

Witness Name: Andrew Mitchell

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**THE INDEPENDENT UK COVID-19 INQUIRY**

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**CORPORATE WITNESS STATEMENT OF THE DEPARTMENT FOR BUSINESS AND  
TRADE REPRESENTING THE FORMER DEPARTMENT FOR INTERNATIONAL TRADE  
FIRST MODULE 5 WITNESS STATEMENT OF ANDREW MITCHELL**

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## Section 1: Introduction

- 1.1. I, Andrew Mitchell, make this statement on behalf of the former Department for International Trade (**DIT**). The functions of DIT were absorbed into the Department for Business and Trade (**DBT**) in a Machinery of Government (**MoG**)<sup>1</sup> change as detailed in Section 2:. In this statement, I will refer to 'the Department' or 'DIT' when referring to the former DIT functions and areas of responsibility. This statement forms part of the wider Module 5 response on behalf of DBT.
- 1.2. I am providing this written statement in response to the Inquiry's Rule 9 request dated 19 March 2024 (**the Rule 9 request**).

### *My Role and Background*

- 1.3. I was employed by the Department as Director General from May 2020 until November 2023. Previously, I also worked for the Department as HM Trade Commissioner for Europe from July 2018 until May 2020, though I had been temporarily promoted to Director General from April 2020. I led both the Joint Assistance Coordination Team (**JACT**) and the Global Strategic and Sourcing Engagement Project (**GSSEP**) between March and August 2020. From August 2020, I led Project DEFEND as Director General. In February 2022, I was appointed Director General Exports and UK Trade at DIT. With the creation of DBT in February 2023, I was appointed to a new role as Director General, Domestic and International Markets and Exports.
- 1.4. I have been appointed HM Ambassador to the Federal Republic of Germany and began this appointment in September 2024, working for the Foreign, Commonwealth and Development Office (**FCDO**). In December 2023, I left DBT and moved to the FCDO in preparation for my posting to Germany.

### *Scope of this Statement*

- 1.5. The Inquiry has asked the Department to respond to a series of requests for information, which primarily concern the procurement of personal protective equipment (**PPE**) by HM Government (**HMG**) and materials relevant to such procurement, insofar as they are held by DBT and its predecessor departments.

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<sup>1</sup> A MoG change is the transfer of functions, powers, assets, rights, or liabilities from one government minister to another. This change can take a variety of forms and can involve a series of actions carried out over a period of time. A MoG change can include a 'Transfer of Functions' Order, made under sections 1 and 2 of the Ministers of the Crown Act 1975. This Order may incorporate a new Secretary of State as a corporation sole, transfer functions, property etc. from one minister to another and dissolve the previous government department.

- 1.6. In preparing this statement, I am reliant upon the work of DBT's Inquiry Response Unit. A number of officials who worked within the Department during the relevant time have supported the Inquiry Response Unit and their contributions have been used for the purpose of preparing this statement. My statement relies on their recollections and contributions, as well as a review of contemporaneous written material conducted by others. I have set out where I have contributed my personal reflections. Whilst I have made this statement on the basis of my first-hand knowledge and experiences, I have also relied upon input from colleagues, and this is therefore a corporate statement on behalf of the former Department.
- 1.7. The documents I have relied upon to prepare this statement have been identified from the Department's IT systems (SharePoint) and the Department's email accounts.
- 1.8. I have also drawn on material provided to DBT's Inquiry Response Unit by the FCDO. As set out below at paragraph 2.11, colleagues from the former Foreign and Commonwealth Office (**FCO**)<sup>2</sup> worked together with DIT colleagues in British diplomatic missions. These comprised British embassies, high commissions and consulates around the world. DIT staff used, and continue to use, FCDO email addresses when working in post overseas. As explained at paragraph 3.10, the working arrangements in respect of PPE sourcing for the team in the British Embassy, Beijing, differed from those in other posts around the world, as these predated the establishment of the broader DIT/FCO team and worked directly into the Department of Health and Social Care (**DHSC**). The Department did not therefore have records of documents exchanged in this period between the Beijing team and officials in departments in London and has worked with the FCDO to obtain records relating to DIT work at the British Embassy, Beijing. Due to the number of posts, volume of records, technical and security barriers associated with searching for relevant material on another department's IT platform, and the need for secure transfer of the data, the Department has not sought records from FCDO regarding other posts for the purposes of compiling this statement. I have relied on the records that DBT does hold in relation to posts other than the British Embassy, Beijing, because the involvement of these posts was triggered by the establishment of the DIT response; the newly established DIT team worked with posts to deliver their Covid-19 response

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<sup>2</sup> The FCO was a Ministerial Department from October 1968 to September 2020. It then merged with the Department for International Development and is now known as the FCDO.

and therefore has records of these interactions. This has been the subject of correspondence with the Inquiry Legal Team.

1.9. The Rule 9 request asks questions that do not fall within the remit of this statement, as the information relates to the work conducted by the Department for Business, Energy and Industrial Strategy (**BEIS**). The Inquiry is directed to the witness statement provided by Sarah Munby for information related to the work of the Office for Product Safety and Standards (**OPSS**), Project Kingfisher, the Ventilator Challenge, and the PPE Make team. Further, the Inquiry is also directed to the witness statement of Sarah Munby which details BEIS involvement in the following topics where DIT had no role in:

- a) advising DHSC teams on regulatory and technical specifications for key healthcare equipment and suppliers; and
- b) assisting DHSC in testing for compliance and quality.

1.10. There are further questions that are not answered in this statement as the Department had no role in them. I set these out here:

- a) The Department had no role, function, or responsibility in relation to the domestic manufacture and supply of Lateral Flow Tests and Polymerase Chain Reaction (often referred to as PCR) test kits, and no involvement in the 'call to arms' to existing and emerging diagnostic businesses;
- b) The Department had no role in the disposal of PPE that failed compliance or quality testing. I represented the Department on the PPE Oversight Committee, where the Department's role focussed on strategic support in sourcing PPE overseas. While the Committee discussed plans for the disposal of PPE, the Department, through my representation on the Committee, took no part in decision making in respect of such plans as these were outside the remit of the Department. DHSC, which was the senior responsible owner (**SRO**) for the PPE Taskforce may be able to assist the Inquiry further on this matter;
- c) The Department provided no assistance to local authorities in respect of checking shipments of key healthcare equipment and supplies arriving at ports, borders, and airports; and
- d) The Department provided no support or assistance to DHSC in respect of PPE standards and technical specifications.

### *Terminology Used in this Statement*

- 1.11. In this statement, for consistency and clarity, I have adopted the following approach to terminology:
- a) The term 'posts' is used to indicate where teams work overseas, usually in reference to embassies, high commissions and consulates. Some of the underlying documents refer to 'posts' and 'missions' interchangeably;
  - b) The term '**China team**' is used to refer to the team of officials working on procurement of medical equipment and supplies within the British Embassy, Beijing and Consulates General throughout China. The formal name for this team was the 'China Covid-19 Procurement Taskforce' but several different names are used in the underlying documents to describe this team.<sup>3</sup> This statement uses the name 'China team' for consistency. References to the officials working within the British Embassy, Beijing also include teams working within Consulates General in mainland China. The China team comprised Embassy and Consulate General staff drawn from a number of 'home departments' including FCO, DIT and UK Visas and Immigration (**UKVI**). It included both UK national and foreign national staff employed locally, and UK civil service officials on a formal overseas posting with the FCO. The China team reported to HM Ambassador to China. This was Dame Barbara Woodward until she was succeeded in October 2020 by Dame Caroline Wilson;
  - c) In this statement I use the term '**HLSB**' which refers to DIT's Healthcare, Life Sciences and Bioeconomy team. The team is referred to informally by other names in the underlying documents, including DIT Healthcare; and
  - d) The underlying documents use interchangeable terminology for potential sources of medical equipment and supplies. I use the terms 'leads' and 'opportunities' to align with the process charts in the underlying documents.
- 1.12. There are many acronyms used in this statement; I have included a list of them at Annex A for ease of reference.

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<sup>3</sup> Other names included: 'the Beijing team'; the 'Medical Procurement Crisis Operation'; and 'the Embassy Crisis Team'.

*Structure of this Statement and Initial Observations*

- 1.13. This statement should be read in conjunction with the witness statement provided by Sarah Munby on behalf of DBT representing former BEIS. Both statements form the response to Module 5 on behalf of DBT.
- 1.14. In Section 2, I provide an overview of the history of the Department and its predecessors and a summary of DIT's role and responsibilities prior to and during the pandemic in respect of emergency response, including the key individuals and governance structures in place.
- 1.15. In Sections 3 to 16, I address the specific topics that the Inquiry has asked the Department to consider. Where necessary, I have also included within those Sections the details of particular matters that are relevant to the role the Department played in the Government's response to the pandemic. These include:
- a) the Department's involvement in international sourcing of medical supplies, and in facilitating trade in and out of the UK (Sections 3 to 5);
  - b) the work of the GSSEP (Sections 6 to 9);
  - c) the work of Project DEFEND and its evolution into a permanent Directorate within DIT to lead on supply chain resilience (Sections 10 to 12);
  - d) the work of the China team and their involvement in the procurement of medical supplies from China (Section 13);
  - e) the Department's involvement with the DHSC 'High Priority' or 'VIP Fast Lane' and information on the outcome of referrals (Section 14); and
  - f) any assistance provided to NHS trusts, local authorities, the care sector or Devolved Administrations in the procurement of key healthcare equipment and supplies (Section 15).
- 1.16. This statement focusses significantly on the role of the Department in facilitating the work of the lead departments that owned the outputs from this work, for example in identifying leads for departments to pursue, identifying new strategic suppliers for PPE provision or stress-testing supply chains in, for example, the transport sector. For this reason, this statement sets out in detail the process by which the Department contributed through coordination and governance to the work of other departments during the Covid-19 response. There are of course important lessons from the complexities of some of the arrangements that were developed, particularly in the initial response to the crisis, and this statement aims to demonstrate these.

Ultimately, however, DIT's objective was to put the expertise of the Government's overseas network, and its reach into international markets, at the disposal of the Government's crisis response, for example, in identifying sources of PPE, helping counter trade restrictions for medical goods, diversifying sources of supply, helping identify and address weaknesses in critical supply chains, and in preparing for a winter Covid-19 crisis in 2020/21.

- 1.17. From the outset of the pandemic, the Department conducted lessons learned reviews to reflect in real time on the strengths and weaknesses in the Department's response, and, where possible, to put in place measures to improve the effectiveness and efficacy of the Department's response. These are detailed in the statement in relation to particular projects. I have set out my final reflections on what worked well and any difficulties or challenges faced by DIT officials in supporting the Government's response at paragraph 16.49 to paragraph 16.55.
- 1.18. In drafting this statement, I am acutely conscious of the significance of the issues that it addresses; the loss of life from Covid-19, the continuing distress experienced by many people, and the great personal difficulties that the pandemic caused. I am conscious too of the great seriousness of the issues being investigated by the Inquiry in this module, reflecting as they do real public concern about shortages and quality of PPE and other medical equipment during the pandemic and questions of propriety in the procurement process. This statement attempts to address the role of DIT in supporting Government to identify new sources of PPE and medical supplies on international markets, but should the Inquiry have further questions, I and colleagues within the current Department for Business and Trade will do everything we can to assist.

## **Section 2: Overview of DIT and its Role, Function, and Responsibilities During the Pandemic**

- 2.1. In this section, I explain the Department's and its predecessors' role, function, and responsibilities within the UK Government overall and in relation to emergency measures, both prior to and during the pandemic. I set out the areas in which the Department was the lead department supporting ministers during the pandemic, and the areas where it worked with other government departments (**OGDs**).

### *History of the Department and Machinery of Government Changes*

- 2.2. The Department of Trade and Industry (**DTI**) was a government department formed on 19 October 1978. DTI was responsible for UK Government policy in the following areas: company law, trade, business growth, innovation, employment law, regional economic development, energy, science, and consumer law. On 28 June 2007, DTI was replaced with the creation of the Department for Business, Enterprise and Regulatory Reform (**BERR**) and the Department for Innovation, Universities and Skills (**DIUS**).
- 2.3. BERR was set up to raise and sustain the UK's economic performance both nationally and in the regions. It held responsibility for matters related to companies trading and exporting overseas. On 5 June 2009, BERR merged with DIUS to create the Department for Business, Innovation and Skills (**BIS**). BIS' remit included helping UK firms to trade with other countries. Its trade work encompassed three areas: European policy, export control, and trade policy and UK growth.
- 2.4. In October 2003, a non-ministerial government department called UK Trade & Investment (**UKTI**) was set up to lead the national effort to improve the competitiveness of UK companies through export and to attract foreign direct investment. UKTI officials worked overseas in British embassies, high commissions and consulates. They also worked in regional offices across the UK.
- 2.5. On 14 July 2016, a MoG change merged UKTI and the trade responsibilities within BIS and created DIT as a ministerial department. The Secretary of State for International Trade became the responsible Minister. A Transfer of Functions Order moved the trade functions entrusted to the Secretary of State for Business, Innovation and Skills to the Secretary of State for International Trade from 9 November 2016. Consequently, the Secretary of State for International Trade became the UK Government Minister, with Cabinet rank, responsible for promoting British global

trade interests, including through a new independent trade policy, through the work of DIT.

- 2.6. In the same MoG change in 2016, the business, science, research, and innovation portfolios of BIS were merged with the Department of Energy and Climate Change (**DECC**) to form BEIS.
- 2.7. A further MoG change took effect on 7 February 2023, which incorporated DIT with parts of BEIS to form the Department in its current form as DBT. DBT was set up to focus on delivering economic growth opportunities across the economy, to ensure economic security and supply chain resilience, to support free trade, and to promote British businesses on the global stage and attract high-value investment. The functions of the Secretary of State for International Trade were formally transferred to the Secretary of State for Business and Trade on 3 May 2023.
- 2.8. Each government department, both then and now, has its own commercial team. The Government Commercial Function (**GCF**) is a cross-government network of commercial teams headed by the Government Chief Commercial Officer, Gareth Rhys-Williams, who has been in this role since 2016 and remains in post. The Government Commercial Organisation (**GCO**) recruits senior commercial personnel who are deployed into departments. The structure of commercial teams within the Government is set out further below at paragraph 2.59.

*Role, Function, and Responsibilities Before the Pandemic*

- 2.9. DIT was responsible for securing the roll-over of existing trade agreements in which the UK participated by virtue of its membership of the EU, negotiating new international trade agreements, removing barriers to free trade, strengthening global free trade, attracting foreign investment and supporting UK exports.
- 2.10. DIT's objectives were set out in its single Departmental Plan for 2019 to 2021, which is provided at AM/001 INQ000494251. They were:

*“1. Support UK businesses to grow internationally in a sustainable way.*

*2. Ensure the UK remains a leading destination for international investment and maintains its number one position for international investment stock in Europe.*

*3. Open markets, building a trade framework with new and existing partners which is free and fair.*

*4. Use trade and investment to underpin the government's agenda for a Global Britain and its ambitions for prosperity, stability and security worldwide.*

*5. Build DIT as an effective international economic department where our people are expert, enterprising, engaged and inclusive."*

- 2.11. The UK's global network of posts largely consists of British high commissions in Commonwealth countries, and British embassies in non-Commonwealth countries, led by HM High Commissioners (**HCs**) and Ambassadors (**HMA**s) respectively, and referred to collectively as Heads of Mission (**HoMs**). Subsidiary posts in country are generally known as consulates or deputy high commissions. Ambassadors, high commissioners, and their teams are generally resident in the countries to which they are accredited. Diplomatic Missions are commonly referred to as 'posts'. As now, DIT staff work closely with FCDO colleagues in British embassies, high commissions and consulates around the world. HoMs are generally employed by the FCDO.
- 2.12. In 2018, DIT organised its overseas teams into nine regions, each one led by HM Trade Commissioner (**HMT**C). The regions are Africa, Asia-Pacific (**APAC**), China, Eastern Europe and Central Asia Network (**EECAN**), Europe, Latin America, Middle East, North America, and South Asia. HMTCs are employed by DBT and work with ambassadors and high commissioners in their respective regions and are responsible for promoting trade and investment, supporting British business and supporting open markets and free trade in support of UK commercial interests. HMTCs reside in their respective region. Since 2020, HMTCs have been line-managed by the head of post where they are based. This practice was formalised as part of the reorganisation of the overseas network when FCO merged with the Department for International Development (**DfID**) with the creation of FCDO in September 2020.
- 2.13. Prior to the pandemic, DIT had 1,600 staff overseas in 116 locations. Together with around 20,000 FCO, DfID and other department and agency colleagues, they formed the UK's international network overseas. Most of the DIT staff working overseas were embedded in British embassies, high commissions and consulates, and worked on FCO IT systems. DIT staff working overseas operated in country under the overall authority of the HoM.
- 2.14. A Memorandum of Understanding (**MoU**) is in place on the use of the FCDO's overseas property and associated corporate services by HMG's staff overseas. 'One HMG Overseas' is the collective term for the operating framework set out in the MoU which supports all staff at embassies, high commissions and consulates to work

collaboratively on behalf of the whole of HMG to deliver the UK's international objectives. The MoU initially covered the period from June 2016 to March 2020 and is provided at AM/002 INQ000493741 and AM/003 INQ000493740. The current MoU covers the period to March 2025 and is provided at AM/004 INQ000494253 and AM/005 INQ000494248.

