic period from March 2020 onwards. The findings highlight that there were a series of mandate fraud attacks in March 2021, just prior to the end of the relevant budget year. During this period NHS Wales experienced financial losses of £102,524.98: it was however able to recover £63,906.51 of those losses. The findings



highlight that a total potential loss through mandate fraud of £10,338,767.49 was prevented by the actions of CFS and the wider Finance and Accounts Payable teams within NWSSP. The recovery of £63,906.51 was because of swift response action, in which CFS contacted the receiving bank who prevented further money laundering by freezing and returning the money.

153. The laundering of the remaining losses consisted of cash withdrawals which were subsequently wire transferred or account to account transferred through various third-party bank accounts to Europe and latterly the Middle East.

154. All the mandate frauds committed against NHS Wales were referred to the NHS CFS Wales team for investigation, as NHS CFS Wales deals with complex and large-scale frauds and has financial investigation powers under the Proceeds of Crime Act (POCA) 2002.

155. In terms of investigation process, all mandate fraud investigations which were progressed by NHS CFS Wales involved the use of social engineering to gain access to the NHS supplier email account. Social engineering in this context refers to a person pretending to be the genuine supplier to gain the trust of an NHS employee thereby deceiving the employee into changing the BACS payment details to that of the bogus company or person. The perpetrator in these cases contacted staff members in NWSSP Accounts Payable using what appeared to be a legitimate email address from a contact with whom the organisation had a pre-existing relationship. The perpetrator then proceeded to correspond with NHS Wales to gain more information, prior to submitting a request for a bank account change form.

156. If a fraudulently completed form was submitted to NHS Wales and if payment was made to the bogus bank account (usually within 30 days), once the mandate fraud was discovered, often via a phone call or email from the genuine supplier chasing payment, then the matter would be referred by the HB or Trust to NHS CFS Wales for investigation.

157. The NHS CFS Wales financial investigator would contact the relevant financial institutions to ascertain what had happened to the money. Dependent on the outcome of those enquiries CFS would determine what investigative action would be taken. In all investigations undertaken the money mules were identified, links to Organised Crime Groups (OCGs) were established and affirmative arrest action was undertaken.

However, all suspects failed to cooperate with the investigative process and CPS ultimately took no further action against any of them, citing difficulties proving offences of money laundering.

158. After the initial occurrences of mandate fraud attacks in March 2021, senior managers from NHS CFS Wales and NWSSP convened a working group to address the risk. Once the risks associated with fraud or money laundering were identified, NHS CFS Wales and NWSSP endeavoured to monitor, identify and assess the emerging risks with a view to developing and adopting new policies and procedures to deal with the threat.

159. NWSSP, in consultation with NHS CFS Wales, reviewed and developed the new bank account change form. Additional due diligence requirements were adopted such as requiring information relating to the last known financial transaction and the last correspondence received by the supplier from NHS Wales. A new procedure relating to the bank account change process was implemented by NWSSP which included all bank account change requests being actioned by a small team within NWSSP. NWSSP introduced mandatory use of banking account two step authentication to establish whether the payment details matched those of the account holder. Finally, all bank account change requests had to be reviewed and authorised by the NWSSP Director of Finance and Corporate Services or their Deputy.

160. A national mandate fraud awareness programme was provided by CFS Wales to NHS Wales staff, with more tailored training which made specific reference to mandate fraud being provided to key staff at Procurement Services, Accounts Payable and Finance departments. The NWSSP organisational structure and the small size of NHS Wales enabled these key preventative measures to be swiftly adopted and they are still in use.

161. We know that the measures we put in place were successful as after 2021, although we had a number of attempts at mandate fraud, none of them were successful.

### **Declarations of Interest**

162. In accordance with good practice and as part of normal operating practices, Declarations of Interest were completed by our procurement staff involved in the sourcing of PPE products and by the membership of the FGG (INQ000506713).

## Ventilators

163. In relation to the procurement of ventilators, we participated in a pan-UK/four nations group. This group, led by DHSC, secured product on a four UK nations basis and subsequently confirmed and arranged allocation of product to each of the four UK nations. The ventilators from UKG stocks were issued on loan to each of the four UK nations. Allocations from UKG to NHS Wales were subject to DHSC decisions and were not therefore a decision involving NWSSP. I am not aware of any additional ventilators being secured through the “UK Ventilator Challenge”.
164. A baseline assessment of ventilators available in NHS Wales was undertaken by the WG Critical Care Team and shared with NWSSP on 09/04/2020. The view from the Critical Care Team was that if NHS Wales received the ventilators due to be allocated along with those purchased directly then there should have been sufficient numbers to meet requirements.
165. The number of ventilated beds required was a matter for HBs and the WG Critical Care Team to determine **(INQ000506720)**.
166. The allocation of additional ventilation equipment was managed by WG Critical Care Team. Initially daily reports detailing ventilator availability were shared by NWSSP with the WG Critical Care Team who undertook a gap analysis based upon critical care reasonable worst-case scenario and the equipment that was already in place across HBs in Wales.
167. Our only involvement in the allocation of additional ventilators was to collate information on ventilators available through either our own purchase or through allocation from the DHSC nationally sourced equipment and then to supply those ventilators allocated by the WG Critical Care Team into the HBs where indicated. HBs were able to submit requests to the WG Critical Care Team to request additional ventilators and if agreed they then instructed NWSSP to distribute the ventilators.
168. NWSSP was not aware of any specific issues concerning the allocation of ventilators by DHSC as this was a matter for their discussions and agreement with WG. I understand that ventilators were allocated based on the Barnett formula.

