

Witness Name: Ivan McKee

Statement No.: 2

Exhibits: IM2

Dated: 11 December 2024

## **UK COVID-19 INQUIRY**

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### **WITNESS STATEMENT OF IVAN MCKEE**

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**In relation to the issues raised by the Rule 9 request, reference M5/MCKEE/01 dated 4 October 2024 in connection with Module 5, I, Ivan McKee, will say as follows:**

1. I am Ivan McKee of 12 Hillfoot St Glasgow / Scottish Parliament, Edinburgh, Member of the Scottish Parliament for Glasgow Provan since 2016.
2. I have prepared this statement myself by reference to my recollection of events during the relevant period (1 January 2020 to 28 June 2022) and to records and material provided to me by the Scottish Government. I have also received assistance from the Scottish Government Covid Inquiry Information Governance Division.
3. This is the second witness statement I have provided to the UK Covid-19 Inquiry. I provided a witness statement dated 10 November 2023 to assist the UK Covid-19 Inquiry with its Module 2A investigations.
4. Unless stated otherwise, the facts stated in this witness statement are within my own knowledge and are true. Where they are not within my own knowledge, they are derived from sources to which I refer and are true to the best of my knowledge and belief.

#### **Background**

5. Prior to being elected to the Scottish Parliament I worked for a number of manufacturing businesses in a variety of management roles. From 2005 until 2016 I

was a shareholder / Director of a number of manufacturing and consultancy businesses. I hold a B.Sc. B.Eng (Hons) degree in Manufacturing Sciences and Engineering from the University of Strathclyde (1986) and a Master of Business Administration (MBA) degree from the University of Newcastle (1992).

6. I was previously Scottish Government Minister for Trade, Investment and Innovation (June 2018 until December 2020), Minister for Trade, Innovation and Public Finance (December 2020 until May 2021) and Minister for Business, Trade, Tourism and Enterprise (May 2021 until March 2023). I ceased being a Scottish Government Minister on 29 March 2023. I returned to Scottish Government as Minister for Public Finance on 8 May 2024.
7. None of my Ministerial roles were Cabinet positions. I was therefore not involved in any Cabinet discussions or decision making around the Scottish Government's response to the Covid -19 pandemic ('the Pandemic').

### **My role**

8. I have been asked by the UK Covid-19 Inquiry about my role in the 'procurement' of key healthcare equipment and supplies in Scotland between 1 January 2020 and 28 June 2022 ('the Relevant Period'). I would not use the word 'procurement' to describe the role I played during the Pandemic. I would understand 'procurement' to cover negotiating and entering into contracts with suppliers to provide goods or services, whereas 'sourcing' is the earlier step of identifying potential suppliers. My role was very much limited to sourcing, as opposed to negotiating procurement contracts. NHS National Services Scotland (NHS NSS) is and was tasked with carrying out procurement supplies for NHS Scotland, rather than Scottish Government Ministers.
9. In early March 2020 I contacted the then Cabinet Secretary for Health in the Scottish Government (Jeane Freeman) to offer support in relation to sourcing of PPE and equipment related to the pandemic. I believed I was in a good position to provide that support because of my background in manufacturing and my knowledge of supply chains.
10. Ms. Freeman accepted my offer of support, so I established and chaired meetings of a working group ('the Working Group') whose role was to identify potential sources of materials and equipment required for the pandemic, with a primary focus on working

with Scottish manufacturers to redirect or expand production to supporting national requirements, and, where necessary, to acquire PPE through international supply chains.

11. The Working Group met between 18 March 2020 and 29 October 2020. There were daily meetings in March 2020, but the frequency of meetings gradually reduced from seven days a week to several times a week, and eventually to once per week by October 2020. Initially there was a particular focus on sourcing ventilators, but the working group soon was also discussing sourcing PPE, as well as sourcing testing equipment and supplies and oxygen supplies.

### **Working with other ministers, Scottish and UK government departments and devolved Administrations**

#### *Scottish Government*

12. I regularly updated the Cabinet Secretary for Health through verbal updates. I also provided updates on the Working Group's activities to the First Minister and to the Cabinet Secretary for Health. These updates were copied to other Scottish Government ministers, including the Deputy First Minister and Cabinet Secretary for Economy.