*Emergency Response Measures Before the Pandemic*

- 2.15. As the Inquiry will know, at the time of the pandemic, emergency preparedness in the UK followed a model of Lead Government Departments (**LGD**). LGDs were responsible for risk anticipation, risk assessment, prevention and mitigation, preparation, response and recovery. They were supported by OGDs and government bodies in this work. For situations where coordination across government was necessary, Cabinet Office would designate an LGD responsible for the management of the Government's response.
- 2.16. DIT was not designated LGD for any critical national infrastructure (**CNI**) sectors. As such, DIT did not have a centralised emergency response function or departmental operations centre. However, individual teams provided expertise in respect of incident response in their subject matter areas and relevant capability existed within the Department. For example, a number of staff were trained in FCO international crisis response and had experience of response to international incidents.
- 2.17. DIT had a Departmental Board made up of ministerial, executive, and non-executive board members. A number of committees sat within the Departmental Board, including an Audit & Risk Assurance Committee (**ARAC**), which provided independent advice to the Departmental Board and the Accounting Officer in relation to its work on issues of risk, control, and governance. The Department's Executive Committee (**ExCo**) was responsible for the Department's overall performance and delivery against its mission, vision, and objectives. ExCo was supported by a number of sub-committees including a Performance, Finance and Risk Committee (**PFRC**) which monitored and challenged the Department's performance, financial control, and risk picture. Further information is provided in the 2019-20 Annual Report at AM/006 INQ000494137. The DIT Risk Management Policy and Framework for the year April 2019 to March 2020 set out the process by which the Department's risk appetite was established, and how risks were identified, managed, and mitigated. Within this framework a strategic risk register (**the Register**) was created and reported on at each meeting of the PFRC. Committee members would agree the risks to be included in the Register, and both the PFRC and ExCo would verify that the

Department was managing the “critical, strategic risks that could have the greatest impact on the work of the department”. The PFRC regularly conducted reviews of those strategic risks. The ARAC then reviewed the Register to provide an independent challenge to DIT’s management and assure the Accounting Officer and the Departmental Board that the risks were being appropriately identified and mitigated.<sup>4</sup>

#### *Key Officials and Decision Makers*

- 2.18. The Inquiry has asked the Department to set out the key individuals and decision makers within the Department as relevant to the scope of Module 5.
- 2.19. Between 1 January 2020 and 28 June 2022, those who held the office of Secretary of State for International Trade were:
- a) The Rt Hon Elizabeth Truss from 24 July 2019 to 15 September 2021; and
  - b) The Rt Hon Anne-Marie Trevelyan from 15 September 2021 to 6 September 2022.
- 2.20. The Secretary of State for International Trade had overall responsibility for the Department’s priority outcomes. This included securing free trade agreements and reducing market access barriers, encouraging economic growth and supporting UK businesses to take advantage of trade opportunities arising from free trade agreements. The Secretary of State continued this work during the pandemic, with a number of new free trade agreements agreed during the period 2020 into 2022.
- 2.21. Between 1 January 2020 and 28 June 2022, the Ministers of State for Trade Policy were:
- a) The Rt Hon Conor Burns from 25 July 2019 to 4 May 2020;
  - b) The Rt Hon Greg Hands from 13 February 2020 to 15 September 2021; and
  - c) The Rt Hon Penny Mordaunt from 16 September 2021 to 6 September 2022.<sup>5</sup>
- 2.22. The Minister of State for Investment was the Lord Grimstone of Boscobel from 18 March 2020, when the office was established, to 7 July 2022.

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<sup>4</sup> In response to Covid-19, risk reporting was accelerated, and a revised risk register was developed.

<sup>5</sup> The Rt Hon Sir Conor Burns and the Rt Hon Greg Hands were Ministers of State at DIT at the same time but had different portfolios and covered different policy areas.

- 2.23. The Parliamentary Under-Secretary of State for International Trade was the Rt Hon Ranil Jayawardena between 5 May 2020, when the office was established, to 6 September 2022.
- 2.24. Between February 2020 and June 2022, the Parliamentary Under-Secretaries of State (Minister for Exports) were:
- a) The Rt Hon Graham Stuart MP from 9 January 2018 to 16 September 2021; and
  - b) Mike Freer from 16 September 2021 to 6 July 2022.
- 2.25. In March 2017, Dame Antonia Romeo became the Permanent Secretary for the Department. She continued in this role until January 2021. John Alty served as interim Permanent Secretary from this date until August 2021 when James Bowler was appointed. He served until October 2022.
- 2.26. A full list of the Department's secretaries of state, ministers, permanent secretaries, and senior civil servants (**SCS**) involved with the Covid-19 response is provided at Annex B.

*Governance Structures Established to Respond to the Pandemic*

- 2.27. At the time of the pandemic outbreak, the Department had a draft business continuity plan dated April 2019. This is provided at AM/007 INQ000489770. It had not yet been formally adopted by the Department but stated that a 'Gold Command Group' would be set up in the event of a pandemic. This command structure aligned with the UK Central Government Response Concept of Operations (**CONOPS**) which set out Gold, Silver and Bronze command structures to be used in response to an emergency. The CONOPS is provided at AM/008 INQ000096875. This 'command and control' model assigned a lead, usually referred to as a Gold Commander. Each level of command addressed a different aspect of the emergency response. Gold command was the strategic level of the emergency response, Silver command was the tactical level and Bronze command was the operational level.
- 2.28. In February 2020, DIT set up a Departmental Operations Centre (**DOC**) to provide an additional layer of coordination as the global implications of the pandemic began to emerge. The DOC coordinated DIT's response to the pandemic, including DIT senior official participation in cross-Whitehall meetings. Details can be found within a submission to the Secretary of State for International Trade at AM/009

INQ000493750. As part of the DOC, Gold, Silver and Bronze crisis command structures were activated. The DOC was fully operational from 24 February 2020.

- 2.29. In late February 2020, The Rt Hon Graham Stuart MP was assigned as the responsible junior minister for the Covid-19 pandemic response within the Department. However, in late March 2020, the Secretary of State for International Trade reshuffled ministerial priorities in respect of Covid-19. This meant that the role of Covid-19 lead minister for DIT was dissolved. Instead, DIT ministers were allocated to specific committees which covered different areas of the Covid-19 response. The Rt Hon Greg Hands was the Minister initially responsible for international engagement work as part of the Department's crisis response, and therefore for the JACT and the GSSEP. On 5 May 2020, the Rt Hon Ranil Jayawardena was appointed Minister for International Trade and assumed responsibility from the Rt Hon Greg Hands for international medical procurement and the work of the GSSEP.
- 2.30. In March 2020, the Department created specific Covid-19 business continuity plans. The central Covid-19 Departmental Business Continuity Plan is provided at AM/010 INQ000494189. This plan contained the Gold, Silver and Bronze 'command and control' model to be utilised within the Department, as well as setting out the structure working into the DOC. The DOC was the Department's single point of contact for internal teams and OGDs requiring support for the pandemic response.
- 2.31. Gold command had strategic-level responsibility for DIT's response to the pandemic and set strategy and priorities, and coordinated with the Department's leadership, notably the Rt Hon Graham Stuart MP, the Permanent Secretary and the Secretary of State for International Trade. Silver command was responsible for operational-level coordination of the Department's crisis response and Bronze command was responsible for tactical-level response and implementation of the Department's crisis response strategy.
- 2.32. The commander of each level is set out below:

<b>Command level</b>	<b>Individual and title</b>
Gold Commander	Catherine Vaughan (Director General, Chief Operating Officer)
Alternate Gold Commander	Darren Tierney (Director General, GTI Policy and Programme)

Silver Commander	Martin Kent (Director, Planning and Capability)
Silver Commander	Bidesh Sarkar (Director, Finance and Business Services)
Alternate Silver Commander	James Norton (Director, HR and Organisational Development)
Bronze Commander	Kunal Khatri (Deputy Director and Minister Counsellor)

- 2.33. The DOC was the Department’s central hub for its pandemic response. It also managed the Department’s involvement in cross-Whitehall meetings. It later focussed on departmental operations such as staff welfare and ways of working. The Gold, Silver and Bronze commanders were supported by an operations team that reported into the Department’s ExCo. ExCo was chaired by the Permanent Secretary and its members were the senior leadership of the Department.
- 2.34. On 16 March 2020, Sir Mark Sedwill (Cabinet Secretary) wrote to Heads of Departments and stated that all departments should prioritise the Covid-19 pandemic response alongside any essential operational business as set out at AM/011 INQ000087163. Secretaries of state and permanent secretaries were asked to review departmental capacity and recommend what work within their departments should be postponed or reprioritised.
- 2.35. DIT provided its response on 22 March 2020. This is provided at AM/012 INQ000493769. It stated that the Department would refocus its work around three priorities while other activity was paused or rephased. The three priorities were:
- a) The immediate Covid-19 response, working with BEIS, HM Treasury (**HMT**) and FCO overseas;
  - b) Ongoing business-critical work such as export licensing and essential activity on trade policy; and
  - c) Strategic work needed to deliver an ambitious trade-related post-crisis economic stimulus package.
- 2.36. In July 2020, ExCo decided to stand down the Gold, Silver and Bronze command structure and transfer the responsibilities of the DOC back to existing teams. This was communicated in an email sent from the DOC Operations Team on 28 July 2020 and is provided at AM/013 INQ000489748. The DOC closed on 31 July 2020.

Responsibility for coordination of return to office planning and Covid-19 related staff welfare queries was transferred to HR. Responsibility for building access control and remote working equipment was transferred to Business Services, and the development of future working policy was transferred to the Change Directorate.

*Cabinet Committees/Meetings*

- 2.37. As the Inquiry will know, the Cabinet and Cabinet committees met frequently to discuss and make decisions regarding the response to the pandemic.
- 2.38. As will also be familiar to the Inquiry from other evidence, in March 2020, the Prime Minister established new structures to lead the Government's response to the pandemic. These were communicated to departments in the Cabinet Secretary's letter of 16 March 2020, which is available at AM/011 INQ000087163. In addition to ministerial Cabinet Office Briefing Room (**COBR (M)**) meetings that were first convened in January 2020, four new Ministerial Implementation Groups (**MIGs**) were established:
- a) The Health Ministerial Implementation Group (**HMIG**), chaired by the Rt Hon Matt Hancock (Health Secretary), focussed on NHS preparedness and ensuring capacity in the critical care system;
  - b) The International Ministerial Implementation Group (**IMIG**), chaired by the Rt Hon Dominic Raab (Foreign Secretary), focussed on international coordination for responding to the pandemic;
  - c) The Economic and Business Response Implementation Group (**EBRIG**), chaired by the Rt Hon Rishi Sunak MP (Chancellor of the Exchequer), focussed on the economic and business impact of the pandemic response; and
  - d) The General Public Sector Ministerial Implementation Group (**GPSMIG**), chaired by the Rt Hon Michael Gove (Chancellor of the Duchy of Lancaster), focussed on preparedness across the public sector and CNI sectors.
- 2.39. The Prime Minister also chaired a daily strategy meeting which was attended by key ministers and officials to monitor progress on measures being implemented. Ahead of this meeting, the Cabinet Secretary chaired a daily meeting to prepare for the Prime Minister's strategy meeting and the MIGs meetings to be held that day.

*The Department's Role in Cabinet Committees/Meetings*

- 2.40. The Secretary of State for International Trade was listed in the Terms of Reference for the IMIG and EBRIG as a 'core' member. The Terms of Reference for IMIG and EBRIG are available at AM/014 INQ000183921 and AM/015 INQ000274428. The Department created an IMIG Secretariat and EBRIG Secretariat to shadow the MIGs. The IMIG and EBRIG Secretariats coordinated the Department's input into policy papers as required, and prepared ministerial briefings. The Department attended the other MIGs on an ad hoc basis dependent on the agenda.
- 2.41. As the Inquiry will know, by June 2020, the four MIGs were replaced by two Cabinet Committees: the Covid Operations Committee (**Covid-O**) and the Covid Strategy Committee (**Covid-S**). Meetings attended by ministers were referred to as Covid-O(M) and Covid-S(M), and those attended by officials were referred to as Covid-O(O) and Covid-S(O). Within the Department, the IMIG and EBRIG Secretariat teams disbanded shortly after this. Support and coordination for the Covid-O and Covid-S meetings were provided by the Covid-19 Ministerial Support Hub (**MSH**). The MSH had originally formed part of the DOC and became its own team from late April onwards.
- 2.42. The Department does not hold complete records for the MIGs, Covid-O or Covid-S committees as OGDs provided the secretariat for these groups. Details of the meetings attended by the Department are set out in the statement where relevant.

*Role, Function, and Responsibilities During the Pandemic*

- 2.43. During the pandemic, DIT continued to hold responsibility for creating and extending trade agreements between the UK and foreign countries, as well as supporting inward investment and helping businesses to export.
- 2.44. The Department's particular role in relation to the pandemic response was to support the international sourcing of medical supplies through the identification of leads for new international suppliers of PPE, utilising the network of DIT staff around the world. At the same time, the Department led on broader Government supply chain resilience work through Project DEFEND, which undertook a strategic review of critical supply chains. The Department's work was led by the following teams within DIT:
- a) The JACT, co-led with FCO, which acted as a coordination point within Government for DIT and FCO staff based overseas tasked with identifying potential suppliers of medical equipment and supplies in response to DHSC requirements. They were supported by HLSB within the Department. The

JACT also assisted in addressing logistical issues with supplies overseas and coordinated work, for example, with lobby foreign governments on potential trade restrictions in respect of medical supplies to the UK. Further detail on the JACT is provided in Section 4.;

- b) Existing departmental staff based in embassies, high commissions and consulates around the world who were tasked to seek potential sources of PPE and medical equipment in support of DHSC;
- c) In response to the lessons learned from the first month of the crisis and the creation of new structures within Government, the role of the JACT was reviewed and a new approach adopted, which saw the JACT remodelled on 27 April 2020 as a new body, the GSSEP, which took over responsibility for the Government's international sourcing strategy. It continued the international sourcing work of the JACT – the existing JACT team was brought into the GSSEP structure – now under the new cross-government PPE Taskforce, and took on new work to develop sourcing strategies with priority international markets, identify new strategic suppliers for DHSC, and coordinate efforts to unblock trade restrictions; and
- d) The Department's existing HLSB team. At the beginning of the pandemic, HLSB worked on triaging offers from existing network contacts, issuing PPE export authorisations alongside DHSC, and unblocking trade restrictions. Some officials from this team supported the work of the GSSEP.

2.45. The Department worked most closely with the IMIG during the initial months of the pandemic and responded to commissions shared from the MIGs and the daily meetings chaired by the Prime Minister and Cabinet Secretary mentioned above at paragraph 2.39. The Secretary of State for International Trade was briefed and updated by the relevant teams, however, the Foreign Secretary led on international aspects of the response as IMIG Chair, including at No 10 strategy meetings. In this capacity, and prior to the launch of the PPE Taskforce under Lord Paul Deighton on 27 April 2020, the Foreign Secretary represented DIT's work on international sourcing at those meetings, supported as necessary by Dame Antonia Romeo as the DIT Permanent Secretary. At this time, the Rt Hon Dominic Raab was First Secretary of State and Foreign Secretary. In this statement, I will use these titles interchangeably to reflect the title used in the underlying documents.

#### *International Sourcing of PPE and Medical Supplies*

2.46. From 15 March 2020, DIT staff working in embassies, high commissions and consulates around the world assisted in identifying supplies of ventilators. Following this work, overseas posts received further commissions to identify potential new suppliers of PPE, testing kits, and essential medicines. DIT staff within the British Embassy, Beijing, worked closely with FCO and DHSC during this period. The involvement of DIT in international sourcing in China is set out in further detail in Section 13:.

#### *The Joint Assistance Coordination Team*

2.47. On 28 March 2020, DIT established the JACT jointly with FCO. Recognising that domestic supply and usual international supply chains were not capable of fulfilling significantly elevated requirements, the JACT was set up to support the sourcing of medical supplies in overseas markets. The JACT's initial work was focussed on supporting DHSC in sourcing and securing the supply of ventilators, ventilator products, testing kits and medicines from overseas markets. The JACT utilised staff in overseas posts to identify potential supply sources based on set requirements, with details passed onto DHSC. Further detail on DIT involvement in the JACT is set out in Section 4:.

#### *The Global Strategic Sourcing Engagement Project*

2.48. The DIT Permanent Secretary was appointed to lead international sourcing of PPE, by the Cabinet Secretary, on 21 April 2020. On 23 April 2020, a proposal was submitted to the Cabinet Secretary (at his request) that set out a plan for putting in place a single, coordinated system for the international sourcing of medical supplies across UK Government, working with overseas posts. The plan, called **IPROMS**, was not implemented as it was superseded by the creation of the PPE Taskforce by DHSC, which led on coordination of PPE procurement and manufacture. Under this amended approach, DHSC retained their role as the lead for procurement, and DIT led a new project called the GSSEP, which was created to support DHSC in sourcing supplies overseas. The new GSSEP role reflected the lessons learned from the month-long operation of the JACT, in particular on where DIT's overseas network could add greatest value in support of strategic sourcing for DHSC, and reflected the new coordination role of the PPE Taskforce. The GSSEP was established on 27 April 2020 and at this point I became SRO of the project.

2.49. In my role as SRO, I chaired the GSSEP Project Board, reporting to the DIT Permanent Secretary. The First Secretary of State, on behalf of the Prime Minister,

had overall responsibility for the GSSEP, initially as chair of the IMIG and later as chair of the Small Ministerial Group. The work of the GSSEP is explained in further detail in Section 6: to Section 9:.