169. To supplement this UK-wide procurement and logistics activity we also directly sourced ventilators at a total cost of £2,454,414 (exc VAT) from the market to ensure adequate numbers were available across Wales as detailed below;

- Philips Trilogy EVO – 70 units
- Philips VIVO 55 – 200 units
- Hamilton Medical T1 – 45 units
- Hamilton Medical C6 – 30 units

The requirement for ventilators, including the makes and models of ventilators required, were managed and determined centrally by WG through the COVID-19 Planning and Response Groups. The decision to buy, allocate and use these ventilators was discussed and authorised at the WG Planning and Response Sub-Group for Acute Secondary Care meetings. The allocation of ventilators and training was also managed from a central perspective. The group met weekly and consisted of representatives from all Health Boards. Dr Christopher Hingston, Intensive Care Consultant Cardiff and Vale University Health Board, and Dr Simon Barry, Respiratory Consultant Cardiff and Vale University Health Board, were leading the discussions between the service and Welsh Government, including training and in which situations the equipment would be suitable.

170. The volumes purchased were initially informed via the WG Planning and Response Sub-Group for Acute Secondary Care. This group was subsequently replaced with an Oversight Group led by Stephen Harrhy, NHS Wales Collaborative on behalf of all NHS Wales Chief Operating Officers. All volumes listed were procured in line with service requests via these routes and specifications and requirements were informed by expert advisors to these groups. Worthy of note is the timing of the group's decision to purchase the Philips Trilogy and VIVO ventilators which was taken on 16th March 2020 during a time of uncertainty of supply with deliveries commencing on 18th March 2020. Deliveries of UK Central Stock did not start until 6th April 2020. Procurement Services were responsible for implementing the purchase decisions taken by this group and its respective clinical experts. Procurement Services was made aware of concerns reported by Aneurin Bevan University Health Board regarding the suitability of the Philips Trilogy ventilator for supporting very ill patients. I communicated this concern to Dr Simon Barry who believed the problem was related to training and that once the national online training was undertaken there should be no further problems.

171. Procurement Services also purchased 357 DreamStation Pro CPAP (Continuous Positive Airway Pressure) machines at a cost of £55,422 (exc VAT).

172. Offers of supply for ventilators that were received by NWSSP were assessed by an expert panel from within NHS Wales. The credibility of the technology was assessed by these experts who also used their networks to gain and provide advice and recommendations. The expert panel is detailed below:

- Dr Christopher Hingston, Consultant, Critical Care, C&VUHB
- Dr Simon Barry, Medical Consultant, Respiratory Lead, C&VUHB
- Dr Tamas Szakmany, Consultant, Critical Care, ABUHB, Clinical Lead All Wales Critical Care and Trauma Network
- Nicola Vaughan-Jones, Critical Care Network Manager, NHS Wales Collaborative
- Alice Richards, Specialist Respiratory Specialist, C&VUHB
- Wayne Goodfield, Head of Clinical Engineering CTMUHB
- Chris Hopkins, Head of Clinical Engineering, HDUHB
- Mel Lewis, Head of EBME, BCUHB
- Mike Rowlands, Head of EBME, SBUHB
- Ed Chapman, Head of Clinical Engineering, C&VUHB

173. The purchase of ventilators was made in blocks so there is no sight on variation of prices through time as they were not a recurrent purchase throughout the course of the pandemic.

174. The main challenge experienced by Procurement Services in the procurement of ventilators was securing sufficient quantities from the manufacturers in a very short space of time due to the unprecedented level of global demand.

175. I provided the WG Planning and Response Sub-Group for Acute Secondary Care meetings with a briefing on the status and progress of procurement for PPE and equipment including ventilators. The group facilitated decisions around the type of equipment required and acted as a point of escalation for any urgent issues. The Terms of Reference for this group are exhibited (INQ000226959).

176. The overview and planning decisions relating to ventilators and related medical equipment was the responsibility of WG through the Critical Care Team and the Planning and Response Sub-Group for Acute Secondary Care. The plan to address

shortfalls in equipment was to build a stock of equipment that could be centrally held and deployed to support field hospitals and existing NHS hospital infrastructure.

177. A wider approach to the planning, procurement and management of critical medical equipment such as ventilators and beds was supported centrally with national sourcing and ordering via Procurement Services and management and co-ordination with HBs via WG. WG established the National Field Hospital Support Group to co-ordinate and manage the procurement and wider issues associated with field hospital deployment.

178. In terms of lessons learned, a stockpile or protected supply route for key equipment will be important, but this is a decision for WG and not NWSSP. Determination of what constitutes key equipment will prove challenging as each pandemic or emergency may require different equipment.

### **Oxygen**

179. The procurement of oxygen was managed by Procurement Services teams using existing national contracts with BOC Ltd. These contracts covered the supply of medical gases in cylinders and liquid medical gas (bulk supplies). BOC Ltd had been selected through a national framework contract and the pricing was established as part of this contract.

180. Oxygen was supplied directly by BOC Ltd, to the hospital and healthcare settings. The main oxygen infrastructure plant (VIE) from BOC Ltd is provided as a lease at various hospital sites throughout Wales. During the period of the pandemic, regular reviews were held with BOC Ltd to manage supply and capacity issues where significantly increased demand was placed on BOC Ltd for oxygen. BOC Ltd kept my colleagues informed regarding any supply issues and assisted NHS Wales with installation of VIE for bulk deliveries in addition to increasing delivery schedules to ensure continuity of supply. BOC Ltd as the incumbent supplier provided all upgrades to their equipment as requested. With regards to pricing for any oxygen infrastructure upgrades, these were sourced directly by the HBs and Trusts. We are not aware of any problems relating to the delivery of oxygen to HBs.