#### *UK Government*

13. I had calls with UK Government Ministers Lord Agnew on 28th April 2020, Lord Deighton on 30th April 2020, and Lord Bethell on 7th September 2020 to share information on sources of PPE and equipment. In each call I updated them on the work the Scottish Government was undertaking to source supplies and equipment in response to the Pandemic. These UK Ministers were carrying out an equivalent role to me, although while I was sourcing for the Scottish Government, they were sourcing for the UK Government.
14. There was also correspondence between UK Government Ministers and me. For example, I wrote to Lord Agnew on 8 April 2020 in relation to my offer to provide Scottish supply chain support to the Ventilator Challenge programme and raising concerns about a lack of engagement from officials within the UK Government, provided: [IM2/001- INQ000518350].

15. On 8 April 2020, myself and Lord Agnew attended the General Public Sector Ministerial Implementation Group (GPSMIG). An action from that meeting asked Lord Agnew's office to reach out to my office to ensure appropriate connections were being made regarding offers of medical equipment from businesses. This was followed up with a call between myself and Lord Agnew on 9<sup>th</sup> April to move this issue forward.

16. My daily updates to the First Minister on the "Mobilisation of the Scottish Manufacturing Base and Ventilator Challenge" noted positive progress on this matter and relevant excerpts are provided below :

- 13 April: *"Following my discussions with Conor Burns and Lord Agnew (Ministers of State in the UK Government) last week, I am content that information is starting to flow out of the Cabinet Office in relation to the UK Ventilator Challenge. As I reported last week, Plexus are producing the Diamedica Helix ventilators exclusively for the UK Government under the Ventilator Challenge which means they are not able to produce ventilators for NHS Scotland without UKG approval. My conversation with Lord Agnew confirmed that such a course of action would not be an impossibility but would not be an issue pursued whilst the programme was in its current stage."*
- 14 April: *"Following my discussions with Conor Burns and Lord Agnew (Ministers of State in the UK Government) last week, I am content that information is starting to flow out of the Cabinet Office in relation to the UK Ventilator Challenge. This is evidenced by the sharing of details of component shortages for the manufacture of the Penlon (Prima ESO2) ventilator with us. Members of my Working Group are now actively sourcing alternative supply."*

#### *NHS NSS (NHS National Services Scotland)*

17. As I have mentioned, while I contributed to the overall sourcing effort, NHS NSS were responsible for all purchasing decisions. They took part in the Working Group, so through that group I worked very closely with them in terms of sharing information, as can be seen from Action Logs from Working Group meetings, provided below in paragraph 35. NHS NSS provided the Scottish Government with information on levels of supply and demand of particular items. Where there was a potential shortage in supply and they needed more suppliers to come forward to carry out production of essential items that was something I and the Working Group could help



with. However, when it came to actually purchasing items it was very much the responsibility of NHS NSS to negotiate with suppliers and place orders, while following pre-existing procurement procedures.

18. NHS NSS compiled demand and supply profiles which identified gaps in supply chains, explained sourcing challenges, and identified possible opportunities to source materials. While the Working Group assisted with sourcing activity, NHS NSS were responsible for procurement decisions.

#### *Working group*

19. Full details of who participated in Working Group meetings are all listed in the Action Logs of the Working Group, examples of which have been provided to the UK Covid-19 Inquiry along with this statement. Amongst those who attended were:

Representatives from:

- NHS National Services Scotland;
- Scottish Enterprise;
- Scottish Development International; and
- National Manufacturing Institute Scotland

Senior Civil Service participation varied over time, but included:

- Caroline Jack on PPE from DG Health and Social Care
- Dermot Rhatigan, from DG Economy
- Colin MacBean from DG Economy

20. In the early stages of the Pandemic the demand for key healthcare equipment and supplies rapidly increased, at a time when supply chains were disrupted due to the Pandemic. Globally there was a shortage of supply, which was the biggest challenge. However, as I have mentioned, NHS NSS had their own structures and processes for procurement, all of which pre-existed the Pandemic, and my understanding is that NHS NSS generally utilised that existing framework.

21. My impression is that NHS NSS encountered procurement challenges during the early stages of the Pandemic due to the sudden increase in pressures on supply

chains, and due to a shortage of suppliers, rather than because of deficiencies (if any) in existing frameworks.