#### *Project DEFEND*

- 2.50. On 25 April 2020, DIT was asked to set up and lead a cross-government project on supply chain resilience for all Category One products, excluding food. Category One products are those considered critical to preservation of human or animal welfare and the national security for the UK. This work was intended as a strategic project to ensure future resilience of critical supply chains. It was not part of the immediate Covid-19 procurement effort for PPE or other critical products. Project DEFEND was launched on 27 April 2020, led by the DIT Permanent Secretary with support from officials in DIT and answering to the Prime Minister and Cabinet Secretary. Project DEFEND's work was overseen by a Steering Committee from across government which was initially chaired by the DIT Permanent Secretary, and later by me. The Secretary of State for International Trade had no formal responsibility for Project DEFEND but received updates and briefings as an interested party.
- 2.51. Project DEFEND was split into four phases between 27 April 2020 and 31 March 2021. The residual functions of the GSSEP transitioned to Project DEFEND from 3 August 2020 and were closed down in December 2020. In April 2021, a permanent team, the Global Supply Chain Directorate (**GSC Directorate**), was established within the Department to lead work across government to strengthen the long-term resilience of supply chains. More detail on Project DEFEND can be found in Section 11:.

#### *Imports to the UK*

- 2.52. Within DIT, work on medical supply trade restrictions was led by HLSB, and they sought to tackle restrictions imposed in markets preventing the UK's efforts to import medical supplies. HLSB worked with DIT overseas posts in instances where issues arose resulting in restrictions on imports to the UK. I discuss this in more detail in Section 5:.

#### *Areas of Exclusive Responsibility and Shared Competence*

- 2.53. Prior to the pandemic, the Department had exclusive responsibility for areas such as export restrictions and Free Trade Agreements. These areas remained the exclusive responsibility of the Department during the pandemic.

- 2.54. Prior to the pandemic, procurement of medical equipment and supplies for the NHS occurred through the Supply Chain Coordination Limited (**SCCL**). The SCCL was the legal entity through which the NHS Supply Chain undertook its procurement. In the initial stages of the pandemic, as demand for medical supplies increased rapidly, the existing NHS Supply Chain was unable to procure enough supplies from its existing suppliers. DHSC sought supplies from suppliers who were not part of the existing supply chain. DHSC had responsibility for this supply chain and contracted directly with suppliers.
- 2.55. As the pandemic progressed and the focus moved to procuring PPE, DHSC created the HMG-wide 'PPE Taskforce', led by Lord Deighton. Ministerial responsibility for the PPE Taskforce sat with the Health Secretary. The PPE Taskforce split its responsibilities into five areas: demand, allocation, usage, supply, and distribution. I was SRO of the GSSEP which supported the international side of the supply strand. DHSC remained the contracting authority and made the final decisions on which contracts to pursue. HLSB and later the JACT and the GSSEP assisted DHSC and the PPE Taskforce with sourcing leads and opportunities.
- 2.56. Project DEFEND, which was set up to review supply chain resilience, was separate from the GSSEP. During the pandemic, the Department led on the objectives of Project DEFEND, with the Permanent Secretary as SRO. The Department worked closely with OGDs throughout the project. Decision making to mitigate vulnerabilities in supply chains remained with each individual lead department. This work led to the formation of DIT's Global Supply Chain Directorate. Responsibility for the Government's strategic approach to supply chain resilience now sits within DBT's Economic Security and Supply Chain Resilience Directorate (**ESSCR Directorate**).

*Public Contracts Regulations 2015*

- 2.57. In 2014, the EU updated its procurement directives. EU member states were required to implement EU rules into domestic law. The implementation of the Public Contracts Regulations 2015 (**PCR 2015**) brought the procurement directives into UK domestic law. PCR 2015 detailed the procedures to be followed when awarding a contract for supplies, services, or works for central government, a non-ministerial department, executive agency, or non-departmental public body. Contracts were to be advertised and a competitive tender process undertaken before a contract was awarded. PCR 2015 allowed for contracting authorities to depart from usual procurement processes in specific situations.

2.58. On 18 March 2020, Cabinet Office published Information Note PPN 01/20 which provided information and guidance on public procurement regulations in light of the pandemic. This is provided at AM/016 INQ000048822 with an accompanying note on commercial controls at AM/017 INQ000489576. The note set out the instances in which contracting authorities could issue contracts by direct award, specifically noting that, as per regulation 32(2)(c) of PCR 2015, this could occur in circumstances of extreme urgency. Actions taken by departments in accordance with PPN 01/20 that resulted in either a new contract, or change in contract, with a value of over £1 million were recorded and reported to Cabinet Office. DHSC was the contracting authority for medical equipment and supplies,<sup>6</sup> and therefore the Department did not record or report any action to Cabinet Office under PPN 01/20.

#### *Structure of Commercial Teams within Government*

2.59. As outlined above, the GCF is a cross-government network of commercial teams. The GCO recruits senior commercial personnel who are deployed into departments such that each department has its own commercial team where senior personnel are employed by the GCO, and work with the GCF.<sup>7</sup>

2.60. In 2020, Paul Kellett (Commercial Director), led a team of commercial specialists in the Department. He reported to both the Department's Director General, Chief Operating Officer, Catherine Vaughan, and also to the Government Chief Commercial Officer. At the time in 2020, Paul Kellett had 25 years of procurement experience across both the private and public sector. He was, and remains, a fully qualified member of the Chartered Institute of Purchasing and Supply (CIPS) and a fellow of CIPS for over 10 years.<sup>8</sup> DIT Commercial had significant commercial, procurement and negotiating experience. The staff chosen by Paul Kellett to assist with PPE sourcing were picked based on appropriate skills held. DIT Commercial team members at Grade 7 and above working within the JACT and the GSSEP were CIPS qualified and had significant experience in commercial roles. Ceri Owen-Bradley (Deputy Director) was not CIPS qualified but was a qualified commercial lawyer. There are no specific requirements for commercial staff to hold CIPS qualifications. However, for commercial roles at Grade 7 and above, staff are

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<sup>6</sup> While DHSC was generally the contracting authority, there were some early contracts that were entered into on behalf of DHSC but in the name of the British Embassy, Beijing. The contracts were later novated to DHSC, see paragraph 13.13 for further detail below. The contracts were not signed by DIT staff.

<sup>7</sup> Senior personnel include grade 7, grade 6, deputy directors, and directors. Personnel below these grades are employed directly by the respective department.

<sup>8</sup> The CIPS is a global professional body that provides education and procurement qualifications.

assessed at the 'Commercial Assessment and Development Centre' and are considered 'qualified' as commercial specialists after passing.

- 2.61. Commercial Directors in departments meet as part of regular cross-government meetings. In ordinary situations commercial teams in different departments do not usually work directly together unless departments are jointly working on a strategic project.
- 2.62. As part of the One HMG MoU discussed above at paragraph 2.14, FCO provided procurement services internationally for procurement valued under £100,000 within embassies, high commissions and consulates. There were numerous regional procurement hubs set up in embassies, high commissions and consulates to provide procurement and commercial expertise to the posts in their region. The regional procurement hub providing services to China, Asia Pacific, Middle East, and North Africa was based in the British Embassy, Manila. Personnel working within the procurement hubs were commercial specialists. The Department did not have personnel working within these procurement hubs, or commercial specialists based in post. Therefore, this statement does not provide a detailed account of the work of commercial specialists at post before or during the pandemic. My understanding is that further information on this could be provided by FCDO.

#### *Assistance from Existing DIT Teams*

- 2.63. Some existing DIT teams had specialist skills and knowledge to assist with DIT's response to the pandemic. The work they completed is detailed throughout this statement, however, their background and experience has been touched on here to allow a greater understanding of the role and function of these teams prior to the pandemic.
- 2.64. Prior to the pandemic, the International Networks Team (**INET**) worked across the DIT network (including in post teams) to support export and investment projects in the UK. Specifically, INET supported international business engagement in the UK and provided a relationship management service to overseas colleagues in key regions. Each sub-team supported a region, maintaining strong relationships with HMTCs to support the delivery of export and investment targets. The team had an international focus, working closely with colleagues in post. Prior to the formation of the GSSEP, INET was supporting posts with business as usual (**BAU**) work and was not involved in the Department's response to the pandemic.

- 2.65. HLSB was an existing team that assisted with DIT's response to the pandemic and included Healthcare UK, a joint initiative between DHSC, DIT and NHS England. Healthcare UK helped UK healthcare providers export and trade overseas. HLSB worked with DIT's network of trade advisors located in embassies, high commissions and consulates around the world to promote UK exports and investment, supporting the NHS's overseas trade work, as well as facilitating government to government partnerships. HLSB contained both civil servants and sector specialists who had relevant academic knowledge and/or previous experience in their respective sectors (for example, the healthcare sector). At the time of the pandemic, HLSB was led by Harjinder Kang (Director). Due to the nature of their work, HLSB already had existing relationships with the key partners of DHSC and NHS England, as well as the DIT HMTs.
- 2.66. When the pandemic response began, this team mobilised to triage offers and qualify leads that were being passed onto them from their existing contacts. This work operated in parallel to and in coordination with the work of the JACT. HLSB also worked to unblock trade restrictions that were affecting imports into the UK. They also worked with DHSC to run export authorisations for goods leaving the UK. As their involvement increased, HLSB formalised their Covid-19 work into five workstreams. Please see AM/018 INQ000489615.
- a) Workstream 1: Procurement Response Team;
  - b) Workstream 2: Product/Country Export Restrictions;
  - c) Workstream 3: Science and Innovation;
  - d) Workstream 4: Policy and Strategy; and
  - e) Workstream 5: Comms, Briefing and Project Management Office (**PMO**).
- 2.67. Where relevant, the work of the HLSB and INET teams is discussed in more detail in later sections of this statement.

### **Section 3: Initial Crisis Response for Ventilators**

- 3.1. In this section I set out how the Department became involved in assisting DHSC in the international sourcing of medical supplies during the first stage of the pandemic in March 2020. The Department's initial involvement in procurement was focussed on sourcing ventilators, largely from China. I provide more detailed information about the team working within the British Embassy, Beijing in Section 13:.

#### *Request for Assistance from Overseas Posts*

- 3.2. From 15 March 2020, DIT and FCO colleagues based within the British Embassy, Beijing were involved in assisting DHSC and Cabinet Office with sourcing potential supplies of ventilators. These colleagues reported to HMA Beijing as the Ambassador responsible for Government's work in China. This is discussed in more detail in Section 13:.
- 3.3. On the evening of 16 March 2020, a similar request for assistance for DHSC was sent by Simon Manley (Director General, the Cross-Government Coronavirus International Taskforce, FCO) to the Deputy Ambassador to the United States, the British High Commissioner to Singapore, HMA to the Federal Republic Germany, HMA to the Swiss Confederation, and HMA to the Kingdom of Sweden. Please see AM/019 INQ000493758. DHSC officials indicated that the department was content to deal directly with posts who could identify potential suppliers of ventilators. This established a direct line between DHSC staff and staff in post.
- 3.4. On 20 March 2020, the instruction to source potential suppliers of medical equipment was extended to all posts around the world, with a focus on face masks, gowns, alcohol hand rub, and eye protection. Please see AM/020 INQ000493790. Posts were directed to send leads to a Cabinet Office email address.

#### *The HLSB Team*

- 3.5. As previously outlined at paragraph 2.65, prior to the pandemic and prior to the formation of the JACT on 27 March 2020, HLSB worked with DHSC and NHS England, and the private sector, to export and promote the UK healthcare sector overseas. As such, due to the existing relationships in place and their specific healthcare sector knowledge, HLSB was well placed in March 2020 to assist with sourcing the equipment and medical supplies needed. HLSB had already worked with DIT's wider overseas network of HMTCs and were the healthcare sector point of contact in the UK for the network.

- 3.6. In March 2020, HLSB began to receive queries from their contacts in businesses and the DIT overseas network offering equipment and supplies. To process and respond to these requests, HLSB began to conduct initial triage of the offers. HLSB triaged and qualified offers by collating information from the supplier on the products and assessing this in line with product specifications provided by DHSC. Further, HLSB liaised with their contacts in the DIT overseas network to determine whether the supplier was known to the DIT personnel in post. Offers that passed this initial triage were forwarded to DHSC to progress. The team created a rota to ensure that the shared HLSB inbox was manned beyond usual business hours, ensuring coverage from 9am until midnight every day.
- 3.7. The structure of HLSB at the time was split into two sections: sourcing and qualification. Sourcing leads ensured that the DHSC 'demand signals'<sup>9</sup> were communicated to the HLSB contacts, including the timing and prioritisation of certain products. Sourcing managers logged new enquiries to the newly created JACT tracker and collected initial forms from suppliers. This included chasing further information as required. The sourcing manager also worked with the JACT Operations team on triaging the offers. Qualification specialists ensured the offer matched the specifications from DHSC and made the final decision on whether the offer was sent to DHSC for progression. Qualification specialists were supported by the qualification leads in this work. The underlying documents occasionally refer to these teams conducting 'due diligence'. This is not what the GCF would consider due diligence in the usual sense and was not the substantive due diligence conducted by DHSC or required under procurement law. This is discussed in more detail below at paragraph 4.22.
- 3.8. Once the JACT was established, HLSB continued the sourcing and triage work they were already undertaking. On 30 March 2020, Dr Aphrodite Spanou (Deputy Director, HLSB) wrote to HLSB colleagues and stated that *"we are establishing a formal process for the procurement of Ventilators through the JACT a joint team created between DIT/FCO. It is envisaged that the process could be used for other urgent items in the Covid-19 plan. The cluster is part of this."* This email is provided at AM/021 INQ000489571. A process map created in early April 2020 set out how it was envisaged HLSB would assist the newly formed JACT structure and is provided at AM/022 INQ000493813. This showed that offers were coming into the DIT/FCO

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<sup>9</sup> A 'demand signal' is a current list of equipment or supplies required, including quantities and specifications, which sourcing teams use to determine what leads to pursue.

structure via the DIT JACT team, FCO JACT team and HLSB. In an internal email to HLSB staff, it was noted at the time by a HLSB official that this was a duplication of systems, *“your first point about the 2 JACTs is exactly right and what Gus is trying to negotiate with FCO. Politics is why. Everyone knows its wrong. We’re aiming for a single JACT with our Cluster for PPE onwards.”* This email, dated 2 April 2020, is provided at AM/023 INQ000489577. As this email acknowledges, it was recognised within the Department that the initial structures were duplicative, and a single structure was required. In the interim, and prior to the formation of the single JACT team in mid-April, the structures were difficult for staff within the overseas network to navigate. The JACT and HLSB teams sought to resolve this duplication through the creation of integrated teams in the GSSEP.

#### *Creation of the JACT*

- 3.9. On 26 March 2020, at a meeting with business leaders, the Prime Minister set a target to procure 8,000 ventilators, either domestically or internationally, by 13 April 2020. This target is recorded in an email from No 10 that is provided at AM/024 INQ000492376. Matters progressed quickly following this decision and the Prime Minister held two meetings the following day regarding HMG efforts to secure ventilators. The DIT Permanent Secretary was invited to attend these meetings and did so. Following these meetings, DIT and FCO were tasked with tracking all medical devices becoming available through international sourcing. Further information can be found within emails dated 27 March 2020, provided at AM/025 INQ000493791, and in the list of actions provided at AM/026 INQ000492377. To coordinate this and offers coming in from post, DIT and FCO proposed a new joint unit, the JACT.<sup>10</sup>
- 3.10. I met with HM Ambassador for China in late March, and it was agreed that the China team, who were reporting to HMA, would continue to work directly into DHSC given the volumes involved and the effective working practices that those teams had established already. However, data would be shared with the JACT (and later the GSSEP) regarding the sourcing work for inclusion in the numbers collated centrally. This work is discussed further below at paragraph 4.25. Therefore, the JACT only coordinated offers coming in from non-China posts, described as Rest of World. For more detail on the work of the China team, please see Section 13:.

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<sup>10</sup> Initially, there was a DIT Joint Action Coordination Team and an FCO Joint Assistance Coordination Team. As part of the transition to an integrated team on 16 April 2020, the term Joint Assistance Coordination Team was used going forward. This team will therefore be described as such, but to note that underlying documents dated prior to this may refer to a Joint Action Coordination Team.

## Section 4: The Joint Assistance Coordination Team

- 4.1. In this section I address the work of the JACT, including the circumstances around its establishment, structure, purpose and objectives, involvement with OGDs, and its activities during the pandemic. This section also outlines the initial challenges faced by the JACT, the lessons learned from the experience of the first month of the crisis, and how these were addressed through the creation of the GSSEP at the end of April 2020. I will also discuss the triaging and sourcing work of HLSB, which was operating in parallel at the formation of the JACT, and how we sought to resolve these issues through the creation of the GSSEP.

### *Initial Set Up and Governance of the JACT*

- 4.2. Anna Clunes, Ajay Sharma, and I led the JACT as Joint Directors. I was HMTc for Europe at this time. Anna Clunes and Ajay Sharma job-shared as Alternate Directors, International Strategy and Engagement with the FCO's Covid-19 Taskforce.<sup>11</sup> The JACT was set up as a joint unit between DIT, FCO, and DHSC to coordinate the crisis response for medical equipment. Its initial priority was to achieve the Prime Minister's target of securing 8,000 ventilators by 13 April 2020. I reported to the DIT Permanent Secretary. Ministerial oversight at this stage formally sat within the IMIG, under the Foreign Secretary as its Chair.
- 4.3. To ensure good communication with posts in Asia, the JACT established 24-hour staffing within its first week. Both FCO and DIT mobilised officials at a rapid pace to accommodate this. By 30 March 2020, both DIT and FCO had contributed 20 persons each to the JACT and set up a three-shift system to ensure 24-hour operations.
- 4.4. The DIT officials who joined the JACT were a redeployed team from the DIT Defence and Security Organisation (**DIT DSO**) under activation of its business continuity plan. This is set out in an email dated 30 March 2020 and produced at AM/027 INQ000492387. The DIT DSO's usual role within the Department was to support exports from British companies in the defence, security, and cyber sectors. DIT DSO was made up of officials, military personnel seconded to the Department and civil industrial personnel seconded to the Department in agreement with their respective companies. Frank Clifford (Deputy Director, DSO) became Head of Operations for the JACT. He had previously worked in the military and during that time established and ran the National Ebola Response Centre in Sierra Leone where he brought

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<sup>11</sup> During the pandemic, a lot of SCS roles were double staffed. This ensured that the civil service could work around the clock.

together a team drawn from non-government organisations (**NGOs**), government officials, and military personnel. All military personnel deployed to the JACT were of senior grade and had previous experience in building and leading teams in complex and demanding situations. They also had crisis management experience and relevant professional backgrounds, for example, logistics specialisms.