181. BOC Ltd also provided cylinder oxygen to HBs during the pandemic through the existing national contract established by Procurement Services.

182. NWSSP Specialist Estate Services Division (SES) acted as chair of the Estates Oxygen Delivery Board and coordinated and reviewed requests for oxygen equipment and plant from HBs and provided detailed technical appraisals to WG to support the prioritisation process.

183. SES also provided technical advice and support to NHS Wales organisations and WG in relation to identifying any shortfalls in the medical gas pipeline systems and associated infrastructure. This work supported the wider prioritisation of site selection and associated funding for oxygen upgrades which was a matter agreed between WG and HBs.

### **LFT and PCR Tests**

184. LFT and PCR tests were procured by WG and not by NWSSP. We did however, on the direction of WG, store LFT within our warehouse network and arrange for their distribution upon the request of WG and HBs.

185. The main supply of tests was via an agreement with UKHSA / Salesforce, with NHS Wales Organisations, Local Authorities and Primary Care to enable receipting of orders directly and not via NWSSP. Salesforce managed the ordering portal and arranged supply of the tests.

186. The role of NWSSP was to warehouse LFT on behalf of WG as a bulk holding of contingency / reserve stocks for distribution. We are not aware of any other support or assistance from UKG, including the Ministry of Defence, in relation to the storage and distribution of LFT and PCR testing equipment. The persons within NWSSP leadership responsible for the storage and distribution of the LFT as defined below were myself and Graham Davies, Assistant Director of Logistics, NWSSP.

187. WG placed orders for LFT with UKHSA / Salesforce and then advised NWSSP of the volume and inbound delivery date to be warehoused on their behalf. When required WG gave NWSSP instruction as to what stock was to be distributed to which locations in Health (HBs in bulk deliveries) and Social Care (via JES Stores) across Wales.

188. Whilst we only managed contingency/reserve LFT stock and some bulk distribution, as part of LFT distribution, NWSSP (via Primary Care Services and Logistics) did support Welsh Government in sharing with them details of Primary Care Contractors including locations, for them to submit to Salesforce and 'onboard' locations to the

Salesforce system, to allow suppliers to supply their product directly, and not via NWSSP.

189. On occasion we did supply smaller, ad hoc quantities of LFT directly to HBs and smaller Primary Care locations, with approval from WG, as well as 'emergency orders' where urgent supply was required, or to avoid stock going out of date (to ensure its usage prior to date expiry).
190. The only exception to this arrangement was for North Wales, where BCUHB had agreed storage for ordering direct from our Denbigh warehouse (for their bulk stock ordered through Salesforce), where there was a local agreement for us to hold stock on behalf of that HB.
191. Stock management for LFT was via the Oracle system, which held data on the products and location in the warehouses where it was stored.
192. Part of the governance required us to monitor date expiry, usage (linked to monitoring of emergency orders for retrospective approval), and management of a split product where one of the consignments meant we held tests with a testing solution i.e. held separately, requiring both products (test and solution) to be released at the same time to make the test viable for use.
193. Regular system reports were shared with WG around Product Updates, Quantity Held, Batch, Expiry Date etc.
194. This service provided by NWSSP at the request of WG was over and above the direct supply to organisations who received product direct from UKHSA/Salesforce, under the agreement set up by WG.
195. It is a matter for WG to address the question of any lessons learned in respect of LFT provision as NWSSP were simply responding to the WG instruction to store and distribute the products.

#### **Use of Framework Agreements**

196. We were unable to use the majority of framework agreements in place at the outset of the pandemic, from March 2020 onwards, for the purchase of PPE as the contractors were unable to source or supply the required products. By the time that framework agreement suppliers were able to source and supply product (2021/22), most PPE



requirements had already been secured in order to meet the exceptional level of demand experienced during the pandemic.

### **Direct Awards**

197. We procured approximately 65% of PPE products, during the early stages of the pandemic, through direct awards in accordance with the information and guidance provided by Procurement Policy Note (PPN) 01/20 using Regulation 32(2)(c) of the Public Contracts Regulations 2015 (PCR 2015) (**INQ000506722**). This was due to the extreme urgency of the requirement to source suitable product in the timescales and volumes required. Due to the limited number of suppliers in the global market able to supply the required products in the required volumes, competition from buyers across the globe for available manufacturing slots was intense. Prior to the pandemic the use of direct awards without competition was minimal and undertaken in accordance with the provisions and associated exceptions stated in PCR 2015.
198. The number of direct awards that we were required to make reduced over time as markets settled and global manufacturing capacity and supply chains were re-established. This was coupled with less urgency for immediate supply of many products due to the initial volumes procured leading to greater resilience in relation to stockholdings. When products were then required to be replenished and where the market was sufficiently stable in terms of capacity and availability of suitable products, previously established framework agreements were accessed, or competitive tenders were issued to the market.
199. The global supply market settled over the course of late 2020 and 2021 but the various waves of the pandemic due to the emergence of new variants created spikes in demand over this time for various PPE products. The resilient stockholding of PPE that Procurement Services had secured during the early stages of the pandemic generally allowed for these spikes in demand to be met through available stock without the necessity for further orders to be placed into the market. On occasion, however specific products such as nitrile examination gloves were purchased to ensure that stockholding levels remained above the minimum levels prescribed by WG. These orders were generally placed with contractors that had supplied products earlier in the pandemic because of the lack of availability from the regular suppliers.
200. A framework agreement was established by NWSSP through competitive tender for various PPE products but the use of this framework for the purchase of further PPE

was limited due to the robust stock levels that had previously been secured. NHS Supply Chain frameworks were accessed from January 2021 whenever supply chains stabilised for gloves. Through these frameworks product to the value of £872,000 has been ordered.