22. My role was limited to trying to find more suppliers, but NHS NSS made decisions relating to what price to pay for goods and services, and what quantity to order.

### **Working group to secure PPE**

#### *Meetings*

23. The first meeting of the Working Group was held on 18 March 2020 and the last meeting was held on 29 October 2020. The meetings were initially held daily and then frequency gradually reduced to weekly. I have provided the UK Covid-19 Inquiry with available documents which clearly set out the chronology of the key actions of the Working Group. The situation was fast-moving and the action log sets out the actions from each meeting. These documents show that I assisted with sourcing, but not with making procurement decisions.

24. The Working Group almost exclusively communicated using traditional telephone conference calls, because although this was only four years ago video call platforms were not widely used within government. However, at no point did I use WhatsApp or any other instant messaging platform as part of my Pandemic response role. Action Logs were produced from the Working Group meetings and have been provided to the Inquiry.

#### *The role of the Working Group*

25. The role of the Working Group was to examine all supply chain options and bring those options to the attention of NHS NSS to assist them to locate the supplies they required of the relevant materials. During the period the Working Group was tracking stock levels NHS Scotland Health Boards never ran out of PPE or equipment supplies of the required quality levels, so in my view the Working Group played an effective role.
26. Members of the Working Group were in contact with both (i) existing suppliers and (ii) potential new suppliers. We were already aware of certain pre-existing suppliers, who supplied NHS NSS, so we did not require to find every supplier for the first time.

Additional suppliers approached us for the first time, and indicated that they could potentially provide supplies to NHS NSS to assist with the response to the Pandemic. For example, distilleries approached the Working Group, and started providing hand sanitiser gels. The Working Group set up a PPE Portal ('the PPE Portal') which allowed suppliers to indicate what they could potentially supply. There was a team within the Working Group who would then sort through those offers of help, and pick out those potential offers that NHS NSS may wish to take forward. The PPE Portal was designed to be an alternative to us receiving thousands of emails offering NHS NSS particular products. Known established suppliers who we were aware of were also approached. The role of Scotland's enterprise agencies was helpful here as they of course had extensive knowledge of the capabilities of Scotland's existing manufacturing base. In relation to the supply of ventilators there were a number of global manufacturers who were supplying international markets. These included GE and Draeger. These manufacturers were approached to assess their ability to supply NHS Scotland, given the strong demand from other international markets and the limited supply available.

27. Suppliers or potential suppliers would often require to receive technical clarification on the types of materials that the Working Group was looking for them to supply. It was usually technical groups within NHS NSS or the wider health service who would supply those technical specifications.
28. One potential barrier to production was lockdown restrictions. It was for individual manufacturers to decide whether they met the criteria to be classed as an Essential Business that could stay open despite general lockdown restrictions (subject to being a safe working environment in which physical distancing and other hygiene measures could be maintained). However, the Working Group proved to be a good forum in which manufacturers could press the Scottish Government to ensure that guidance (first issued on 26 May 2020) was evidence-based, fair, ethical, clear and realistic. That allowed certain manufacturers to continue producing goods with confidence that they were complying with lockdown rules and associated guidance.
29. Another challenge the suppliers of NHS NSS encountered was accessing the raw materials they required in order to manufacture their product. The Working Group not only assisted NHS NSS' own suppliers, it supported the suppliers of NHS NSS's suppliers (so one group further down the supply chain), by making suggestions to them of where they could acquire their raw materials. Scotland's economic

development agencies worked with these businesses to support their capacity expansion as required.

30. The Working Group did its best to help resolve challenges in supply chain and I do believe it was by and large effective evidenced by the fact that NHS NSS received the supplies that it had indicated it required.

### **Supply, stock and demand**

31. In summary, the Working Group worked with businesses to identify bottlenecks in the supply chain, identify the underlying causes of those bottlenecks, and work to support the businesses through increasing production capacity for a particular product, resolving raw material supplies and clarifying technical queries relating to product specifications. Scotland's economic development agencies played a key role in this work which aligned with their normal 'day job' which was to support Scottish businesses' expansion activities.