- 4.5. Due to the rapidly evolving situation, the focus at the beginning of the JACT was on defining the precise ask in terms of medical supplies to be sourced, clarifying and coordinating this ask for overseas teams, and putting in place the people, teams, leadership, and coordination structures in London necessary to organise and support this work. The teams came predominantly from staff redirected from work within FCO and DIT and the JACT was initially comprised of a greater number of FCO staff, (including two FCO Deputy Directors, Will Middleton and Nigel Baker) with a mixture of DIT and FCO staff working under them. In addition, there were staff from OGDs as part of rapid Covid-19 deployment. The rota of personnel moving in and out of the team was flexible to ensure the team was adaptable as the crisis evolved. More formal team structures were created as the scope of the work became clear over the first week of the crisis.
- 4.6. DIT and FCO agreed to daily meetings of the JACT. Anna Clunes and I co-chaired the first meeting on 28 March 2020, where it was agreed that the JACT would issue a joint daily situation report (**SitRep**) that would track sourcing efforts and actions required to unblock orders. For more information on the daily SitRep, please see paragraph 4.25. Actions from the meeting are provided at AM/028 INQ000492383. From 29 March 2020, representatives from DHSC and Cabinet Office were invited to attend the daily meetings.

*The JACT Objectives and Purpose*

- 4.7. Announcement of the new JACT unit and process was communicated to overseas posts on 27 March 2020. Please see AM/029 INQ000493794. All posts were asked to proactively identify and pursue potential leads for ventilators, and to avoid intermediaries unless they were already known or a highly credible organisation. Documents outlining the product specifications from DHSC accompanied the email and these are provided at AM/030 INQ000489562, AM/031 INQ000489563, AM/032 INQ000489560, AM/033 INQ000489564, AM/034 INQ000489565, AM/035 INQ000489553. It was stressed that securing equipment, particularly ventilators, was a top HMG priority.

- 4.8. On 30 March 2020, a joint Whitehall ventilator procurement plan, provided at AM/036 INQ000083713, was discussed at a meeting of the IMIG. The plan set out how HMG should aim to procure 8,000 ventilators by 13 April 2020. This was to be achieved through streamlining the purchasing system through the JACT, targeting specific priority markets that held potential supplies and securing existing orders. The requirement set by DHSC was for Intermittent Positive Pressure Ventilation (**IPPV ventilators**) though it was noted that PPE was another requirement (all categories of PPE with the priority being gowns and FFP3 masks). The plan set the departmental responsibilities and process for pursuing and securing international supply of ventilators. Posts and trade advisers sourced leads, the JACT reviewed, tracked, and escalated leads and DHSC reviewed specifications and authorised payment. A briefing provided to the Rt Hon Greg Hands for this meeting stated that DIT officials considered that, given the speed of the British Embassy, Beijing's response, the UK had purchased the majority of ventilators that were available from China at the time. The briefing is provided at AM/037 INQ000515605.
- 4.9. Ventilator procurement continued to be an agenda item for IMIG meetings chaired by the Foreign Secretary. On the same day, 30 March 2020, the Cabinet Secretary chaired a meeting of officials. The agenda is provided at AM/038 INQ000361446. An action from this meeting was for departments to engage IMIG on guidance for dealing with international partners and offers for help on PPE, with the FCO and DIT joint unit (which became known as the JACT) as a single point of contact within HMG. The full list of actions is provided at AM/039 INQ000251177.
- 4.10. At an IMIG meeting held on 31 March 2020, DHSC was set an action to "*provide clear steers on the specifications for medical equipment required to the FCO/DIT Taskforce so that they can provide clarity to posts on what they should be procuring*". The list of actions and decisions is provided at AM/040 INQ000494247. On 5 April 2020, DHSC provided triage guidance to the JACT on what ventilator opportunities should be forwarded to DHSC. This guidance is provided at AM/041 INQ000489583 and in the accompanying email at AM/042 INQ000489582. The instructions stated that the JACT and posts should only accept IPPV ventilators which would be delivered in April. The guidance instructed officials conducting triage to "*be cautious*" of new suppliers entering the market and claiming to have stock. This was due to an increase of 'middlemen' offering stock on behalf of companies. In relation to PPE, the JACT was a coordinating point for leads sent and information provided by DHSC by way of demand signals.

- 4.11. By mid-April, the demand for PPE supplies and test kits had increased substantially and securing PPE became another focus of sourcing efforts. On 10 April 2020, the JACT Joint Directors wrote to HoMs and HMTCs, following up on the correspondence sent on 27 March 2020 and detailed above at paragraph 4.7. The email and its attachments are provided at AM/043 INQ000492402, AM/044 INQ000492403, AM/045 INQ000489592, AM/046 INQ000489591, and AM/047 INQ000489590. The letter updated posts on the work that was coordinated from central London. It stated that orders for several thousand ventilators from overseas markets had been placed and the focus was on bringing ventilators into the country by mid-April. Accompanying the letter was an updated summary of critical buying lists, which listed gowns, body bags and face masks as the priority categories of PPE. On 12 April 2020, a further email was sent from the JACT Joint Directors to posts providing more detailed specifications and requirements for PPE. Please see AM/048 INQ000492405, and the additional attachment at AM/049 INQ000339324.
- 4.12. By 13 April 2020, 593 ventilators had arrived in the UK, with a reasonable best-case prediction of 3,451 by 30 April 2020. Please see the daily SitRep from this date at AM/050 INQ000510354. In relation to the procurement of ventilators, the focus was on expediting ventilators already under order. These were principally coming from China, and it was thought that these orders constituted all the available ventilators in the region.

#### *Changes to the JACT Operating Model*

- 4.13. A feedback session was held among the JACT on 8 April 2020. The notes from this session are provided at AM/051 INQ000489588. The JACT was set up rapidly and was initially structured around 24-hour shift patterns. Reflecting on the lessons from the initial fortnight of operations, it was recognised that greater clarity would be required going forward on the respective roles of DIT and FCO staff within the joint teams; a mixed model was appropriate for the immediate crisis response but greater specialism, clearer team roles and clear lines of escalation within departments would be needed in any longer-term structure. It was agreed that there should be a clear structure and division of labour and delineation of roles between the two departments. At this time the JACT was also moving away from focussing only on ventilators and was generating leads for PPE, medicines, and testing kits.
- 4.14. In line with the feedback from the team, and the increased range of products requiring sourcing, on 9 April 2020, a new operating model was announced. This was the first restructure of sourcing work in light of lessons learned, a fortnight into the crisis

response. Please see AM/052 INQ000489589. The new structure split the JACT into teams based on product types. This aligned the JACT teams with the structures set up in parallel within DHSC and took effect from 16 April 2020. An outline of JACT's initial staff roles is provided at AM/053 INQ000493831. JACT's Integration Plan is provided at AM/054 INQ000492406 and the email accompanying these documents is provided at AM/055 INQ000489596.

- 4.15. Anna Clunes, Ajay Sharma and I continued to run the JACT as Joint Directors. The new team structure split the JACT into two teams: Operations and Logistics, and Strategy, Comms and Briefing. A list of personnel in these roles is provided at AM/056 INQ000489595. Each team contained a combination of FCO and DIT personnel. The JACT continued to provide 24-hour support by retaining shift patterns to accommodate the different time zones the team was working across.
- 4.16. The purpose of the Operations and Logistics Team was to case manage the leads coming into the JACT from posts and assist with cross-governmental logistics issues. It contained four product line sub-teams: ventilators, PPE, testing kits, and medicines and new products. Each product line Team Leader was a member of the military. The product line teams were designed to directly align and feed into the government departments responsible for each product as set out below:
  - a) Ventilators – DHSC;
  - b) PPE – DHSC/Cabinet Office;
  - c) Testing kits – NHS England; and
  - d) Medicines and new products – DHSC.
- 4.17. The JACT sought to provide a central triaging function to collate leads from the overseas network and relay the leads to DHSC as the contracting authority. In order to determine (triage) whether a lead was within the scope of DHSC requirements, the JACT relied on specifications from DHSC, including the volume and technical specification of a product. When the JACT obtained a product guide, it was focussed on specification (which enabled the JACT to target specific suppliers); volumes were not initially specified.
- 4.18. The Strategy, Comms and Briefing Team had responsibility for producing the daily SitRep, briefings, policy papers, and other such communications. These played an important role in creating a single picture across government of progress in sourcing work, as well as issues for resolution.

*Support Provided to HMG Procurement Activities: Case Management*

- 4.19. The JACT was designed to be the single-entry point for HMG for new international sources of supply coming from posts, working with HLSB. Prior to the creation of the JACT, posts were sending leads directly into HLSB. The exception to this was the British Embassy, Beijing, which retained its existing operating model and continued to feed directly into DHSC as a priority market with established relationships. For this reason, as I have indicated, the JACT tracked and coordinated (where needed) the work of the China team but directed that of posts in the rest of the world.
- 4.20. The Operations and Logistics team within the JACT monitored the progress of a potential lead from enquiry through to order confirmation. Leads were sent in by posts, and these were forwarded to DHSC via upload to the Mendix information management system. The Mendix system was set up by Cabinet Office as a portal to capture and track the procurement workflow for PPE specifically. The JACT also tracked potential sources on live spreadsheets.
- 4.21. This process was set out in the guidance document that accompanied the new team structure announcement on 16 April 2020, this is provided at AM/054 INQ000492406. The end-to-end process was set out as follows:

*“Step 1: Sourcing – **Posts, DIT Healthcare unit, all relevant trade advisors** source medical equipment according to specifications.*

*Step 2: Triage – **Joint Assistance Team** triage live opportunities from sources. Aggregate into common database.*

*Step 2b: (If necessary) Escalate - Escalate for lobbying in the case of delays or possible restrictions.*

*Step 3: Qualification – **Post, DIT healthcare unit or trade advisor** engage with supplier to confirm all details and provide an initial view of desire to proceed.*

*Step 4: Confirm interest – **DHSC** confirms equipment and desire to proceed on basis of requirements provided, and issues Letter of Intent.*

*Step 5: Due Diligence & Preparation – **Post** conducts verification on the company and supports creation and negotiation of contracts in local language.*

*Step 6: Authorise payment – **DHSC** will authorise payment subject to anti-fraud checks, invoice information, confirmation that JACT is content to proceed.*

*Step 7: Track delivery – Joint Assistance Team monitors delivery progress, troubleshooting, and escalating if issues arise. 24/7 shift support.” (original emphasis)*

- 4.22. Leads coming from posts into the JACT were from suppliers that the UK had not traded with previously. They required numerous steps of verification and due diligence as they were not a part of the existing NHS supply chain. In April 2020, the JACT and posts were conducting initial verification of companies. The documents, such as that above at paragraph 4.21, use the term ‘due diligence’ for any sort of checks being conducted. As explained by the JACT in an email to DIT Commercial on 30 April 2020, the verification checks included asking the company for further information on the stock they held, checking if they were the manufacturer, checking company details, and asking for photographs of products. This email is provided at AM/057 INQ000492434. This was not what would be understood as ‘due diligence’ in the formal sense by the GCF. However, the leads were passed on to DHSC, who completed the technical assurance and substantive due diligence required in order to award contracts.<sup>12</sup> DIT Commercial was not yet formally embedded into the structure of the JACT at this stage and these issues were part of the initial focus of the DIT Commercial team once integrated into this work. The role of commercial teams in the JACT is discussed below at paragraph 4.35.
- 4.23. The JACT testing kits, and medicines and new products teams were small and worked with their counterparts within DHSC and the NHS to ensure posts had the latest information in relation to buying, including relevant specifications. The assessment at the time was that the process worked well for these two teams, and JACT officials were confident that enquiries were being progressed once they were handed over to DHSC and Cabinet Office.
- 4.24. In relation to PPE, the number of potential leads and the demand requirements were significantly higher. At this stage, the JACT was forwarding a large number of offers to DHSC as given the scale and enormity of the crisis, officials wanted to ensure that no potential lead was missed that could increase the PPE supply to the UK. However, the increase in the volume of leads highlighted operational issues with the JACT model. These are discussed further at paragraph 4.43.

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<sup>12</sup> The PCR does not expressly define what due diligence is required in public procurement. This is often dependent on the specific circumstances, including what goods are being procured, and varies from department to department. The Department, therefore, cannot provide information on what due diligence was being conducted by DHSC.

*Support Provided to HMG Procurement Activities: The SitRep*

- 4.25. It was agreed at the first daily meeting of the JACT that a joint daily SitRep would be issued and set out the work being done to source medical equipment, as well as highlighting any blockages that required ministerial attention. The first SitRep was issued on 28 March 2020. This is provided at AM/058 INQ000510295, with the accompanying email provided at AM/059 INQ000492379.
- 4.26. The SitRep brought together data from across HMG and the JACT became the ‘single source of truth’<sup>13</sup> on international procurement of medical supplies and equipment. The SitRep was a joint FCO, DIT and DHSC product. To create the SitRep, the JACT received daily updates from posts and DHSC and analysts collated the data. Draft versions of the SitRep were cleared by all three departments. The data primarily came from DHSC who, as the contracting authority, had data from the multiple teams across HMG that were sourcing leads. The SitRep focussed on the new sources of supply and did not include figures from DHSC’s direct procurement from existing suppliers through the SCCL. This was noted in the SitRep by way of a caveat that the figures represented did not always include direct procurement by DHSC, NHS Trusts, or Devolved Administrations. The SitRep data therefore did not capture the facilitator of each contract, or involvement in orders where the JACT or HLSB may have assisted with logistics or unblocking trade restrictions. The SitRep also included data from the sourcing efforts of the China team, who were sending leads directly to DHSC. The SitRep was distributed to departments involved in procurement, including DHSC, Cabinet Office, No 10, and NHS England. It was also distributed to DIT HMTCs and ministerial offices.
- 4.27. Early productions of the SitRep provided figures for completed contracts, as well as leads undergoing the procurement process and those still being triaged. As the SitRep developed and procurement efforts moved from ventilators to PPE supplies, the format changed and only figures related to finalised contracts or those very close to completion were included. This reflected the significant increase in volumes of supplies being purchased, and the need to maintain a clear and user friendly SitRep to inform future procurement activity. The SitRep included priority actions and set out risks to contracts that required unblocking by posts or potential ministerial intervention.

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<sup>13</sup> The terminology “*single source of truth*” used in the underlying documents describes an information collation method that aggregates data from multiple sources into one place.

- 4.28. In early April 2020, the department leading on collation and distribution of the SitRep alternated each day between FCO and DIT. Once the team structure changed on 16 April 2020, the Strategy, Comms and Briefing team was responsible for the SitRep. The SitRep continued to be produced and circulated until the end of July 2020, when the GSSEP transitioned into Project DEFEND and short-term sourcing from international suppliers was paused.
- 4.29. Sourcing effort was particularly focussed on the Asia Pacific region due to the large number of manufacturers based there. Natalie Black (HMTC for Asia Pacific) set up a coordination team operating out of the British Embassy, Tokyo to assist posts in the region. This coordination team produced a daily Asia Pacific medical supplies update for Natalie Black. The first was circulated on 1 April 2020 and the email and attachment are provided at AM/060 INQ000492395 and AM/061 INQ000510151. The report was split out by market and provided an update on procurement efforts and obstacles in each location. Once the JACT was set up and running, the daily report was sent to DIT JACT colleagues based in London. The coordination team also created a guidance document that brought together all the resources that the Asia Pacific posts required to source leads. Please see AM/062 INQ000489585 and AM/063 INQ000496610. HLSB provided support to Natalie Black and the Asia Pacific coordination team by conducting literature reviews to determine manufacturing capability in the region. HLSB reviewed various sources, including online databases and local reports, and then used this market intelligence to compile lists of local manufacturers that could be potential new sources of supply.

*Support Provided to HMG Procurement Activities: Donations Team*

- 4.30. From late March 2020, HMG began receiving offers of donations of medical supplies and equipment. On 14 April 2020, the JACT created a Donations Team to assist with cross-governmental management of the offers. DHSC was responsible for authorising donations. The donations policy was owned by Cabinet Office on behalf of DHSC.
- 4.31. The Donations Team within the JACT assisted by triaging offers and working with overseas posts to manage bilateral relationships with donor entities. The Donations Team was absorbed into the GSSEP structure on inception. Following the introduction of a new donations policy, the GSSEP Donations Team closed on 12 June 2020 and responsibility transferred back to Cabinet Office. After this point, at Cabinet Office's request, the GSSEP retained a member of staff as point of contact for government departments on donations and continued to provide troubleshooting

support for international donations. The donations policy and transition plan, presented to the GSSEP Board on 11 June 2020, can be found at AM/064 INQ000510425.