### **Contractual Monitoring, Compliance and Enforcement**

201. The main difference in contractual monitoring, compliance and enforcement compared to pre-pandemic approaches was in relation to payment terms and the length of the contracts themselves which during the pandemic were generally shorter and for a limited number of deliveries.

202. In the early stages of the pandemic, suppliers were requiring part payment upfront to enable them to secure manufacturing slots. In relation to contract management, we were often dealing with large, one-off orders rather than an ongoing supply of product over time. This required the management of the contract to focus on delivery and payment arrangements as well as the pre-contractual work around the triage of the products to assure quality.

203. The following provisions were included in the contracts established with suppliers;

- default provisions;  
All Purchase Orders issued stated "This order is subject to the NHS Standard General Conditions of contract". Additionally, the Terms and Conditions in place at the time (2018 version) stated "Where an Order is issued by the Authority that refers to these terms and conditions, a Contract will be made between the Authority and the Contractor on the Commencement Date of that Order. The Authority and the Contractor undertake to comply with the provisions of the relevant Schedules to be included in the Contract where indicated below in the performance of the Contract. Schedules 1 to 6 shall apply to this contract. Optional schedules shall only apply when checked. The Contractor shall supply to the Authority and/or Beneficiary, and the Authority and/or Beneficiary shall receive and pay for, the Goods on the terms of the Contract.". Where tailored terms and conditions were not issued then these terms and conditions would apply.
- how payments would be refunded in the event of default/ underperformance;

This was dealt with under section 13. Performance Measurement, clause 13.1.2 which provided for rebate of Contract Price where goods do not meet the specification requirements.

- provisions specifying which party bore the burden of checking technical specifications of goods;

This burden was placed on the Contractor under section 10. Quality clause 10.1 provided that "The Goods shall be of first class quality, new, and shall be supplied strictly in accordance with the Specification and Tender Response Document and/or any sample previously provided to the Authority and/or Beneficiary and, unless otherwise agreed In Writing, shall conform to all relevant standards, specifications, conditions, all applicable UK and European laws and regulations and all work performed by the Contractor shall be in accordance with Good Industry Practice. For the avoidance of doubt, the Contractor warrants that the Goods are not scrap goods."

- provisions specifying consequences for late delivery of goods;  
Section 3, Time Clause 3.4, provided for cancellation of the order, recovery of the difference in cost where alternative goods need to be delivered.

- consequences of misrepresentation regarding the contractor, manufacturer or type or quality of the goods themselves;

This was provided for under section 10, Quality, 13. Performance Management, and 28. Term and Termination.

- mechanisms for the increase or decrease of the volumes of goods ordered;  
This generally related to fixed volume orders There was provision to request a variation to the contract under section 24. Variation of the Contract, and the contract specification under section 25. Variation of the Specification and Tender Response Document which could potentially include varying the volumes of goods ordered.

- an ability to end a contract for default, convenience, underperformance or late performance;

This was provided for under section 28. Term and Termination excluding convenience, this clause was not included as standard until the 2023 version

was issued. Prior to 2023 termination for convenience would have required mutual agreement.

- any other provisions permitting the necessary flexibility to address changed or changing circumstances during the period of the contract;

There was provision for the authority to request to vary the specification of goods under section 25 Variation of the Specification and Tender Response Document, and the contract under section 24. Variation to the Contract.

204. The immediacy of requirements to be delivered and the scale of demand meant that products were often delivered and used within relatively short timescales. In these circumstances any breaches of obligations such as non-delivery became immediately apparent i.e. a delivery did not materialise allowing necessary action to be taken. There was not a protracted, long term contractual relationship with many suppliers so the enforcement of breaches if not immediately apparent was not an issue as most suppliers met their obligations under the contract.

### **Communication & Liaison**

205. Extensive communication and liaison took place between NWSSP and WG during the pandemic. We participated in a variety of national groups established by WG during the pandemic through which procurement-related issues and decisions were communicated or sought. These groups included;

- a) PPE Executive Leads Group (WG/HBs/Trusts/NHS Organisations/NWSSP)  
(INQ000506581, INQ000506582, INQ000435997, INQ000506586,  
INQ000506587, INQ000506588, INQ000506589, INQ000506590,  
INQ000506592, INQ000506593, INQ000506594, INQ000506595,  
INQ000506596, INQ000506597, INQ000506598, INQ000506599,  
INQ000506600, INQ000506601, INQ000506603, INQ000506604,  
INQ000506605, INQ000506606, INQ000506607, INQ000506608,  
INQ000506609, INQ000506612, INQ000506614, INQ000506615,  
INQ000506617, INQ000506618, INQ000506619, INQ000506620,  
INQ000506621, INQ000506624, INQ000506625, INQ000506626,  
INQ000506630, INQ000506631, INQ000506633, INQ000506634,  
INQ000506635, INQ000506636, INQ000506637, INQ000506638,  
INQ000506640, INQ000506644, INQ000506645, INQ000506646,  
INQ000490026, INQ000506650, INQ000506653, INQ000506654).