32. In the very early stages of the Pandemic there was a shortage in the domestic supply of face masks and other items of PPE. Members of the Working Group identified a potential source in China and this allowed NHS NSS to secure adequate supplies in advance of Scottish manufacturers being able to ramp up their production capacity. These products arrived into Scotland by aeroplane, and covered a short term supply gap, until Scottish large scale domestic production was up and running. It would be for NHS NSS to comment on whether there were any issues with the deliveries or the quality of the masks and other products sourced from China, but as far as I am aware there were no issues with those products and they were all used to support the response to the pandemic.

33. A lot of work was undertaken by the Working Group to increase the supply of ventilators in Scotland. I personally had telephone calls with a number of large international ventilator manufacturers to gain an understanding of whether they had the potential to supply the NHS in Scotland. I did of course also speak with Scottish businesses who were hoping to assist with supplying ventilators or to be part of the ventilator supply chain by supplying component parts to ventilator manufacturers.

34. Given the very significant concerns about the risk of running out of ventilators (and large numbers of Covid-19 patients dying in hospital wards as a consequence) in the

early weeks of the pandemic, all credible potential routes for the supply of ventilators were followed up. This included international ventilator manufacturers (who were having to ration supplies due to huge global demand), as well as local engineering businesses who potentially had the capability to manufacture pre-existing products under licence from established manufacturers or to manufacture new designs of products. Within a few weeks it became clear that that initial estimates of the number of ventilators required was significantly in excess of the numbers actually required (as a result of better understanding of the disease and its impact on patients). As a consequence many of the alternative sources of the product were not required.

35. I had significant experience prior to the Pandemic in managing supply chains and monitoring stock levels, which involves tracking current stock levels together with estimated demand levels and confirmed and forecasted deliveries. This data is displayed visually using charts and graphs to identify potential future stock shortages. This is the widely used method of monitoring stock levels, so the Working Group was using these charts and graphs from very early on in the Pandemic. Examples are included in the Action Logs, samples of which are provided to the Inquiry: [IM2/002 - INQ000485776], [IM2/003- INQ000518351], [IM2/004- INQ000518352]. It was NHS NSS who compiled the data and produced the graphs and charts. There will always be challenges in assessing whether the data is accurate and robust, but by and large the process worked well. With data collection there is always a slight lag while data is being collected, but the data and our charts and graphs were updated on a weekly basis. Depending on the data available stock projections would typically extend out to between three to six months ahead.

36. As described above, the Working Group used charts to track the future supply and demand for each commodity, which allowed the group to identify where there were potential shortfalls that we could assist NHS NSS with by sourcing additional supplies.

### **Pivotal Enterprise Resilience Fund**

37. I have been asked about my responsibility for approval of funds allocated to businesses from the Scottish Government's Pivotal Enterprise Resilience Fund (PERF). The purpose of the PERF fund was to support Scottish businesses that were viewed as being critical to the future economic health of the country but that might not have been supported adequately through other channels. Scottish Government

officials would assess applications received from businesses against criteria that were in place for the award of funds. Officials would then make recommendations to me about potential awards of funds. My role was to make the final decision on the approval of funds. In some cases this would involve asking for more information on the reasoning behind officials recommendations. This is in line with usual Ministerial approval processes. These recommendations would come to me in tranches for approval.

## **Calls to arms**

38. Operation Moonshot was a UK Government operation to try to massively expand testing capacity for Covid-19 in respect of the whole UK population. The Scottish Government, and therefore the Working Group, supported that effort where we could by identifying potential suppliers, as well as identifying testing labs and potential new testing lab locations in Scotland.
39. The Ventilator Challenge was a UK Government driven operation to source and procure more ventilators. The underlying rationale was to minimise the risk of there being a shortage of ventilators during peaks of infection in the Pandemic. As I mentioned earlier in the statement the initial focus of the Working Group was to identify potential domestic and international suppliers of ventilators and ventilator equipment. I have mentioned earlier in this statement that I had calls with ventilator manufacturers to support that work. So the Working Group (and the Scottish Government) worked at times separately from the UK Government in respect of the Ventilator Challenge, and was primarily focused on the needs of NHS Scotland and the Scottish Government, but then there would be regular checking in between the Scottish and UK governments to discuss potential leads in finding suppliers.
40. It is important to note that in respect of both Operation Moonshot and the Ventilator Challenge, while I helped source materials, I did not make decisions about which part of the UK those materials were ultimately sent to. That would be something that would be discussed and negotiated by respective health ministers.
41. When considering if any lessons learned from the Scottish Government's work with the Ventilator Supply Challenge could benefit future pandemic response, it should be noted that there were some initial challenges gaining relevant information regarding ventilator supply data and product design information, but these issues were quickly