*Commercial Involvement in Procurement of Medical Equipment and Supplies*

- 4.32. As set out previously, China was the primary source of medical equipment and supplies in March 2020. The China team was working directly into DHSC and Cabinet Office with minimal involvement from DIT personnel based in London. On 27 March 2020, at the Prime Minister's daily strategy meeting, an action arose for *"DIT and FCO to embed commercial specialists urgently in BE [British Embassy] Beijing"*. The meeting actions are provided at AM/026 INQ000492377. DIT and FCO officials in London and in China assessed that it was not physically possible to embed further staff into the British Embassy, Beijing due to China's quarantine restrictions. Further information can be found within the emails provided at AM/065 INQ000492382. New entrants to China were required to quarantine for 14 days and would not have had access to their HMG equipment and systems. It was also considered unnecessary to embed further commercial specialists due to the commercial support already being provided by FCO. DIT provided this information to Cabinet Office on 29 March 2020 via an update in relation to the meeting action. This is provided at AM/066 INQ000492386.
- 4.33. The meeting action also prompted Gareth Rhys-Williams to ask the Commercial Directors within DIT, FCO, and DfID about their team's involvement in China. Please see AM/067 INQ000492380. In response, Tracey Williamson (Chief Commercial Officer, FCO) confirmed that FCO Commercial staff overseas were working with and supporting posts. Please see AM/068 INQ000492381. The procurement hub in Manila had specifically been assisting the China team with its sourcing of ventilators by *"setting up suppliers and undertaking due diligence"*. In relation to the sourcing of PPE from the China team, the email stated that *"supplier identification is going into DHSC for them to carry out assurance and supplier payments"*. This work was then fed directly into the DHSC and Cabinet Office procurement team. FCO was also providing commercial support to other posts and, in countries where there were no FCO Commercial personnel within the embassy, the work was conducted by the regional hub. The records held by the Department do not indicate what level of due diligence was being undertaken by the FCO procurement hub, and the FCDO may be able to provide further information on this.

- 4.34. The DIT Commercial team based in London was not involved in the sourcing work occurring in China at the time and DIT was not the contracting authority for China procurement supplies.
- 4.35. In an email in early April 2020, Catherine Vaughan asked DIT Commercial to assist the JACT and provide me with support on the commercial aspects of the team. This email is provided at AM/069 INQ000489575. Due to the way the GCF operated, DIT Commercial had established networks into other government commercial teams that were already undertaking procurement of medical supplies. Catherine Vaughan was concerned that the JACT should not operate in isolation but should remain linked in with the wider HMG procurement activities. FCO Commercial was based overseas in post, and since the launch of the JACT and restructure to central coordination, there was a need for commercial liaison in London. It was envisaged that DIT Commercial would fill this role and link the overseas teams to DHSC and NHS commercial teams. DIT Commercial considered themselves best placed to escalate any issues to Gareth Rhys-Williams. Please see the email from Paul Kellett at AM/070 INQ000489579. This offer of support was particularly welcome and Paul Kellett and Ceri Owen-Bradley were brought onboard as senior commercial personnel.
- 4.36. Once DIT Commercial began to assist, their assessment was that there was a gap in the skillset within the JACT. Although the JACT was not directly procuring, as it was not the contracting authority, it was involved in procurement processes. This led to their assessment that there was insufficient commercial resource within the JACT team. As detailed at paragraph 4.13, the JACT was evolving from an immediate crisis response to a more structured response as the scope of the work on the crisis became clearer. As mentioned at paragraph 4.14, a new structure and initial organogram was announced on 9 April 2020. Immediately prior to this restructure, DIT Commercial had provided some suggestions on restructure, specifically on how to embed commercial specialists from DIT or FCO, and officials with medical knowledge of the relevant products, into the structure. These suggestions were contained in a draft document provided at AM/071 INQ000489599.
- 4.37. This assessment was helpful. As discussed in more detail below at paragraph 4.51, DIT Commercial should have been included from the outset and the fact that it was not was largely a function of the unclear requirements on the team during the initial crisis response. This was one of the several lessons learned from the first stage of the crisis response, noted also in later lessons learned reviews. While the recommendation to include DIT Commercial was immediately accepted, a new

iteration of the organisation chart was released during that transition period without DIT Commercial visibly identified in the structure. This was a time lag question but emailing at the time reflects DIT Commercial colleagues' concerns that their suggestions were not being taken on board. This concern is reflected in internal communications within DIT Commercial. Paul Kellett stated that the new structure that was announced "*doesn't take on board our suggestions at all and I do believe what we suggested is a stronger proposition*". Please see AM/072 INQ000489593. Paul Kellett raised these issues with me on 14 April 2020:

*"A concern I have is that I think some of those performing key roles may not be of the right level/skillset (happy to elaborate and test with you) and also I think greater clarity of senior ownership of the key processes being followed is needed to ensure they work effectively both internally and dock into the wider DHSC system – we keep coming across key people who are unaware of the JACT role – or sometimes even unaware of the JACT itself..."*

This email is provided at AM/073 INQ000489598.

- 4.38. This was rectified following a further exchange between Paul Kellett and myself and by 20 April 2020, conversations had started around a new structure (which would later become the GSSEP). In an email on this date to JACT senior officials, I reflected that I thought "*We have established a viable commercial process in the JACT, with support from commercial specialists.*" This email is provided at AM/074 INQ000493858. DIT Commercial was embedded in the GSSEP and worked quickly to formulate guidance and train the team. This is discussed in further detail in Section 7:.
- 4.39. At this time, the Operations and Logistics team also had concerns with how the JACT was operating and working into the wider government procurement structures. The sheer volume of leads emerging for PPE supplies meant that there were bottlenecks into DHSC. By 20 April 2020, there were significant backlogs in the system, with around 7,000 PPE leads requiring processing by DHSC. On 18 April 2020, the Health Secretary and Foreign Secretary met to discuss the delays and backlogs and potential ways forward. The Foreign Secretary asked DHSC to design a protocol that would delegate authority directly to FCO posts to purchase urgent PPE stock. As part of the protocol proposed by DHSC, ambassadors would be required to sign off a 'simplified checklist' of assurance. This is reflected in an email from DHSC provided at AM/075 INQ000493849. The checklist included:

*“a. Do you trust the seller?*

*b. Have you taken reasonable steps to check the stock exists and meets our minimum standards? Flag for checking in UK if not.*

*c. Have you satisfied yourself on process and Ts&Cs?*

*d. Have you checked it does not cut across other UK buying activity.”*

4.40. In parallel, the JACT drafted a proposal for how HMG could boost its international procurement, taking into consideration the Foreign Secretary’s request to delegate authority to posts. The proposal is provided at AM/076 INQ000493857, and the accompanying email correspondence is at AM/077 INQ000489606. The draft proposal also detailed the issues that the JACT was experiencing. The JACT was receiving complaints from companies about the delays, and they did not hold information on the status of opportunities to be able to update potential suppliers. The proposal sought to reduce the 5 to 14-day turnaround time for a lead to two days by transferring greater responsibility for procurement decisions to ambassadors, thereby tightening the decision making cycle. The proposal stated that the JACT would provide a *“procurement hub, with expertise in due diligence, contracts, payments and logistics for HMAs to call upon”*. This proposal was ultimately not adopted, reflecting the concerns expressed by teams, such as that of DIT Commercial mentioned at paragraph 4.37, that the JACT (at that time) did not have the required commercial capability or skillset to undertake the role. Further, that the sole and proper authority remained with DHSC as commercial lead. These concerns were more generally shared within the JACT.

4.41. The proposal to delegate authority also sought to increase the responsibility of posts in relation to conducting assurance checks, with the addition of the ‘simplified checklist’ discussed above. However, DIT Commercial, HLSB and posts themselves were concerned about their commercial capability to do this given it was not within the remit of their usual role. In response to the proposal to delegate authority, HLSB noted:

*“I think Post teams would also appreciate some guidance or tools for doing diligence on potential new suppliers from their markets/best practice in supporting procurement. It’s not business as usual for most staff (different from our usual business engagement) and this is feedback we’ve had from the US team for example”.*

This is provided at AM/078 INQ000493859.

- 4.42. Commercial teams across government had concerns about the proposal to delegate authority to HoMs. On 20 April 2020, a cross-Whitehall meeting was held with commercial teams from DHSC, DIT, FCO, DfID and Cabinet Office. Emails reflecting on the meeting are provided at AM/077 INQ000489606. It was agreed not to implement this proposal; rather DHSC should remain the signing authority and accounting officer for procurement and authority would not be delegated to departments or ambassadors. It was also agreed that due diligence would not be entirely outsourced, and that FCO/DIT commercial teams would undertake some of the initial due diligence. The concerns set out above at paragraph 4.41 were addressed by incorporating commercial resource into the GSSEP, and further information on the due diligence process after 20 April 2020 can be found in Section 7:.

*Operational Challenges within the JACT and Lessons Learned*

- 4.43. At the time, the view held by all DIT teams was that there were operational issues with the JACT model. However, there were some differences of opinion on the underlying causes of the issues, including the following:
- a) The JACT and posts were of the view that the lack of frequent demand signals from DHSC meant they were potentially pursuing leads for unrequired products;
  - b) The JACT and posts were also frustrated by the delays in obtaining feedback from DHSC/Cabinet Office on leads sent to them, and that this risked the UK missing opportunities due to the fast pace of the market;
  - c) In response to feedback about delays in decision making, DHSC felt that the JACT was not adequately determining the viability of offers before progressing them to DHSC;
  - d) HLSB received feedback from posts who sought guidance on the triage checks that they should be conducting, and felt the JACT and posts teams required formalised guidance and further training; and
  - e) DIT Commercial felt there was lack of commercial skillset within the teams, and this meant the leads being sent to DHSC had not been verified or triaged to a high enough standard for DHSC to progress them, and therefore contributed to the backlog.

- 4.44. These concerns were justified. HMG procurement teams were set up at pace in early April in conditions of flux and were continually seeking to adapt to a changing supply market and optimise the joint working systems. As outlined below, the creation of the GSSEP was designed to address these weaknesses but it is right to recognise the difficulties encountered at that early stage.
- 4.45. The difficulties experienced by the team can in part be explained by the lack, at the time, of a system for DHSC to provide accurate and updated 'demand signals' on the demand for supplies including the quantity of goods required. The assessment at the time was that the frequency of such communication of supply needs was sub-optimal.
- 4.46. The difficulties also reflected the fact that officials in post and the JACT were experiencing a fast-moving market and were more concerned principally to ensure that the UK did not lose potential opportunities to competitors who could process leads more swiftly. It was the view of posts and the JACT that the decision making within the wider DHSC and Cabinet Office procurement teams was not fast enough at that time. In one particular example, the JACT expressed their concerns to DHSC regarding a ventilator lead that, *"[One] concern flagged to me by the team, and some of our embassies, has been the difficulty of ensuring a fast turnaround from DHSC of the proposals coming from posts and being coordinated by the JACT, and therefore risking losing opportunities."* In response, DHSC stated *"my understanding was that the Embassy there passed it to us before doing any of the due diligence and no evidence that the deal was real"*. This email is provided at AM/079 INQ000493811.
- 4.47. The suppliers being sourced and triaged by DIT officials within the JACT and in post were new and therefore required more validation and checks than existing suppliers. DHSC was also increasingly encountering potentially fraudulent 'middlemen' who made unsubstantiated claims about sources of supplies. Moreover, it was becoming apparent, at this time, that most potential sources of supply were either already known to DHSC or being sent to DHSC from other avenues (such as the China team). At this stage, the JACT and post teams had been rapidly set up and had only operated for a few weeks. There was no established guidance or processes for JACT officials and posts in relation to checks prior to submitting them to DHSC. Further, as DIT officials had no decision making role in what would lead to a contract, they were conscious of not missing any potential leads that could assist the UK's efforts. As the JACT team, as initially set up, lacked expertise in medical supply product sets and commercial processes and as DHSC was sole contracting authority, the JACT was not able in the context of lead generation to add value to its real potential, in some

respects merely adding to the volume of leads that DHSC needed to process rather than providing substantive assistance to DHSC in prioritising legitimate leads.

- 4.48. These issues continued such that it was the view of JACT leaders that the team was not operating as intended and change was required. The frustrations regarding the wider PPE commercial process were expressed by Gus Wiseman (JACT Head of Operations) when commenting that: *“the current system [for PPE] is broken. 7,000 leads in a backlog, 3 week waiting times for companies, very poor responsiveness from Cabinet Office to issues and challenges in consistently engaging on long-term change”*. This email is provided at AM/080 INQ000489625. Frank Clifford (Head of Operations, the JACT) also held this view and noted in an internal email on 23 April 2020 to JACT leaders: *“We have written out to many HMAs last night, who will I am sure be focusing considerable effort into producing PPE opportunities for the UK. When that information arrives in the JACT and we process it and forward into CO/DHSC, I have no confidence that we will hear anything back from that organisation or if those offers will be taken forward in a timely manner.”* On 1 May 2020, Frank Clifford forwarded the email thread to Fred Perry (Deputy Director, DIT JACT) and stated that *“The PPE team is adding **no** value but at the same time are under increasing pressure.”* (original emphasis) These emails are provided at AM/081 INQ000493919.
- 4.49. While the officials in question worked long hours in good faith to support HMG’s response, taking on work that fell outside their usual BAU role, the rapidity of the onset of the crisis, exceptional market conditions and speed of response created real difficulties in setting up a viable operating model. As Gus Wiseman noted, *“Frank and I along with the team leads have been so stretched just i. meeting urgent briefing requirements, ii. inducting new staff, and iii. consulting on impending change, that it has been very hard to step back and get the basics spot on.”* This email is provided at AM/082 INQ000493896. In another email, an official said that in practice this meant that the JACT PPE team were acting as ‘middlemen’ and escalating leads further rather than progressing the lead through the steps required before a contract was agreed.
- 4.50. HLSB, who were experts in the healthcare sector, considered that the JACT staff did not have the requisite healthcare background for the role they were undertaking and suggested that JACT personnel be trained and equipped with product and process material to mitigate this. This email is provided at AM/075 INQ000493849. They believed that the team would benefit from specific instructions and checklists.

- 4.51. As outlined above, DIT's initial objective was to maximise the number of new leads that would be available to DHSC. The JACT model at the time required leads to be passed on, leaving DHSC with the due diligence responsibilities for these leads. Further work was required by DHSC to ensure that the triage and verification process undertaken by the JACT and posts was completed. These issues existed during the procurement of ventilators, but it was the switch to PPE and the resulting increase in volume that highlighted the changes that were required and the issues with the system at that time. As noted at paragraph 4.37, there was no DIT Commercial resource embedded within the JACT at this stage, and lessons learned exercises later concluded their involvement would have been helpful. Once there was commercial support embedded, we were able to relieve some of the burden of work on DHSC by putting in place commercial processes that ensured the triage and verification of leads was to the requisite standard before being passed to DHSC. These issues were resolved with the inclusion of commercial resource in the teams and creation of the GSSEP.
- 4.52. The JACT's work in its first weeks was inhibited by the absence of a tested contingency plan for crisis response, which meant that new structures and processes needed to be created as the crisis was unfolding. The Department had a draft formal business continuity plan in place at the time the pandemic began but this had not yet been formally adopted. The Government Internal Audit Agency (**GIAA**) conducted a review in July 2020 of the GSSEP and concluded that the Department did not have an established procedure in place prior to the pandemic to mobilise rapid response teams with the requisite skills at the pace required by the pandemic. The GIAA report is provided at AM/083 INQ000492578 and is discussed in more detail at paragraph 9.21.
- 4.53. As a result of the challenges faced by the JACT in its initial weeks, as outlined in detail above, the JACT struggled to achieve its initial objective to progress new leads to completion. However, the JACT was successful in producing the single data point for leads across HMG, via the SitRep, which continued to be collated and circulated by the GSSEP until July 2020 and DIT teams, such as those working with the China team, and the HLSB who worked alongside the JACT, were successful in establishing processes for coordinating ministerial intervention, and unblocking issues caused by export bans. Project DEFEND also made a significant contribution to critical supply chain resilience. The experience of the JACT laid the groundwork for more successful work of the GSSEP on strategic suppliers and major markets as the crisis developed.

The new GSSEP structure was set up to incorporate the learning and changes identified by the JACT senior leaders and other DIT and Government teams.

*Incorporation of the JACT into the GSSEP*

- 4.54. It was recognised across HMG that the approach to procurement of PPE needed to be improved and that greater cross-department collaboration was required. On 19 April 2020, it was announced that Lord Deighton had been appointed by the Health Secretary to lead the national effort on domestic production of essential PPE. On 20 April 2020, in an email from the private office of the Permanent Secretary it was noted that *“Cab Sec/No 10 are getting concerned about lack of overall grip on supply chains work (both domestic and international) across all areas, including medical and food.”* The email is provided at AM/084 INQ000493856. In response to this in the same email thread, HLSB Director, Harjinder Kang, noted that:

*“There are too many competing/duplicating structures in place [...] I think the new discussions on simplification that are being had for procurement at post, after agreeing the ‘shopping list’ directive from DHSC, is a move in the right direction. Many skills gaps and risks need managing in that process too but it will speed things up with dedicated and tailored support team for each post.”*

- 4.55. On 21 April 2020, the Cabinet Secretary chaired a meeting that discussed next steps on PPE following this announcement. The meeting brought together representatives from Cabinet Office, DIT, DHSC, HMT, and No 10. It was agreed that Cabinet Office would draw up a programme plan for the work, that Lord Deighton would lead on domestic supply, and DIT would lead on coordinating international PPE supply. A readout and formal set of actions from the meeting are provided at AM/085 INQ000492420 and AM/086 INQ000492644. DIT was tasked with setting out a strategic approach to increasing the international supply of PPE, including how we should *“make the UK the ‘world’s best customer”*. Offices for the Secretary of State for International Trade and DIT ministers were informed of this on the same day, in an email from Cabinet Office which is provided at AM/087 INQ000493863.
- 4.56. On 23 April 2020, the Permanent Secretary responded on behalf of DIT to the tasking with a note to the Cabinet Secretary setting out the proposed plan, the stated aim of which (as per the tasking) was to seek to make the UK *“the best buyer of PPE in the world”*. This letter is provided at AM/088 INQ000493876, the plan is available at AM/089 INQ000493875, and the accompanying email is provided at AM/090 INQ000489610. The letter and accompanying slides proposed the establishment of

a cross-Whitehall programme, IPROMS, that would oversee a single, coordinated delivery system for international procurement of medical supplies. The programme would be led by cross-government teams including DIT, Cabinet Office, DHSC, and FCO. The programme would leverage UK-based capability to support posts, with the GCF playing a crucial role. Purchasing authority would remain with DHSC who would be responsible for all contracting and payments, as well as providing the list of requirements against which targeting and sourcing would be provided. This proposed programme incorporated the existing JACT function of sourcing and triaging potential offers, whilst also developing engagement plans and procurement strategies for specific critical markets.