- b) Critical Equipment Requirement Engineering Team (CERET) (WG/NWSSP)
- (INQ000506723, INQ000506727, INQ000506731, INQ000506732,  
 INQ000506733, INQ000506734, INQ000506735, INQ000470685,  
 INQ000506737, INQ000506738, INQ000506740, INQ000470687,  
 INQ000506742, INQ000506743, INQ000506744, INQ000506745,  
 INQ000506746, INQ000506747, INQ000506748, INQ000506750,  
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 INQ000506462, INQ000506464, INQ000506465, INQ000506466,  
 INQ000506467, INQ000506469, INQ000506471, INQ000506473,  
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 INQ000506485, INQ000506486, INQ000506488, INQ000506490,  
 INQ000506492, INQ000506493, INQ000506495, INQ000506497,  
 INQ000506499, INQ000506504, INQ000506508, INQ000506512,  
 INQ000506514, INQ000506516, INQ000506518, INQ000506520,  
 INQ000506521, INQ000506522, INQ000506523, INQ000506525,  
 INQ000506526, INQ000506527, INQ000506528, INQ000506529,  
 INQ000506530, INQ000506531)
- c) WG Countermeasures Group (WG/NWSSP)
- d) Four Nations Commercial Call (UKG/Four nations representatives including NWSSP)
- e) WG Union Briefings (WG, Welsh Ambulances Services NHS Trust and NWSSP)
- f) Strategic PPE Four Nations Meeting (all four nations' governments, four nations' procurement representatives including NWSSP)
- g) Four Nations Demand & Supply (all four nations' governments, four nations' procurement representatives including NWSSP)

- h) DMET (Deputy Minister Economy and Transport) Meeting – PPE (WG, Local Authorities, Industry Wales, academia, NWSSP) (INQ000506536, INQ000506538, INQ000506539, INQ000506541, INQ000506542, INQ000506548, INQ000506550, INQ000506551, INQ000506553, INQ000506554, INQ000506557, INQ000506559, INQ000506561, INQ000506563, INQ000506565, INQ000506566, INQ000506567, INQ000506568, INQ000506569, INQ000506570, INQ000506571, INQ000506573, INQ000506574, INQ000506576, INQ000506578).
- i) NWSSP PPE Internal Review Meetings – daily/weekly including WG reporting meetings
- j) Ventilator Distribution Briefing – Regional Leads (all four governments and procurement representatives including NWSSP)
- k) Lateral Flow Testing Group (WG/NWSSP)

206. Communication also took the form, early in the pandemic, of Procurement Services providing regular updates on issues relating to procurement, stock availability and progress on sourcing products and providing a link between WG and Local Authority procurement leads as the remit on supply of PPE widened to the Social Care sector. We provided a daily report to the First Minister on PPE stock levels being held centrally. WG also sought our input on matters relating to the local, Welsh production of PPE products and the establishment of a working group considering manufacturing opportunities.

207. Within these groups we provided regular updates on the status of the stock position, incoming supply lines of PPE and any issues concerning the warehousing and distribution of PPE through the supply chain within Wales. Some groups also focused on the opportunities for extending PPE supply to Welsh-based manufacturers, including testing and assessing quality and technical standards of products being considered for future supply. The objectives of these groups often overlapped leading to a degree of duplication for NWSSP in terms of reporting and updating the same issues to the various memberships.

208. Updates provided were very often verbal updates to a variety of groups and meetings. The details of these updates were recorded in the relevant minutes where these were taken but early in the pandemic, meetings were often necessarily urgent, ad hoc and at very short notice so minutes etc were not always taken.

### **PPE Executive Leads Group**

209. We were active participants in the PPE Executive Leads Group which was established and initially chaired by WG as a forum consisting of representatives from HBs, Trusts, NHS organisations and WG. We later took on the Chair of this group through Andy Butler, Director of Finance and Corporate Services. This group regularly reviewed issues concerning the sourcing, distribution and use of PPE products across NHS Wales and became established as one of the key points of communication between all parties in respect of PPE provision. Details of the individuals involved, meetings that took place and key decisions are contained within the documents exhibited (INQ000506581, INQ000506582, INQ000435997, INQ000506586, INQ000506587, INQ000506588, INQ000506589, INQ000506590, INQ000506592, INQ000506593, INQ000506594, INQ000506595, INQ000506596, INQ000506597, INQ000506598, INQ000506599, INQ000506600, INQ000506601, INQ000506603, INQ000506604, INQ000506605, INQ000506606, INQ000506607, INQ000506608, INQ000506609, INQ000506612, INQ000506614, INQ000506615, INQ000506617, INQ000506618, INQ000506619, INQ000506620, INQ000506621, INQ000506624, INQ000506625, INQ000506626, INQ000506630, INQ000506631, INQ000506633, INQ000506634, INQ000506635, INQ000506636, INQ000506637, INQ000506638, INQ000506640, INQ000506644, INQ000506645, INQ000506646, INQ000490026, INQ000506650, INQ000506653, INQ000506654).