resolved (as detailed earlier in this statement). Given the rapidly evolving situation, and the novelty of the challenges being faced, this was not something that would have been unexpected. Clearly different future pandemics would require different responses in terms of equipment requirements, so establishing supply chains for ventilators, for example, might be the wrong focus for a future disease. The key issues therefore to support future response would be to ensure that channels of communication were rapidly established to support adequate information flow between UK and Scottish Governments and other relevant parties.

42. It is important to remember that there was a global shortage of ventilators at the start of the Pandemic. The UK and Scottish governments recognised this challenge early, having viewed the television images and reports of what was happening in Italian hospitals. There was a real concern about the risk of running out of ventilators. The Working Group proactively sought out suppliers and potential ventilator suppliers. In my particular role I was receiving information and data on potential suppliers either from businesses who approach us, through the portal, or through the extensive knowledge that Scotland's enterprise agencies had of Scotland's existing manufacturing base and which manufacturing businesses had the capability to form part of required supply chains. A team within the Working Group took responsibility for triaging offers of support that came through the Portal to assess whether they were credible suppliers who could supply in the volumes and quality required based on their manufacturing capabilities.

43. In terms of resolving issues, as I have set out, the Working Group (and I personally) contacted both potential domestic suppliers, and I spoke with potential international suppliers of ventilators. For Scottish manufacturers who were offering to produce ventilators, the Working Group was there to discuss technical issues with them, and to help them to source raw materials (where they faced particular challenges). I believe that the sourcing work that the Working Group undertook contributed positively to Scotland's response to the pandemic. The quantities of ventilators projected as being required in the early stages of the pandemic were not ultimately required, so not all of the potential ventilator suppliers identified were used.

#### **Overall value of the contracts awarded**

44. While I found potential suppliers for NHS NSS, it was NHS NSS who awarded contracts to suppliers. Therefore, I am not in a position to answer questions about processes and procedures for the award of contracts.

### **Spending controls**

45. I had no role in respect of monitoring or signing off on spending so cannot comment on spending controls. Decisions and monitoring in respect of procurement and expenditure was entirely the responsibility of NHS NSS. However, as mentioned above, NHS NSS did provide the Working Group with data, charts, and graphs to track supply and demand and stock levels.
46. The UK Covid-19 Inquiry has asked me if I played any role in combatting maladministration or fraud. While I am not personally aware of there having been any maladministration or fraud in the sourcing and procurement of supplies in the Scottish Covid-19 Pandemic response, my role was limited to chairing the Working Group, and sourcing potential suppliers, so I had no role or responsibility for identifying or combatting potential (i) maladministration or (ii) fraud (if any). Of course had I encountered any such practices then I would have informed the Cabinet Secretary for Health in the first instance. But as indicated I encountered no such practices.
47. NHS NSS would perhaps be better placed than me to answer questions about the effectiveness of their own processes and procedures to minimise the risk of fraud or maladministration.

### **Conflicts of interest**

48. My role and the role of the Working Group was to ensure that suppliers were able to supply the required volumes of PPE and Healthcare equipment that NHS NSS said they required. It was then up to NHS NSS to decide which suppliers they purchased from, how much they paid for the supplies, and timing of placing orders. Therefore, the Working Group and I had no role to play in identifying or managing conflicts of interest (or potential conflicts of interest).
49. I have been asked by the UK Covid-19 Inquiry for my view whether anyone, including any company, received preferential treatment as a result of their status as a donor of



or with a connection to the Scottish National Party or any other political party in relation to access to the system for procurement and the award of contracts. It is worth bearing in mind that it would not necessarily have been apparent had a manufacturer (or someone linked to the manufacturer) also been a political donor. I was not aware of any supplier or potential supplier, or anyone linked to them, being a donor to any political party. I am not aware of any preferential treatment occurring, although if it had it is not something I would necessarily have been aware of. All decisions about who materials were purchased from and process around that were managed by NHS NSS through their existing processes.