- 4.57. At the same time, on 23 April 2020, Cabinet Office developed a draft PPE Programme Plan. Please see plan at AM/091 INQ000489614 and email at AM/092 INQ000489613. The programme plan split the strategy for PPE into five activities:
- a) Establishing an accurate demand signal (health and non-health);
  - b) Sourcing sufficient supply (international and UK);
  - c) Making appropriate allocation decisions;
  - d) Distribute supplies where and when needed; and
  - e) Ensuring appropriate usage.
- 4.58. On 23 April 2020, the Cabinet Secretary chaired a further officials' meeting on PPE to discuss the proposed wider PPE Taskforce, and the overall approach was agreed. A readout and list of actions from the meeting is provided at AM/093 INQ000493878 and AM/094 INQ000493880. The IPROMS programme, as described above and initially envisaged, foresaw DIT in the lead role for international procurement. However, DIT and others were concerned at the time that DIT did not have the right skillset to formally lead specifically on the particular contracting authority/procurement aspects of the work. As a result, it was determined that the overall strategic programme was to be overseen by Cabinet Office, involving DHSC, the NHS, Cabinet Office, and DIT. The draft PPE Programme became the cross-Whitehall PPE Taskforce led by Lord Deighton.
- 4.59. The proposed IPROMS was not adopted and the PPE Taskforce was given the lead on PPE, with DHSC the lead on procurement overall, while the GSSEP was created to lead on new international sourcing, working to the PPE Taskforce. At the meeting with the Cabinet Secretary, the Permanent Secretary set out the plan for the

international supply work which included *“focus countries, strategies for ministerial engagement, the need for a prioritised demand specification including price points and a single coordinated delivery system with appropriate accountability.”* DIT’s responsibilities therefore continued to focus on sourcing potential opportunities and assisting with procurement only. The readout of the meeting also stated that *“The Cabinet Secretary was clear that the PM will take a ‘whatever it takes’ approach on PPE, including purchasing at risk, longer term contracts and investment in domestic production capacity if necessary.”* The readout is provided at AM/093 INQ000493878. At the meeting, it was also agreed that DHSC remain the contract owners for the purchase of PPE. To answer one of the specific questions raised by the Inquiry, in Accounting Officer terms, it was not DIT’s role to sign for or award contracts for healthcare equipment and supplies abroad and we have not found any evidence that DIT staff did so. This also applies to DIT staff in the China team, see further paragraph 13.13 below.

- 4.60. Following the meeting, on 24 April 2020, DIT held an internal resourcing meeting with the JACT senior leadership and HR representatives to discuss the changes required to transition the JACT to working within the wider PPE Taskforce programme. Notes from this meeting are provided at AM/095 INQ000493886. One of the changes from the existing JACT to the model under the GSSEP, was the creation of the new country model. The model was adapted to focus on opportunities in specific markets and shift away from a broad-brush sweep for leads. This idea was already evolving before the announcement of the HMG-wide PPE Taskforce and followed how HLSB had structured their team. HLSB found it worked well for posts to liaise with a team that was assigned to their country rather than splitting their involvement across multiple teams that were dependent on the product. The JACT proposal discussed above at paragraph 4.40 had also raised this idea, which recognised what had been learned about what might be available in certain markets. Whilst the suggestion to delegate authority to ambassadors was ultimately not adopted, the second proposal suggested the JACT focus on priority markets where procurement efforts should be concentrated. At the time, the proposal had stated that *“priority markets are still under discussion by DHSC and JACT, and subject to sign off by DIT SoS and FS”*. Please see plan at AM/076 INQ000493857. This was now being incorporated into the structure that became the GSSEP, changing the focus to specific geographic markets rather than products alone.

- 4.61. On 27 April 2020, the PPE Taskforce led by Lord Deighton was launched. The GSSEP formally began operation on the same day.<sup>14</sup> Previously, the JACT had been jointly led by DIT and FCO. However, the GSSEP was led by DIT with me as SRO. FCO staff did work within the GSSEP however, the leadership team was constituted with DIT staff and is set out in further detail below. As there were FCO staff working in the GSSEP, there were three FCO Directors who rotated weekly to represent FCO interests at Director level. FCO officials in post, including the regional procurement hubs, continued to support the activities occurring in embassies, high commissions and consulates.
- 4.62. Globally, the demand for medical equipment and supplies far outweighed supply. For certain products, there were few 'ready made' supplies available globally. As the UK's requirement for PPE continued to grow, HMG began to consider domestic capabilities for manufacturing the supplies required. The PPE Taskforce included the GSSEP and the 'Make' workstream, led by Lord Deighton. These two programmes made up the 'supply' component of the plan set out at paragraph 4.57.
- 4.63. The JACT was still referred to as a separate team, but sat within the GSSEP, until its formal closure on 8 June 2020. The terminology for this team varied and I will use the term the GSSEP Operations (**GSSEP Ops**) to describe the JACT once it was incorporated into the GSSEP. Please see Section 7: for more discussion of this team.

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<sup>14</sup> To note, GSSEP was the final name chosen. In some documents, the project is also referred to as the 'Global Sourcing and Coordination Project'.

## Section 5: Facilitation of Trade In and Out of the UK

- 5.1. In this section, I set out the role, function and responsibilities the Department had in relation to trade restrictions during the pandemic.

### *Trade Restrictions Affecting Exports to the UK*

- 5.2. Prior to the pandemic, DIT did not have a standing team dealing with export bans imposed by markets around the world. It is likely that the relevant sector team would have dealt with any issues that arose within their sector and affecting imports into the UK. Consistent with this, when the pandemic affected healthcare products, HLSB stepped in to resolve these issues.
- 5.3. During the pandemic, countries began to implement restrictions on medical products being exported to address shortages within their own country. This had an immediate effect on orders bound for the UK. In March 2020, HLSB set up a rapid response unit and one of its focusses was on unblocking trade restrictions. From mid-March 2020, HLSB, alongside DIT trade experts in post, collated and maintained a log of temporary trade restrictions on medical supplies.
- 5.4. By April 2020, HLSB had established a Product and Country Export workstream and developed a process to deal with each of the trade restrictions. On 2 April 2020, Dr Aphrodite Spanou emailed the HLSB senior management team setting out the process as agreed between DHSC, DIT, and FCO. This email is provided at AM/096 INQ000493808. The process consisted of DIT collating and tracking information on new export restrictions and DHSC providing daily intelligence reports on specific orders or opportunities affected by supply chain barriers. Weekly DHSC/DIT/FCO official level calls were held to discuss progress and escalation, and the Rt Hon Greg Hands met with Lord Bethall (Parliamentary Under-Secretary of State, DHSC) weekly to oversee progress and intervene as appropriate. This process applied to existing orders already placed to ensure management and escalation so that the order could be delivered to the UK.
- 5.5. In late March 2020, DIT's Bilateral Trade Relations (**BTR**) team took on tracking the existing and emerging trade restrictions in place. In an email to HMTCs sent on 31 March 2020, they confirmed they were providing regular (at that time, daily) updates to the Secretary of State for International Trade on trade restrictions. This email is provided at AM/097 INQ000492393.
- 5.6. The restrictions in place were often complex and HLSB worked with DIT's overseas network to coordinate efforts that lobbied foreign governments to remove or delay

export restrictions to unblock medical supplies destined for the UK. This involved close working with the DIT overseas network who were in post and assisting efforts to unblock orders.

- 5.7. As the pandemic continued, issues with export restrictions began to reduce and DIT increasingly focussed on securing the supply chain. This is discussed further in Section 8: and Section 11:.

#### *Exports Authorisation Out of the UK*

- 5.8. On 15 March 2020, the EU introduced temporary export restrictions on PPE products via Regulation (EU) 2020/402 (**the Regulation**). The Regulation and guidance are provided at AM/098 INQ000493756, AM/099 INQ000493766 and AM/100 INQ000493767. The Regulation stated that exports of PPE would be subject to an export authorisation by the competent authorities of the respective member states. The UK were obligated to abide by these requirements under the terms of the EU-UK Withdrawal Agreement. DHSC was the competent authority for the UK, and decided if a PPE export controls authorisation would be issued or not.
- 5.9. On 20 March 2020, Harjinder Kang wrote to HMTCS and provided an update on exports out of the UK. This email is provided at AM/101 INQ000489556. The email set out the new temporary regulations put in place, and also stated that *“[c]urrently the UK supplies are adequate for projected domestic needs, but due to global supply constraints, **DHSC has asked DIT not to actively facilitate UK exports of any healthcare products related to the COVID-19 response at this time.**”* (original emphasis)
- 5.10. HLSB assisted DHSC with issuing export control authorisations to UK companies exporting medical products. However, DIT did not make the final decision on whether an export authorisation was to be issued. As most exports were existing orders, the number of export approvals was high. A shared inbox was created and managed jointly by DHSC and HLSB. There was a significant number of enquiries coming in from businesses who were provided with the specific criteria they were required to meet. HLSB officials checked the products against the requirements and a form was filled in by the organisation and provided to DHSC for decision making.
- 5.11. HLSB’s healthcare sector knowledge of exports, derived from their role before the pandemic, enabled them to provide expert knowledge and input to DHSC. HLSB assisted with understanding the EU guidance and feedback from businesses was that they found the process implemented by DHSC and DIT useful.

- 5.12. The EU regulation was originally implemented for six weeks following the announcement on 15 March 2020. It was extended for a further 30 days by Regulation (EU) 2020/568, however, export authorisations were no longer required for face shields and gloves. This Regulation is provided at AM/102 INQ000493877.
- 5.13. On 7 May 2020, HLSB provided a further update to HMTCs and DIT officials in the UK. This email is provided at AM/103 INQ000493953. The update stated that the UK had no current export restrictions on Covid-19 products but noted that the UK was still bound by the EU regulations for export authorisations.
- 5.14. On 25 May 2020, the EU export authorisation requirement for PPE products expired and was not extended.

## **Section 6: The GSSEP's Governance, Formation, and Structure**

- 6.1. The following sections detail the work of the GSSEP from its launch on 27 April 2020 through to when it transitioned into Project DEFEND on 3 August 2020. I have sought to address its structure, purpose, and objectives, how it worked with OGDs, and its activities during the pandemic.
- 6.2. As detailed below, the GSSEP was structured into three strands (Commercial, GSSEP Ops, and International), with each strand overseen by a Director. The sections within this statement about the GSSEP are organised in a similar way with Sections 6 – 9 of my statement structured as follows:
- a) Section 6: The GSSEP's Governance, Formation, and Structure focusses on the mechanisms put in place to manage the GSSEP;
  - b) Section 7: The GSSEP Operations Team section details the work of the team formerly known as the JACT which was now led by Martin Kent (Project Director);
  - c) Section 8: The GSSEP International team section provides information on the 'country teams' set out above at paragraph 4.60 which was now led by Crispin Simon (former HMTIC for South Asia, and International Director); and
  - d) Section 9: The GSSEP Transition and Lessons Learned section sets out how the GSSEP transitioned into Project DEFEND, summarises the achievements of the team, and details lessons learned.
- 6.3. The commercial strand, led by Paul Kellett, worked across both the GSSEP Ops and International teams and so the work of the commercial specialists is discussed in both Sections 7 and 8.

### *Governance of the GSSEP: the Project Board*

- 6.4. On 21 April 2020, at the officials meeting chaired by the Cabinet Secretary discussed at paragraph 4.55 above, DIT was appointed to lead on coordinating international supply of PPE. The First Secretary of State oversaw the GSSEP through the IMIG (M).
- 6.5. I was initially placed on temporary promotion in April 2020 to Director General, Strategic Global Supply and Coordination, and led the GSSEP as SRO. I was formally promoted to Director General in May 2020 and reported to the Permanent Secretary.

6.6. The GSSEP was overseen by a Project Board (**GSSEP Board**) which I chaired. The GSSEP Board membership included the GSSEP senior leadership team, as well as representatives from NHS England, FCO, DHSC, BEIS, and Cabinet Office. The GSSEP Board met weekly, with the first meeting held on 7 May 2020. The agenda and papers for the first meeting are provided at AM/104 INQ000515642, AM/105 INQ000493946, AM/106 INQ000493943, AM/107 INQ000515643, AM/108 INQ000515644, AM/109 INQ000515645, AM/110 INQ000493944, AM/111 INQ000510411, AM/112 INQ000515646. It was at this meeting that the GSSEP Board Terms of Reference and governance structure was agreed. The minutes of the meeting are provided at AM/113 INQ000493977.

6.7. The Terms of Reference set out the GSSEP Board's objectives and responsibilities and are provided at AM/114 INQ000493957. The overarching objective was *"to oversee the development and delivery of HMG's international sourcing strategy for supply-chain resilience for critical medical supplies, as part of the C-19 response."* The GSSEP Board members were responsible for the fulfilment of the agreed commitments. The Terms of Reference set the agreed commitments:

*"- Oversee the 'Strategic Initiatives'. At present these are G2G Project; ODA Project; Beijing Project; Larger Corporate Project; Key Enablers Project and International Coalition Project. Strategic initiatives may change over time and as priorities shift;*

*- Review and escalate any issues or risks to the PPE Programme Board (chair Lord Deighton) relating to Operational PPE and the dependencies with other workstreams and departments. Review and agree escalations for Strategic Initiatives through the IMIG and the Permanent Secretary and Secretary of State as appropriate;*

*- Review outputs as appropriate and provide guidance on the consultancy project launched with EY;*

*- Confirming clear requirements on the overseas network, defined by DHSC, and agreeing priority requirements for each source market;*

*- Overseeing work to identify supplies in overseas markets. This work is facilitated by overseas teams at post in markets (considered by the GSSEP Board to be crucial to supply);*

- *Providing expertise and input to the creation of DIT/FCO market teams to work with Heads of Mission and HM Trade Commissioners to facilitate the identification of supplies (DHSC will remain the purchasing authority);*
- *Reviewing and agreeing the establishment of country strategies to ensure whole-of-government support and access to DHSC/NHS to key supplies over the next 6-18 months. This will be underpinned by the creation of a single communications and shorter-term Country Engagement Plans;*
- *Reviewing and maintaining ministerial lobbying plans and ministerial interventions tracker;*
- *Overseeing the creation and maintenance of data that provides a complete picture of supply in international markets;*
- *Providing cross-government leadership and assurance for GSSEP, including reporting on significant changes in other departments that may impact the scope and activities of GSSEP, making decisions on sensitive, time critical, operational and policy implementation issues that involve multiple departments and/or have a cross departmental impact;*
- *Adhering and docking into appropriate departmental, ministerial, and senior official governance structures.”*

- 6.8. The Permanent Secretary met with the First Secretary of State twice weekly following her appointment as lead for international sourcing of medical supplies. The first meeting was held on 28 April 2020, and the briefing for the Permanent Secretary is provided at AM/115 INQ000515618. In these meetings, the Permanent Secretary provided an update on the work of both the GSSEP and Project DEFEND.
- 6.9. On 11 May 2020, the Cabinet Secretary wrote to the Permanent Secretary and stated that the objectives and milestones of all Covid-19 programmes would be reviewed to ensure the Government’s overall plan would be delivered. The letter and attachments are provided at AM/116 INQ000489799, AM/117 INQ000492645, and AM/118 INQ000083564. The letter stated that the GSSEP was a programme assigned to DIT and that I was SRO. The SRO delivery confidence at this stage was amber (1), which meant “*workstream off track but SRO has plan to get it on track*”.
- 6.10. On 15 May 2020, the Permanent Secretary replied and stated that the delivery confidence was an accurate representation of the current project status. This correspondence is provided at AM/119 INQ000489658, AM/120 INQ000493988 and

AM/121 INQ000493987. This was because two critical dependencies on DHSC had not yet been resolved; a 'demand signal', and commitment by DHSC/Cabinet Office for fast turnaround of priority PPE leads from overseas posts. This work was underway, and once resolved, the letter stated the delivery confidence would increase to green (2).

*Objectives and Structure*

6.11. The GSSEP delivery plan (**the Battle Plan**) produced for the No 10 Programme Management Office (**PMO**) set out the overarching objectives of the project. Please see AM/122 INQ000515622:

*“To source critical medical supplies from international markets where domestic supply and usual supply chains are insufficient in closing the demand-supply gap; and*

*To diversify those markets from which the UK sources critical medical supplies such as to provide for long term resilience in key product groups.”*

6.12. The GSSEP reported weekly into the No 10 Programme Management Board on the Battle Plan.

6.13. At the outset of the GSSEP, the focus was to source essential medical supplies including PPE, medicines, and ventilators. However, the GSSEP was structured to be able to scale up and source other medical equipment as required.

6.14. The GSSEP incorporated the existing JACT team but expanded on that sourcing work in two ways; by focussing on key markets where new sources of critical supplies may be available (the country teams); and by considering a multi-year time horizon and looking beyond the immediate crisis period.

6.15. The GSSEP was structured into three strands, each run by a DIT Director:

- a) The existing JACT function was brought under the leadership of Martin Kent. It had two sub-teams, each run by a Deputy Director, that were similar to the existing JACT sub-teams: an Operations Team, and a Strategic Communications and Briefing Team;
- b) Crispin Simon oversaw the new country teams, and strategy and stakeholder engagement; and
- c) Paul Kellett oversaw the commercial specialists that were now embedded into the GSSEP structure.