### **CERET Group**

210. WG established a group to engage with industry in Wales during the pandemic, aimed at developing manufacturing capacity within Wales for key PPE products. We were participants in the group, known as the CERET group (Critical Equipment Requirement Engineering Team), that sought to work with prospective manufacturers to establish local sources of PPE supply. The minutes from the CERET group were produced by WG. (INQ000506723, INQ000506727, INQ000506731, INQ000506732, INQ000506733, INQ000506734, INQ000506735, INQ000470685, INQ000506737, INQ000506738, INQ000506740, INQ000470687, INQ000506742, INQ000506743, INQ000506744, INQ000506745, INQ000506746, INQ000506747, INQ000506748, INQ000506750, INQ000506753, INQ000506755, INQ000506757, INQ000506759, INQ000506761, INQ000506763, INQ000506765, INQ000506767, INQ000506769, INQ000506771, INQ000506773, INQ000506775, INQ000506777, INQ000506779,

INQ000506781, INQ000506783, INQ000506785, INQ000506787, INQ000506789, INQ000506791, INQ000506793, INQ000506795, INQ000506797, INQ000506799, INQ000470708, INQ000506420, INQ000506422, INQ000506424, INQ000506426, INQ000506428, INQ000506430, INQ000506432, INQ000506434, INQ000506436, INQ000506438, INQ000506441, INQ000506443, INQ000506446, INQ000506449, INQ000506452, INQ000506455, INQ000506458, INQ000506460, INQ000506461, INQ000506462, INQ000506464, INQ000506465, INQ000506466, INQ000506467, INQ000506469, INQ000506471, INQ000506473, INQ000506477, INQ000506481, INQ000506482, INQ000506484, INQ000506485, INQ000506486, INQ000506488, INQ000506490, INQ000506492, INQ000506493, INQ000506495, INQ000506497, INQ000506499, INQ000506504, INQ000506508, INQ000506512, INQ000506514, INQ000506516, INQ000506518, INQ000506520, INQ000506521, INQ000506522, INQ000506523, INQ000506525, INQ000506526, INQ000506527, INQ000506528, INQ000506529, INQ000506530, INQ000506531). NWSSP attended the CERET group to provide input to the type of PPE products required and to be advised of the progress the group was making in bringing suitably certified products to the market for purchase considerations. This information, together with progress reports, was known as the Critical Equipment Shortage List and was regularly collated and maintained by CERET. SMTL also provided an important direct technical support to the CERET group through their collaboration with multiple Welsh manufacturers during the pandemic, bringing technical expertise and knowledge of the regulatory standards required to successfully launch PPE products onto the market.

211. SMTL provided support to Welsh manufacturers and the CERET group through telephone calls, virtual meetings and face to face meetings to provide advice on relevant sources of information to support product development. Manufacturers were directed to: the guidance provided by the Office for Product Safety and Standards (OPSS) for large and small scale manufacturers of PPE; relevant British, European and International Standards; contacts and processes available to access Easements from the Health and Safety Executive (HSE) and Derogations from the Medicines and Healthcare products Regulatory Agency (MHRA); technical assurance requirements such as the UK Government Essential Technical Specifications for PPE; and legislative requirements for non-Easement products. There were document reviews for potential manufacturers to help identify whether they were close to complying with relevant requirements, on-site audits of potential medical device suppliers, laboratory testing of prototype medical devices, and tests by sub-contractors of prototype medical devices.



212. The process for developing and certifying suitable PPE products was extensive and time consuming. As a consequence, none of the 33 contracts awarded was as the results of referrals by Life Sciences Hub, CERET or DMET (as described in the following paragraph). The Life Sciences Hub role has been explained above. There were no successful additional referrals to NWSSP by Life Sciences Hub outside of the remit of their role as part of the triage process as previously described (a role initially undertaken by NWSSP staff).

### **DMET Group**

213. Closely aligned to the CERET group was another group established by the Deputy Minister for Economy and Transport, known as the DMET group. This included representatives from the CERET group and wider membership from academia, WG departments, Local Authorities and the Life Sciences Hub as well as NWSSP. The remit of this group was similar to that of CERET with overlapping objectives concerning local Welsh based supply and the wider links to industry. The minutes from the DMET group were produced by WG. Notes from these meetings are exhibited (INQ000506536, INQ000506538, INQ000506539, INQ000506541, INQ000506542, INQ000506548, INQ000506550, INQ000506551, INQ000506553, INQ000506554, INQ000506557, INQ000506559, INQ000506561, INQ000506563, INQ000506565, INQ000506566, INQ000506567, INQ000506568, INQ000506569, INQ000506570, INQ000506571, INQ000506573, INQ000506574, INQ000506576, INQ000506578, INQ000506655, INQ000506657, INQ000506658, INQ000506660, INQ000506662, INQ000506664, INQ000506665, INQ000506666).

### **PPE Procurement and Supply Group**

214. The WG, Health and Social Services Group (HSSG) established a PPE Procurement and Supply Group to facilitate updates from HSSG, WG, Social Care and NHS Wales including my organisation on PPE provision and a forward look to future demand. This group was another example of how various stakeholders were brought together by WG to try and ensure a cohesive approach to communication and planning. The minutes from this group were produced by WG.

215. My own perspective of communication with WG is that it was generally effective, but given the number of overlapping issues it was often necessary to repeat and report the same information to a variety of groups within WG and groups within which NWSSP and WG representatives were involved. The groups in which NWSSP participated were existing groups or groups that had been established by WG in response to the pandemic. There were no direct governance arrangements between these groups and NWSSP as we were acting on the instruction of WG and accountable to WG through the governance and structure arrangements detailed previously.

### **Funding**

216. Funding required specifically for the purchase of PPE was, following FGG approval, always forthcoming from WG and there appeared to me to be a very effective working relationship between the respective Finance senior leads within NWSSP, Velindre University NHS Trust and WG. In relation to funding for the procurement activity which we undertook, including the warehousing and distribution costs associated with the operations, WG committed to funding pay costs to allow our workforce to expand in accordance with the additional demands which the pandemic placed on our service. Non-pay funding from WG, attributable to the pandemic and the procurement activity required, such as commercial warehousing of PPE to support our warehousing network, was also forthcoming and continued throughout the pandemic. So, from a financial perspective, WG was fully supportive of our operations during the pandemic.