### **Contractual provisions and performance by suppliers and manufacturers**

50. The UK Covid-19 Inquiry has asked me about processes and procedures related to contractual terms and contractual performance for key healthcare equipment and supplies during the Pandemic. However, I cannot comment on contractual terms or contractual performance during the Pandemic as both of those matters were under the remit of NHS NSS and as such I had no involvement in negotiating or performing contracts.

### **Compliance with public law procurement principles and regulations**

51. The UK Covid-19 Inquiry has asked me about processes and procedures for ensuring compliance with public law procurement and principles in respect of contracts relating to key healthcare equipment and supplies during the Pandemic. However, I cannot comment on this as those matters were under the remit of NHS NSS and, as such, I had no involvement in monitoring compliance with public law procurement principles and regulations.

### **Operation and effectiveness of regulatory regimes**

52. The UK Covid-19 Inquiry has asked me about any changes to regulatory regimes brought about by me relating to key healthcare equipment and supplies to improve procurement during the Pandemic. I am not aware of there being any changes to regulatory regimes in respect of sourcing and procurement, and if there were any changes, they were not brought about by me.

53. The Working Group would sometimes explain or highlight the existing regulatory requirements to individual suppliers, especially if they were supplying a specific commodity for the first time. We would either provide those suppliers with support and advice on the regulatory regimes ourselves, or put them in touch with people who could give them support and advice. We received many questions from potential suppliers about what type of product would be required to meet specific regulatory requirements. Ventilators for example, are a much more complicated product than masks, and therefore we had to speak with potential suppliers about what they needed to do to create a product that would meet regulatory requirements. Ventilators were always subjected to the approval processes of The Medicines and Healthcare Products Regulatory Agency ('MHRA') before they could be used to assist patients. In respect of regulations concerning how lockdown restrictions applied to businesses manufacturing supplies and equipment I have noted earlier in this statement the work undertaken by the Working Group to provide advice to those businesses.

#### **Decisions as to what to buy at what cost**

54. The UK Covid-19 Inquiry has asked me some detailed questions about purchasing decisions made during the Pandemic, and the processes and procedures that underpinned those decisions. Unfortunately, that is again a question that I cannot answer, as NHS NSS was responsible for purchasing decisions, and they have their own processes and procedures in place to enable them to do that. As I have mentioned, the Working Group was talking very closely with suppliers to understand what their capabilities and capacities were, in order to enable them to expand supply. However, the decision on when to place any particular purchase order, how much to pay per item, and how much to order was for NHS NSS. From the outside NHS NSS procedures and processes appeared to work fine, but I obviously cannot comment on the detail.

#### **Suitability and resilience of supply chains**

55. I have been asked by the UK Covid-19 Inquiry to provide reflections on the suitability and resilience of supply chains for key healthcare equipment and supplies in Scotland immediately prior to the Pandemic, during the Pandemic, and following the Pandemic. Context is crucial to each part of the answer to this questions. Immediately prior to the Pandemic there were supply chains in place in Scotland that

worked fine for normal circumstances (i.e. for supply of key healthcare equipment and supplies outside of a Pandemic situation). It would not have been realistic to expect supply capacity to remain at a constantly high level, just in case a Pandemic broke out.

56. However, once the Pandemic broke out, demand for key healthcare equipment and supplies in Scotland dramatically increased. This surge in demand was unprecedented and therefore, it was almost inevitable that there was going to be a need to suddenly ramp up the supply chain. This problem of putting a Pandemic-resistant supply chain in place was not unique to Scotland. In fact, it was a global problem being experienced simultaneously in many different countries.
57. In Scotland the Working Group worked to build a supply chain that had inbuilt capacity and capability to deal with the Pandemic, and where possible to make use of Scottish manufacturers. For most commodities this was possible, with gloves being one exception due to the materials and processes involved in their manufacture.
58. After the Relevant Period, the Scottish Government continued to engage with PPE suppliers within Scotland to support them to continue to be in a position to supply key healthcare equipment and supplies to NHS NSS. However, I have not participated in that post-Pandemic PPE group for a while now due to changes in my ministerial roles. I know that there has been a number of situations where because of the fall off in volume and demand those supplier businesses have not been able to maintain the same level of capacity as they had during the Pandemic, so supply chain capability will have decreased to some extent in the years since the Pandemic.
59. It is not realistic to expect supply chain capacity to remain at the same level it reached during the height of the Pandemic. It is important to remember that most suppliers of key healthcare equipment and supplies are private businesses running commercial operations. From their perspective they would lose a lot of money if they sourced materials and employed staff to manufacture large quantities of PPE and healthcare supplies that was not being purchased. Certain items have an expiry date, so there is also a limit to the quantities that public bodies such as NHS NSS are likely to want to purchase in advance, even for contingency purposes. There are therefore strategic considerations to be taken into account about how much public financial

resource can be allocated to supporting a supply chain just in case of an emergency, when there are other demands on resources.