- 6.16. The GSSEP Ops and International teams were structured in different ways. Within the GSSEP Ops, there was a product team for each critical item: PPE, Intensive Care Unit (ICU) Kit, Testing Kit, and Medicines, as well as teams responsible for Logistics and Donations. This was similar to the way the team had been structured under the standalone JACT previously. The product teams were supported by the team of commercial specialists. The country teams were split out by geographic region, and supported posts in those regions by acting as an interface between them and the central HMG teams. This allowed embassies, high commissions and consulates to have one point of contact within the GSSEP team rather than per product. The country teams also produced strategies for each market and liaised with the GSSEP Ops and commercial specialists about updates on specific leads. There were several cross-cutting teams that supported the work of the GSSEP generally: an analysis team, PMO, and supporting functions team where HR and finance responsibilities sat. For further information, please see the GSSEP Playbook and Battle Plan, provided at AM/123 INQ000507427 and AM/122 INQ000515622.
- 6.17. The GSSEP senior leadership team (SLT) included the Directors and Deputy Directors of each team. A GSSEP SLT meeting was held daily from 5 May 2020. The SLT meeting discussed operational updates, resourcing and HR issues, and reviewed any ongoing issues. From 1 June 2020, the SLT meetings reduced to Monday, Wednesday, and Thursdays.
- 6.18. The governance and structure of the GSSEP resolved some of the issues the JACT had faced previously. Commercial specialists were now embedded in the structure and working with the teams who were sourcing and case managing leads. This meant that the GSSEP was also able to establish lines of communication directly into the DHSC procurement teams. This provided insight into the issues with previous poor-quality leads and enabled greater clarity on what was needed for the leads to be considered high-quality by DHSC. This was in turn communicated to the GSSEP via the buying and triage guides, which are discussed in more detail at paragraph 7.9. This provided greater clarity to teams in post as to what was required for a potential lead to pass the first triage step and enabled them to significantly improve the quality of leads being passed through and reduce the quantity of poor-quality leads. This allowed resources across the cross-Whitehall PPE Taskforce to focus on potential suppliers most likely to lead to an order being placed. Further, there was more SCS oversight for each team, and regular meetings of the SLT to discuss issues arising.

This provided more support both for me as SRO, and for the teams working within each strand.

*Coordination with OGDs*

- 6.19. The Departmental Operating Model set out the responsibilities of each department involved in HMG's international procurement programme. Please see the GSSEP Playbook provided at AM/123 INQ000507427 (pg. 20). The departments were: DHSC, Cabinet Office, the NHS, DIT and FCO.
- 6.20. As a broad outline, the responsibilities progressed in the following steps:
- a) DHSC was the commissioning department. They retained responsibility for providing clear demand signals to the GSSEP. DHSC worked with the NHS to collectively determine the demand requirements, with the NHS being the primary frontline operational customer. DHSC sent a weekly demand signal to GSSEP covering 3, 6, and 12-month demand forecasts by product;
  - b) The GSSEP (led by DIT), upon receipt of demand signals, sourced and triaged supplier opportunities from international markets. The GSSEP project managed the process and partnered with the FCO who unlocked international sourcing opportunities through lobbying;
  - c) DHSC reviewed triaged opportunities provided by the GSSEP and made the decision whether to proceed with contract signature; and
  - d) Cabinet Office was the coordinating department and responsible for commissioning briefings and reports and providing central oversight of the pandemic response. A Cabinet Office procurement cell was deployed into the DHSC procurement structure. Cabinet Office also communicated direction from No 10.
- 6.21. The sections below set out the work and processes of the GSSEP in more detail.

## Section 7: The GSSEP Operations Team

7.1. In this section, I address the work of the team formerly known as the JACT, and now known as the GSSEP Ops team. As explored above, it was recognised that the JACT structure needed to evolve to fully integrate commercial expertise and better coordinate interactions with DHSC and posts. I detail how the GSSEP structure and way of working improved on the previous processes and built on the lessons learned from the JACT.

### *A Note on Terminology: Triage, Verification, Financial Checks, and Due Diligence*

7.2. As I have already touched upon at paragraph 4.22, in this statement I refer to processes that in the underlying documents are often referred to under the broad category of 'due diligence.' However, these processes are not all 'due diligence' from a commercial perspective or for the purpose of procurement law and processes. To assist with explaining the processes followed by posts and the GSSEP Ops team, I have used the terminology listed below. These processes are expanded on throughout the following section.

- a) **Substantive due diligence** refers to the due diligence conducted by the DHSC closing team. As stated above at paragraph 4.22, as the Department did not conduct these checks, this statement does not provide further information on work completed by DHSC;
- b) **Financial checks** refer to the initial due diligence undertaken by the GSSEP commercial specialists and the financial health checks undertaken by the commercial finance team within DIT;<sup>15</sup> and
- c) **Triage or verification checks** refers to the initial questions asked of the companies by posts and officials from the JACT. As outlined above at paragraph 4.22, this involved asking a company for more information on their inventory, to provide evidence of the stock they held as well as confirmation of their financial standing.

### *Changes to the International Supply Chain Process*

7.3. As discussed in further detail in Section 4:, towards the end of April it was recognised by HMG that the approach to procurement required further coordination and

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<sup>15</sup> The DIT finance team sat within the Finance Directorate and provided dedicated financial specialist support for commercial decisions as part of DIT BAU commercial processes. The finance team did not support the JACT, however, they supported the GSSEP commercial team but only with conducting financial health assessments on potential suppliers of leads that passed triage checks.

structure. To resolve this, the HMG-wide 'PPE Taskforce' was established. Initially Lord Deighton was appointed by DHSC to lead the domestic production strand and by early May was leading the entire Taskforce alongside Emily Lawson (NHS England Commercial Officer) and Jonathan Marron (Director General, DHSC).

- 7.4. On 4 May 2020, FCO and DIT officials produced a briefing and additional 'crib sheet' addressing the buying issues for PPE for the Foreign Secretary ahead of a meeting on PPE, chaired by the Prime Minister. These documents are provided at AM/124 INQ000515595 and AM/125 INQ000493932. The briefing set out how the GSSEP was designed to resolve the issues discussed in Section 4: including how the GSSEP would better integrate other departments by bringing DHSC, NHS England, Cabinet Office, DIT, and FCO together under a single SRO. The briefing also set out how DHSC would be engaged with the GSSEP to help provide better information about exactly which products were required and this aimed to ensure, firstly, greater clarity on demand, secondly, quicker response times for procurement decisions and, thirdly, a more active approach to searching out new suppliers of critical PPE. The briefing also described how commercial resources would be brought into the GSSEP to better align with the DHSC process and this would enable the team to confirm the necessary triage and verification checks were in place before offers were progressed to DHSC.

*Initial Ambition for New Commercial Process*

- 7.5. In early May, the DIT Commercial team, now fully embedded in the GSSEP structure, worked on how best to align the commercial team's approach with the DHSC process and ensure that the issues regarding the quality of leads, highlighted in Section 4:, was resolved. As outlined above at paragraph 4.33, FCO's international procurement hubs had previously provided commercial expertise to support posts. The appointment of DIT as international sourcing lead changed this. The DIT Commercial team now became responsible for supporting the commercial activities related to PPE and medical supplies at post. The FCO procurement hubs continued to support as required.
- 7.6. Initially, DIT Commercial proposed undertaking the required substantive due diligence before sending leads to DHSC, as set out in process maps provided at AM/126 INQ000489622 and AM/127 INQ000492441. Due to the volume of PPE leads that were stuck in the system, DIT Commercial was of the view they could bypass the backlog by undertaking more substantial checks before offers were being passed over to DHSC. This approach was to provide DHSC with leads that were

'ready to proceed' and therefore could be progressed as quickly as possible, requiring minimal additional checks from DHSC before the offer could proceed to contract.

- 7.7. This proposal was presented to and approved by the GSSEP Board on 14 May 2020. The papers for the meeting and meeting minutes are provided at AM/128 INQ000515548 and AM/129 INQ000489664. The proposal was incorporated into flow charts circulated at the time, such as that provided at AM/130 INQ000494002. The proposed approach was also communicated to posts as part of wider process changes. The beginning of May 2020 marked a period of transition for posts and the GSSEP Ops team as these changes took effect, and once the leads began to come through it became clear that the strategic ambition for the GSSEP commercial specialists to conduct substantive due diligence was not going to operate effectively in practice. As contracting authority, DHSC wanted to retain responsibility for the completion of substantive due diligence and the negotiation and preparation of contracts. Therefore, while the underlying documents sometimes refer to commercial due diligence as being led by the GSSEP, in practice this was not the case as the proposal was not ultimately implemented. As the process change only affected what the GSSEP commercial specialists were undertaking, and not the triage and verification checks conducted by posts, a revised flowchart was not recirculated. The GSSEP commercial team was supported by DIT's commercial finance team who completed some financial checks before progressing offers but it was not the substantive due diligence required under procurement law.
- 7.8. In practice, the process for progressing PPE leads from post through to the GSSEP Ops team and then onto the DHSC teams was as follows:
- a) Posts triaged offers by verifying the company and the offer against the specifications provided by DHSC, and with reference to guidance issued by the GSSEP commercial team via the buying and triage guides;
  - b) Once triaged, the GSSEP commercial specialists in London checked the triage completed at post, and undertook initial due diligence by conducting financial checks on the company, undertaking a visual inspection of certification provided by the supplier to confirm their compliance with requirements, and reconfirming quantities and delivery dates;
  - c) The GSSEP sent the lead to the DHSC Technical Assurance team who conducted the required technical assurance; and

- d) If the lead passed technical assurance, it was sent back to the GSSEP who passed it to the DHSC closing team. This DHSC team then conducted the substantive due diligence, negotiated the terms and conditions, prepared the contract, and approved the order.

*Formalisation of Buying and Triage Guidance for Posts*

- 7.9. As outlined above, from early April 2020, posts and the JACT were undertaking a level of triage and verification checks prior to progressing leads to DHSC. The GSSEP team formalised this process and created buying and triage guidance for non-commercial officials in both the GSSEP Ops team and posts to follow.
- 7.10. The formalisation of the process for testing kits and medicines had commenced prior to the JACT's merger into the GSSEP, and on 1 May 2020, Directors Anna Clunes and Martin Kent sent buying guides for these products to posts. The email and its attachments are provided at AM/131 INQ000515657, AM/132 INQ000493920, AM/133 INQ000493917 and AM/134 INQ000489631. Both sets of guidance set out the specific products sought by the UK. For testing kits, potential opportunities were directed to an online portal. Offers submitted to the portal were triaged by DHSC and passed onto DHSC's New Tests Approval Group for verification. The process agreed with DHSC regarding testing kits was different to that for PPE set out above. DHSC did not have a capacity constraint on international buying for testing kits, and therefore did not require posts to undertake any triage or verification as they did for PPE.
- 7.11. The medicines buying guide set out the 54 priority medicines DHSC had prioritised, 11 of which were rated 'red' denoting an item which was in urgent need of supply. Posts completed a "Medicine Purchase Form" which was included in the buying guide and sent opportunities to the JACT Medicines and New Products sub-team which was run by a Team Leader from FCO. The GSSEP Ops team then passed opportunities to DHSC for evaluation and payment. In order to fill out the Medicine Purchase Form posts were required to conduct verification checks such as obtaining the products level of regulatory assurance, product information, and delivery information. From 26 May 2020, the DHSC demand dashboard stated that there was no urgent need for medicines.
- 7.12. On 20 May 2020, Martin Kent sent the new PPE guidance documents compiled by the GSSEP commercial specialists to posts and OGDs. This email is provided at AM/135 INQ000493996 and set out the new supply chain process and circulated the

flow charts mentioned above at paragraph 7.7. The package of documents attached to the email included:

- a) Demand dashboard provided by DHSC, please see AM/136 INQ000493997;
- b) PPE process flow chart, please see AM/130 INQ000494002;
- c) PPE Buying Guide, please see AM/137 INQ000492473;
- d) Annex 1 to PPE Buying Guide: WHO guidance, please see AM/138 INQ000489647;
- e) Annex 2 to PPE Buying Guide: Specification checklist tool, please see AM/139 INQ000489660;
- f) PPE Triage Guidance, please see AM/140 INQ000493998;
- g) Annex A to PPE Triage Guidance: Statement of Good Standing, please see AM/141 INQ000493999;
- h) Annex B to PPE Triage Guidance: Opportunity Risk Assessment Tool, please see AM/142 INQ000494000;
- i) Testing Kits and Consumables Buying Specification Guidance, please see AM/143 INQ000494001; and
- j) Annex 1 to Testing Kits Buying Guidance: Test Kits & Consumables Supply Entry Form, please see AM/144 INQ000489642.

7.13. The guidance provided template documents for posts to conduct triage and verification to ensure that the leads being progressed were of sufficient quality and any high-risk sources of supply were eliminated.

7.14. For offers of PPE, the informal triage that posts were conducting in April was now designated into two forms, the “Statement of Good Standing” (**SoGS**) and “Opportunity Risk Assessment Tool” (**ORA**). These are provided at AM/141 INQ000493999 and AM/142 INQ000494000. The principle behind the SoGS was for the potential supplier to self-certify and for posts to validate that information. Further information can be found within the email provided at AM/145 INQ000515482. The opportunity was automatically rated ‘high-risk’ and rejected if there was a failure to provide or fully complete this form. Posts used the SoGS information to assess the opportunity with the ORA. The ORA created a risk rating based on the information provided by the supplier. If the opportunity was rated high-risk, it was immediately rejected. If it was rated low or medium, posts conducted additional checks online via

UK and local platforms, or search engines, to confirm if the information provided by the company was correct. If the opportunity was rated medium or high-risk after this, it was rejected. Low-risk opportunities progressed to in post healthcare and life sciences sector leads who conducted an initial technical qualification against the specifications provided by DHSC. If the opportunity passed technical specification, the GSSEP Ops Team collated all the relevant documentation and passed it to the GSSEP commercial specialists. Posts provided details of rejected opportunities to the GSSEP Ops Team, who tracked this via Mendix and a GSSEP spreadsheet.

- 7.15. Martin Kent's email on 20 May 2020 was the first weekly update email to posts. He continued to send these each week, providing an updated DHSC demand dashboard that set out the product specifications and minimum volumes required. The triage and buying guidance documents were updated as required and distributed as part of the weekly emails. On 4 June 2020, Martin Kent's weekly update email to posts included triage guidance for antigen testing and consumables, together with the updated PPE buying and triage guides. This email is provided at AM/146 INQ000494040. The antigen testing triage guidance formalised the process in the same way as had occurred with PPE, with the implementation of the SoGS and use of the ORA. If the opportunity passed through initial triage conducted by post teams, the GSSEP Testing Kit team handed it over to DHSC to progress. The antigen testing triage guidance is provided at AM/147 INQ000494044. The testing kit buying guidance previously issued on 1 May 2020 was also updated to include testing consumables (the individual aspects of the testing kits). Please see AM/148 INQ000494043 and AM/149 INQ000489656.

*Checks by the GSSEP Commercial Specialists*

- 7.16. Once the GSSEP commercial specialists received leads from post and the GSSEP Ops team, they conducted initial due diligence. This involved reviewing the information provided by posts, doing a visual inspection of the certification provided by the supplier, and conducting basic financial checks of the proposed supplier company to determine if it was financially sound. By way of example, one of the financial metrics assessed was the liquidity ratio of the company. A liquidity ratio is used to determine a company's ability to pay its debt obligations with standard ratios indicating the financial health of a company.
- 7.17. This activity was typical of the day-to-day work of the GSSEP commercial specialists, with support from the commercial finance team, prior to the pandemic. As set out at paragraph 2.60, all commercial personnel working within the GSSEP had

procurement experience and were chosen by Paul Kellett for their skills and expertise.

- 7.18. The Department does not know what substantive due diligence was specifically undertaken by the DHSC closing team once the leads were passed over, although the Department does hold some of the templates used by DHSC and Cabinet Office. DHSC would be best placed to confirm the due diligence they undertook once leads were passed to them.
- 7.19. The GSSEP PPE Tracker managed the leads that were progressed via the GSSEP commercial specialists. This was a live document and the version attached at AM/150 INQ000496675 contains details of 242 leads and is representative of the point when the GSSEP closed, and all leads were resolved or closed down. By this stage, DHSC was focussing on larger suppliers who could provide large quantities of PPE. The JACT and the GSSEP were both set up to generate new sources of supply and consequently the leads found were often not for large quantities as they were from new distributors or manufacturers who did not have readily available stock. As a result, none of the PPE leads that were forwarded to DHSC from the GSSEP commercial specialists progressed to a contract. I return to this issue in looking at the wider picture on contracts completed following with DIT input at paragraph 9.40.
- 7.20. The GSSEP PPE Tracker listed one lead as having progressed to contract. This was in relation to an order for gowns from Egypt that did not originate in the GSSEP but where DIT officials were involved in assisting with unblocking export restrictions. For the remaining leads, the GSSEP PPE Tracker listed the reason leads were abandoned and rejected. Of those, 9% were on the basis that the company lacked the required documentation, around 3% were rated high-risk based on the SoGS, and over 15% were abandoned as the demand signal provided by DHSC meant the items offered were not required. The GSSEP PPE Tracker also provided information on the leads that were closed down from July 2020 once the pause on short-term sourcing began. These leads may have progressed further but were closed down as the product was no longer required. The closing down of leads is discussed further and in more detail in Section 9:

*PPE Test Met: Further GSSEP Restructure and Closure of the JACT*

- 7.21. On 16 April 2020, the Foreign Secretary issued a statement, provided at AM/151 INQ000086576 setting out the five specific criteria that had to be met before the Government would consider adjusting the lockdown measures. These became

known as the 'five tests.' The fourth test related to PPE and was that *"we need to be confident that the range of operational challenges, including testing capacity and PPE, are in hand, with supply able to meet future demand"*.