### **Demand Management Model**

217. WG provided external consultancy support, through Deloitte LLP, to develop a demand management model and dashboard to allow forecasting of PPE demand. We shadowed this work with two of our staff to learn how the modelling worked which enabled us to take forward this work independently without the need for further consultancy. We also worked closely with NHS Wales Finance Delivery Unit in developing the dashboard and reporting mechanisms we used during the pandemic. This assisted our order planning, daily, weekly and monthly monitoring and reporting requirements in relation to the PPE central warehoused stock range. Subsequently a forward look into future requirements and decisions on minimum stockholding levels of PPE were determined by WG and appropriate funding was provided to us to support this position.

218. The engagement with Deloitte LLP was initiated by WG through the NHS Wales Finance Delivery Unit. This engagement was undertaken on 10th and 11th April 2020. The communications from NHS Wales Finance Delivery Unit supporting this engagement requested Deloitte LLP to reflect in the contract that the programme was an NWSSP programme supported by the NHS Wales Finance Delivery Unit and WG. The work with Deloitte LLP was therefore agreed and commissioned by NHS Wales Finance Delivery Unit and WG on behalf of NWSSP with Deloitte LLP being asked as part of the commissioning communications to reflect NWSSP as being the customer or recipient of the service.

219. NWSSP is not aware of any modelling assumptions missed by Deloitte however they did make us aware of limitations within the model, as follows:

- The confirmed cases forecast for incoming weeks was based on historical trends;
- The accuracy of the forecast was directly impacted by external factors not captured in the model e.g. quarantine relaxation measures, social distancing compliance;
- Any change in national guidelines in PPE usage was not directly captured by the model and required manual input and intervention.

The overall accuracy of the model output was highly dependent on the input data received from local organisations' modelling assumptions and methodology that required ongoing clinical scrutiny. The model evolved over time and eventually we developed and switched to our own reporting systems that tracked demand and supply of PPE against stockholdings and WG targets as the pandemic progressed.

220. The dashboard produced by Deloitte LLP was further developed and superseded by the current Microsoft Excel-generated PPE demand dashboard. The resulting modelling developed into a dashboard which was based upon the original assumptions from Deloitte LLP and then further refined as a natural consequence of a build-up of accurate supply and demand data relating to PPE usage. A copy of both the original summary and PPE dashboards produced through the consultants "Tableau" application and current dashboard are exhibited (**INQ000506667, INQ000506668, INQ000214235, INQ000506670**).

221. The modelling by Deloitte LLP took account of demand in the NHS and Social Care sectors and by Primary Care Contractors such as GPs, Pharmacists, Dentists and Opticians. The demand within NHS included the requirements for clinical and non-clinical staff working within NHS settings. The modelling proved to be accurate to the extent that it provided us with a starting point from which a refined demand dashboard was developed. Stock remained available throughout the pandemic which is an indication that the modelling was sufficiently accurate to ensure continuity of supply. Irrespective of decisions around the use/re-use of PPE, changes in working practice, and general changes to guidance relating to PPE, the demand for each PPE product was clearly recorded and a history of demand based on stock issues constantly evolved throughout the course of the pandemic. The evolution of a pattern of demand for each PPE product was key to enabling stock to be managed in a manner that provided a continuous flow to all users across Wales. Adjustments were accommodated within the overall stockholding and stock management arrangements that were sufficiently resilient to meet any such changes.

222. In relation to Social Care, the ordering of PPE from NWSSP by Local Authorities (LAs) was initially sporadic and it soon became clear that in some locations, the management of PPE and the visibility of local stocks available was initially not as effective as it could have been. On occasions, LAs were not aware that we had already made deliveries to their central JES locations. In such cases we confirmed to the LA that delivery had been undertaken, and the lack of available PPE was therefore a matter they needed to address internally with their local JES. This led to the introduction of the SLA based on agreed levels of PPE to be supplied to JES. The PPE requirements for JES were based on initial demand-led volumes that were then subsequently managed as an agreed weekly “push out” of product. These volumes were incorporated into the subsequent SLA. As the pandemic receded the frequency of the deliveries to JES locations reduced. The subsequent onward management and distribution of PPE stock delivered by Procurement Services to JES locations remained the responsibility of the LAs throughout the pandemic.

223. The dashboards were used to provide daily, weekly and monthly reporting to WG and Chief Executive Officers throughout NHS Wales. This ensured total transparency in terms of central stockholding availability of PPE as well as visibility of future orders that were in the system.

224. The PPE Winter Plan (**INQ000438421**) is a summary of the decisions taken by WG in relation to minimum stockholding levels. The initial WG requirement was a minimum 24 weeks' stockholding. This was later reduced to 16 weeks.

### **Post Pandemic Review and Learning**

225. A report was produced by Audit Wales in April 2021; "Procuring and Supplying PPE for the COVID-19 Pandemic" (**INQ000214235**). Within this report it was recognised that we overcame early challenges to the provision of PPE without running out of stock at a national level. The report recognised that the stockpiles of PPE were healthy and that we, alongside WG, avoided some of the issues with PPE procurement that were reported in England. The rapid sourcing of appropriate quality PPE was also recognised as a positive outcome of our activity during the pandemic. In response to the recommendations made in the report we have implemented actions, which are referenced in the PPE Audit Recommendations Tracker (**INQ000506670**) and reported to the Velindre University NHS Trust Audit Committee for NWSSP which oversees the implementation of audit recommendations.

226. The main problems avoided were disruption to the central supply of PPE products through the efforts of our national procurement teams across Wales. We also avoided many issues relating to product quality and supplier authenticity through the use of the triage and order approval processes as described above.