60. In my view the key thing is to be able to have the ability to turn the supply chain back on quickly when you need it, rather than to have it sat there producing excess quantities of expensive and unnecessary materials for years. An exercise to improve resilience that may be useful would be to look at range of emergencies asking 'What if?' style questions, and then putting a provisional plan in place to say what might happen and what the practical challenges may be. Keeping warehouses full of material only takes you so far, because of the expense involved and of product expiry dates. So to improve the sustainability of the supply chain we would need to work out how we could turn the supply chain back on if another Pandemic broke out.

61. Even during the Pandemic some thought was given as to the future of the Scottish PPE manufacturing base. I was aware that manufacturing businesses were making investments to increase their capacity to supply the product, and that a downturn in demand may have negative financial implications for them, but at the same time everyone was focused on the more immediate issues of (i) the health equipment requirements for combatting the Pandemic, and (ii) the risk to life if there was not sufficient supply in the chain. Obviously my role involved working with Scottish businesses, and supporting them, and I wanted them to remain cost-competitive in a global market even following the Pandemic when supply may exceed demand for certain of their products. Scottish businesses did invent some niche products such as transparent masks which they would be able to supply even after a Pandemic, but it is fair to say that some businesses that were busy during the Pandemic have now struggled to survive in a low demand market.

### **Changes to procurement processes**

62. I do not have particular reflections on the robustness and effectiveness of procurement processes during the Pandemic for the reason given earlier that this was a matter for NHS NSS. From the outside NHS NSS appeared to be managing to obtain the items it needed to procure, so things seemed to be working fine, but that is the level at which I can comment. I am not aware of the substance of any changes to procurement processes so I cannot comment on that, nor how procurement processes can be improved in the future.

## **Lessons learned**

63. I am not aware of the Scottish Government commissioning any formal internal or external reviews since January 2020 in respect of sourcing or procurement, but there may have been forward looking ideas as set out in the Working Group Action Logs. I did update the Scottish Parliament on two occasions in respect of the work of the Working Group: the first update, on the work of Scottish businesses to support the manufacture of PPE during the Pandemic, was delivered to the Scottish Parliament on 27 March 2020, provided: [IM2/005 - INQ000222913]. The second, on the role of businesses within Scotland's Life Science sector in supporting the development and deployment of technologies around Covid-19 test, vaccines and cures, was delivered to the Scottish Parliament on 27 May 2020, provided: [IM2/006 - INQ000222914]. The details of these statements are recorded in the Scottish Parliament Official Report.

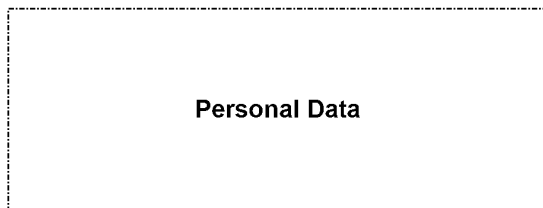
64. I think a positive lesson from the Pandemic is that the contribution of the Working Group shows that it is possible to work with Scottish manufacturing and those involved in the supply chain to respond to a challenge. It showed that public sector procurement could adapt to address a surge in demand.

65. Within the Scottish Government we have set up the Supply Chain Development Programme to look at other commodities where the lessons or approach that we used on PPE during the Pandemic could be expanded and adapted for use elsewhere, for example working towards Net Zero, by procuring construction materials, heat pump supply, and various other commodities including timber for timber framed housing. This involved looking at the Scottish manufacturing base and how it could be aligned and supported to be able to supply those kind of products . I am not aware of how that work has been progressed after my ministerial role changed.

## **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:** 11 December 2024