227. An issue highlighted within the Audit Wales report was that on some occasions we had been unable to meet the requirement to publish Contract Award Notices within 30 days due to the urgency of securing product with the procurement staff resources available. A full review of all contracts awarded during the period was undertaken within NWSSP and where necessary, retrospective Contract Award Notices were published for those contracts where this had been omitted. It is expected that this will not reoccur as the standard operating procedures have been applied as per normal business as usual activity. Our operations are also subject to regular internal and external audit review that provides further assurance.

228. An advisory review was also undertaken and completed in October 2020 by NWSSP Audit and Assurance Services of the financial governance arrangements during the pandemic, "Financial Governance Arrangements During the Covid-19 Pandemic – Advisory Review Final Report" (**INQ000438421**). Several key priorities were identified for my organisation, including a continuation of the use of trusted suppliers, a

continuation of the FGG approval process and continued recording of contracts and reasons for decisions pertaining to award.

229. WG commissioned NWSSP to produce a PPE Winter Plan (**INQ000506668**) for the period following the first wave of the pandemic. The plan was developed with full engagement from key stakeholders, primarily through the PPE Executive Leads Group and WG with approval from the SSPC. This plan was refreshed as time progressed. The plan focused on maintaining stockholdings of PPE as determined by WG, initially set at 24 weeks stock in hand and subsequently reduced by WG to 16 weeks stock in hand (based on demand at the height of the second wave of the pandemic).

**Excess PPE Stock**

230. NWSSP have written off and written down, in the two years up to April 2022, £12,000,000 of stock due to revaluation and expiry of shelf life. This represents just over 3% of the value of the total PPE stock purchased during that timeframe. It is not possible to identify further potential excess PPE stock until WG and UKG are able to confirm the future volumes of what will be required to be held in stock and the PPE ensemble required to be stocked going forward. It should be noted however that WG and UKG agreed to requests for supply of PPE stock to Namibia, India and Ukraine. The WG decision to provide PPE to these countries was taken in the context of sufficient stock being available to donate without compromising the requirements nationally given the significantly reduced levels of demand at the time of the donations. There are 3 PPE stock lines where we have more than 16 weeks stock available with an estimated excess stock value of £5.9m.

231. In June 2024, WG established new, interim target stockholding volumes for PPE products based on a percentage of the UK-wide targets recommended by the UK Review of Pandemic Countermeasures. WG have submitted proposals for final stockholding volumes to The Cabinet Secretary for Health and Social Care for consideration and we await this decision. NWSSP now reports on stockholding levels against both the 16 week and the interim target volumes. The interim target volumes are as follows;

Product	Target Volume (excluding 4 weeks of business-as-usual stock based on current NHS demand)
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Aprons	9,550,000
Eye protectors	1,550,000
Type IIR	9,150,000
FFP3	1,550,000
Gloves	84,000,000
Gowns	1,150,000

The monthly cost of the additional commercial storage required for PPE is £13,411. We are seeking buyers for some of our excess stock through auction sites and the wider NHS Procurement network.

The write-off valuations for PPE due to expiry of shelf life are as follows;

2022/23 = £1,909,480

2023/24 = £1,021,620

NWSSP continues to maintain a full inventory of all PPE held in stock.

### **All Wales PPE Framework and Post Pandemic Procurement Routes**

232. NWSSP continue to be actively involved in the management of large stocks of PPE and have not reverted to the pre-pandemic status of reliance on a UKG central provision of PIPP stock of PPE to meet the needs of Wales. Future procurement activity will in part utilise an All-Wales Framework contract for PPE, supplemented by access to NHS Supply Chain frameworks for any replenishment of PPE stock. The All-Wales PPE Framework provides multiple supplier options for the supply of Fluid Resistant Surgical Masks (Type IIR), Face Visors, Nitrile Examination Gloves, Thumb Loop Gowns and Sourcing Agency Providers. As with any framework there is no commitment to volumes or guaranteed levels of business. To procure through the Framework it is necessary to conduct a competition between each of the suppliers awarded on the Framework for the product to be purchased.

233. We do not make use of JIT contracts and we continue to manage PPE stocks at the levels prescribed by WG. The price of PPE has fallen dramatically since the height of the pandemic and where replenishment of stock is required, we continue to purchase PPE with an assessment of value for money as a consideration alongside ensuring that product remains fit for purpose and is properly accredited/certified.

#### **Key local Suppliers**

234. Strong relationships have been established with key suppliers and where possible local supply (from within Wales) that has been a contributor to the existing stock range. Where local, Welsh supply of PPE has been established and utilised previously, these suppliers will be used for providing future requirements assuming product quality, price and volume availability considerations are also met. Local supply from within Wales or the wider UK domestic market will reduce future dependence on global supply chains.

#### **Demand Management & Forecasting**

235. The improvements made to demand management and forecasting since the start of the pandemic will help us to provide early sight of potential surges in demand aligned with wider WG planning and resilience meeting briefings which will flag warning signs that may have an impact on future requirements. We continue to provide organisations within NHS Wales a regular update through the SSPC of stockholding and future planned orders.

236. NWSSP has wider links with all four nations of the UK which were enhanced during the pandemic (in respect of procurement). They remain an important source of intelligence and support as do the national groups in which we participate such as the UK Clinical Countermeasures Board.

#### **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:** \_\_\_\_\_

**Dated:** 17<sup>th</sup> January 2025

Witness Name: Jonathan Irvine

Statement No. 1

Exhibits: 248

Dated: 17.01.2025

**UK COVID-19 INQUIRY**

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