- 7.22. On 21 May 2020, the Prime Minister chaired a meeting on PPE which the Permanent Secretary attended on behalf of DIT. DHSC confirmed that the acute requirements of the NHS were met for the next seven days, and that there was a plan to close the 90-day gap. This was set out in the paper circulated prior to the meeting and is provided at AM/152 INQ000492488. At this meeting, the Prime Minister concluded that the PPE test had been met. I confirmed this in an email to the GSSEP senior leaders, and at the next SLT strategy meeting. The email and notes of the meeting are provided at AM/153 INQ000500126 and AM/154 INQ000494017. On 28 May 2020, the Prime Minister publicly announced that the five tests had been met and that the Government would move forward with adjusting the lockdown. This announcement is provided at AM/155 INQ000065357.
- 7.23. On 22 May 2020, the Permanent Secretary wrote to the Secretary of State for International Trade and provided an update on DIT's resourcing position. This update is at AM/156 INQ000489675 and AM/157 INQ000489676 and stated that since the start of the pandemic, DIT had reprioritised resources accordingly. It further stated that since that time, DIT had taken on a larger role *"with significant responsibilities on the international procurement of critical medical supplies and on the resilience of the UK's supply chains."* Until that time, DIT had capacity to resource this, however, the letter stated that with existing BAU work recommencing, the Department was unlikely to have *"capacity simultaneously to deliver against all of these priorities with existing resourcing."* DIT had requested support from across government for additional resource. Further, it was looking to outsource some work where appropriate.
- 7.24. Although the Prime Minister had concluded the PPE test had been met as there was adequate supply on the 7 and 90-day forecast, there remained a requirement to procure for a longer schedule. As already highlighted by the Permanent Secretary in her letter detailed above, the Government was beginning to return to the functions and work that had been paused during the initial stages of the pandemic. Consequently, there was increased pressure on governmental resourcing.
- 7.25. At the same time, the GSSEP restructured their PPE product team. On 20 May 2020, it was announced to the GSSEP team that a PPE Buying Hub would begin on 27 May 2020. This announcement is provided at AM/158 INQ000489665 and AM/159

INQ000494007. This integrated GSSEP Ops PPE team members into the country teams in order to prevent duplication of work and confusion at post about the roles of each team. The integrated staff were referred to as 'case managers' and provided a link between country teams, who were in contact with posts and producing engagement plans for priority markets, and the product team which owned the commercial processes and progressed leads to DHSC. Case managers were provided with a "PPE Case Manager's Handbook", provided at AM/160 INQ000494109, which set out practical information to assist them in triaging offers received from posts. The Handbook included the questions to ask potential suppliers, and answers to some of the common questions the team had encountered.

- 7.26. At a meeting on 28 May 2020, the GSSEP Board discussed the future organisational design of the GSSEP. The papers for the meeting and structure discussed are provided at AM/161 INQ000515551 and AM/162 INQ000510279. The GSSEP was designed to be flexible, enabling work to be scaled up or down as necessitated by the demand requirements. A restructure was provisionally agreed at the meeting, as set out in the minutes at AM/163 INQ000494038. On 5 June 2020, I wrote to the GSSEP staff and announced the new structure. This is provided at AM/164 INQ000489698, AM/165 INQ000494049 and AM/166 INQ000494048. The GSSEP transitioned to a more sustainable footing, and away from the crisis management structures that were in place. The function which had been known as 'the JACT' was then formally closed. Shift work ended and it was intended that the GSSEP would move to core business operating hours. I would note here however, that in practice, due to operational demands, many people continued to work extended hours seven days a week and did not move back to core business hours. As explained above, changes had already occurred to link the product and country teams. On 11 June 2020 in his weekly email, Martin Kent informed posts that the JACT name was retired, and all mailboxes would use the GSSEP name, as set out at AM/167 INQ000494065.

## Section 8: The GSSEP International Team

- 8.1. In this section, I set out the work of the GSSEP International team including how the GSSEP interacted with posts to focus ministerial lobbying efforts. I also give an overview of the work of the consultancy company Ernst & Young, including the reports they produced in relation to PPE supply chains.

### *Introduction to the GSSEP International Team*

- 8.2. By April 2020, the increased demand for medical supplies prompted HMG to explore opportunities in markets outside of China for potential new sources of supply. A paper produced by the JACT at the time set out the challenges with PPE supply chains. This is provided at AM/168 INQ000510296. The paper was presented at a meeting on 16 April 2020 chaired by David Quarrey (Deputy National Security Adviser) where medical supply chains were discussed. The paper concluded that *“only China appears to be able to deliver the PPE that we want at the volume and speed that we need”*. However, it also stated that DIT and FCO, through the JACT and posts, would continue to work to identify sources from other markets to supplement the supplies being produced in China. The HMG view at the time was that every possible option should be explored to increase the UK’s supply of medical equipment and PPE to ensure no potential leads were left undiscovered.
- 8.3. An action arising from the meeting was for DIT, working with DHSC and BEIS, to produce a paper on alternative markets for medical supplies which included:

*“a) A geographic breakdown of where the critical medical items are currently produced, including and beyond DHSC/NHS confirmed markets.*

*b) Analysis of the markets where the key components and materials for each of the critical items are currently sourced, where the UK can get involved in the supply chain, and the options for alternative markets for sourcing of these inputs.*

*c) Comparative analysis of what actions other countries have taken to improve the supply of key medical supplies, including identifying practice from other countries (eg. Israel and Australia).”*

The list of decisions and actions is provided at AM/169 INQ000493844.

- 8.4. In considering these alternative markets, DIT officials planned to engage with DHSC on the specific requirements for supplies and pose targeted questions for posts to consider regarding their markets. The emails relating to this are at AM/170

INQ000493850. HLSB and the JACT worked together to ascertain the countries where leads were coming from, and where there was predicted further capacity to obtain supplies. The email thread is provided at AM/171 INQ000493851. On 19 April 2020, I met with Emily Lawson to discuss how to proceed with the market analysis work. A readout of this meeting is provided at AM/172 INQ000492416. It was agreed that DIT would assist with intelligence on markets and products, noting the work that HLSB was already undertaking. Emily Lawson wanted to meet with HMTCs or HoMs, with ongoing relationships with posts to be managed by DHSC and supported by HLSB, DIT Commercial, and the JACT.

- 8.5. The overlap between how different departments and teams were dealing with the workload risked becoming increasingly confused with too many competing/duplicating structures. Discussions were already underway regarding simplifying the teams and processes for procurement occurring in post. This occurred at the same time as the Government wide overhaul of PPE procurement as previously set out at paragraph 4.54. The new GSSEP structure included a team specifically focussed on the work around alternate markets, as set out above, which became known as the GSSEP International.

*Structure of the GSSEP International Team*

- 8.6. Crispin Simon was appointed Director of Strategic Projects and lead of the GSSEP International team. Crispin Simon reported into me as SRO of the GSSEP. This was alongside Paul Kellett, and Martin Kent who oversaw the GSSEP Ops team, and came into effect on the first day of the GSSEP, 27 April 2020.
- 8.7. On 23 April 2020, following the daily strategy meeting chaired by the Cabinet Secretary discussed at paragraph 4.58, DIT formally set up IPROMS (as it was then called). The GSSEP formally began on 27 April 2020, and on 30 April 2020, DIT produced a document titled "Organising Our Effort – UK country desks", which is provided at AM/173 INQ000493923. This set out the GSSEP team structure and objectives. The GSSEP International team brought together the strands of work that were developing strategies to increase procurement from non-China markets. The GSSEP International team was structured into two sub-teams: the country teams, and the stakeholder engagement team.
- 8.8. Each country team in the GSSEP contained a 'buying team' set up in post and a 'country desk' based within the GSSEP in the UK. Setting up 'buying teams' in geographic regions was based on how the British Embassy, Beijing model had been

operating. The buying teams in post continued to be responsible for proactive in-country sourcing and identifying potential new suppliers. They did this by approaching manufacturers directly and identifying lobbying and engagement opportunities for ministers. The country desks based within the GSSEP supported posts with this sourcing work and provided posts with a contact point within the GSSEP. The country desks would liaise with the other GSSEP teams and feed back updates on leads, demand signals, and guidance to posts. The country teams focussed only on PPE, whereas the GSSEP Ops team, led by Martin Kent, had a broader remit to include other medical supplies.

- 8.9. In April 2020, Ruth Lyon was asked to set up a new team to be an interface between posts and the UK. This team combined half of INET and some officials from HLSB<sup>16</sup> and became the 'country desks' based in the UK.
- 8.10. The stakeholder engagement team was responsible for collating and distributing the ministerial interventions grid and updating the market engagement plans, as set out in more detail below. The stakeholder management team provided advice and guidance on ministerial and senior officer engagement with other governments and businesses.

*Ministerial Products Produced by the GSSEP International Team*

- 8.11. On 27 April 2020, the Prime Minister chaired a strategy meeting on PPE. The Permanent Secretary attended on behalf of DIT and provided a brief summary of actions to improve the international supply of PPE. A briefing provided to the Permanent Secretary, at AM/174 INQ000515580, in advance of the strategy meeting stated that the GSSEP would generate four products for ministers:
- a) A daily SitRep on PPE pipeline by country;
  - b) An action list of ministerial interventions in support of PPE sourcing internationally;
  - c) Engagement plans for each key market; and
  - d) A strategy for each major market.
- 8.12. Further detail on (a) to (d) is given below. I address this thematically under each heading rather than strictly chronologically.

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<sup>16</sup> See paragraph 2.63, above for explanation of the pre-existing INET and HLSB teams.

*(a) The Daily GSSEP SitRep*

- 8.13. The daily SitRep issued by the GSSEP team was a continuation of the product already produced under the JACT (see paragraph 4.25 above). The SitRep continued to be a joint DIT, FCO, and DHSC product and each issue was approved by a DIT and FCO official until 8 June 2020 when the JACT formally closed. On the DIT side, it was approved by the GSSEP Briefing and Communications team who worked with both the GSSEP Ops and International teams to obtain the relevant figures. From 8 June 2020, it was approved by the GSSEP Briefing and Communication team only.
- 8.14. The frequency of the SitRep also reduced over time. From 15 May 2020, the SitRep was no longer circulated on weekends as it was noted that HMG was moving out of crisis mode. From 14 July 2020, the SitRep was circulated weekly on a Tuesday.
- 8.15. The SitRep was redesigned at the end of May 2020 to draw attention more prominently to significant information. From 28 May 2020, it also included an additional table with long-term PPE delivery forecasts. This was noted in the SitRep dated 27 May 2020, provided at AM/175 INQ000510366.
- 8.16. The final SitRep from the GSSEP was issued on 28 July 2020 and is provided at AM/176 INQ000510300. The following week, the GSSEP transitioned into Project DEFEND.

*(b) Ministerial interventions: Cross-Whitehall Ministerial Grid*

- 8.17. As mentioned above at paragraph 8.11, the GSSEP International team produced a cross-Whitehall ministerial plan for engagement. This was distributed to secretaries of state and ministers, and set out the conferences arranged for the upcoming week with other governments (known as Government-to-Government, or **G2G**, engagements).<sup>17</sup> The first ministerial engagement plan was circulated on 30 April 2020, please see email and attachment at AM/177 INQ000515648 and AM/178 INQ000492431.
- 8.18. Ministerial intervention was most often used to discuss trade restrictions in other locations and how they could be eased to assist the UK in importing the medical supplies it required.
- 8.19. The ministerial plans were first distributed weekly. From 11 May 2020, they were distributed twice weekly on a Tuesday and Friday. From 1 June 2020, they returned to being distributed weekly. As set out above, the information from the market

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<sup>17</sup> To note that government to business engagement was known as '**G2B**'.

engagement plans fed into the ministerial plans and informed what interventions were considered crucial to unblocking supply.

*(c) C-19 Market Engagement Plans*

- 8.20. On 22 April 2020, Anna Clunes (FCO) and I wrote to ambassadors and HMTCs in priority markets and arranged meetings to discuss how the procurement of critical PPE could be stepped up and expedited in those locations and what support the new structure (which became the GSSEP) could provide. These emails are provided at AM/179 INQ000493872, AM/180 INQ000493869, AM/181 INQ000500094, AM/182 INQ000493870, and AM/183 INQ000493871.
- 8.21. In an email on 24 April 2020, Natalie Black (HMTc for Asia Pacific) provided lessons learned from the region ahead of the scheduled call. The email is provided at AM/184 INQ000515600. Her response stated that London needed to provide clarity on the specific needs of the UK. Further, that support from UK specialists was essential: “So we need a new dedicated team to provide those skills ideally contactable on our time zone – involving an on-tap DHSC specialist, and commercial support.” (original emphasis)
- 8.22. Meetings were held with British representatives working in the regions, as set out below. Officials from DHSC were in attendance for the first three meetings (which took place on 23 or 24 April 2020):
- a) On 23 April 2020, with representatives from the Americas. An agenda and readout of the meeting are provided at AM/185 INQ000492422 and AM/186 INQ000493887;
  - b) On 24 April 2020, with representatives from Asia Pacific. An agenda and readout of the meeting are provided at AM/187 INQ000493881 and AM/188 INQ000493888;
  - c) On 24 April 2020, with representatives from Turkey, India and Bangladesh. An agenda and readout of the meeting are provided at AM/189 INQ000492423 and AM/190 INQ000493889; and
  - d) On 27 April 2020, with representatives from Egypt. An agenda and readout of the meeting are provided at AM/191 INQ000492426 and AM/192 INQ000493915.
- 8.23. The purpose of the meetings was to ascertain what support posts required from central HMG in London to assist procurement efforts. The regions discussed the

issues they were facing with London coordination. There were common concerns about posts not receiving feedback on the leads sent to London, and on the need for clear instructions on what PPE was required. Posts also asserted that they wanted to ensure that teams based in London retained responsibility for central coordination, with posts requesting a contact person within London. Posts were informed at the meeting that DHSC remained the contracting authority.

- 8.24. To identify priority markets, locations were rated gold, silver, or bronze dependent on the expectation of being able to place orders for delivery within the next 90 days. The ratings were developed in consultation with specialists within the health and life sciences sectors who were based in embassies, high commissions and consulates around the world. This approach was presented to the Prime Minister at the PPE strategy meeting held on 27 April 2020. The slides for this meeting are provided at AM/193 INQ000088482, and the briefing for the Permanent Secretary is provided at AM/174 INQ000515580. Gold markets were appointed a Minister to lead on engagement, and this was the Rt Hon Conor Burns, then the Rt Hon Ranil Jayawardena upon the Rt Hon Conor Burns' resignation on 4 May 2020.
- 8.25. On 27 April 2020, following the PPE strategy meeting with the Prime Minister, the JACT emailed the regions they had met with and set out the next steps for developing engagement plans. The correspondence is provided at AM/194 INQ000493900, AM/195 INQ000510410, and AM/196 INQ000493902, AM/197 INQ000493901. This included circulation of a template engagement plan and posts were asked to complete this for their respective markets.
- 8.26. The first draft engagement plan produced was for Turkey. The First Secretary of State was sighted on the first drafts of both the Turkey engagement plan, and the ministerial intervention grid, please see AM/200 INQ000510418.
- 8.27. The engagement plan set out objectives and actions for the upcoming week within that region. The plan summarised the procurement situation in each market including setting ongoing actions to secure orders, and upcoming planned ministerial engagement. The current trade restrictions in place were set out alongside suggested ministerial and senior official engagement that could unblock those concerns.
- 8.28. The draft Turkey engagement plan was circulated to both the Secretary of State for International Trade and the Rt Hon Conor Burns. Following this, the Secretary of State for International Trade requested that the market engagement plans include information on the wider trade policies in place for the respective locations. This email

is provided at AM/201 INQ000510405. The second iteration of the plan included a bilateral trade summary which was produced with assistance from DIT's BTR team. The bilateral trade summary provided detail on the UK's trade relationship with the respective market, including the main areas of import and export. Moving forward, the market engagement plans contained the bilateral trade summary, compiled in conjunction with the BTR team, and the stakeholder engagement plan for the procurement of PPE, as completed by posts with assistance from the GSSEP International team.

- 8.29. On 5 May 2020, further communications were sent to the priority markets to explain developments on the engagement plans. This is provided at AM/202 INQ000510231. Posts were informed that they would work with the GSSEP country desk leads to coordinate the content for the stakeholder engagement plan component. This content was signed off by the relevant HoM or HMTC for the region. The audience for the plans was the Secretary of State for International Trade and ministers and fed into the cross-Whitehall ministerial interventions plan discussed at paragraph 8.17 above.
- 8.30. Between 11 and 15 May 2020, engagement plans for 16 markets were submitted to the private offices of the Secretary of State for International Trade and the Rt Hon Ranil Jayawardena. The markets covered were Turkey, Egypt, India, Singapore, South Korea, Taiwan, Bangladesh, USA, Vietnam, Canada, Indonesia, Japan, Mexico, Sri Lanka, Malaysia, and Thailand.
- 8.31. After the development of the initial versions of the 16 market engagement plans, the GSSEP met with each region again to review the plans and status of procurement opportunities within those locations. These notes of these meetings are provided at: AM/204 INQ000510391, AM/205 INQ000500127, AM/206 INQ000510392, AM/207 INQ000510393, AM/208 INQ000510394, and AM/209 INQ000510376. At this stage, as set out at paragraph 7.22, the Prime Minister had announced that the 90-day gap in demand for PPE had been closed. Therefore, the meetings focussed on longer-term strategy for PPE procurement, moving away from sourcing opportunities for the short-term to developing strategic partnerships with suppliers.
- 8.32. On 27 May 2020, the GSSEP stakeholder engagement team issued a process map to the country desks setting out how the plans were to be updated going forward. The email and its attachment are provided at AM/210 INQ000494020 and AM/211 INQ000494021. From 1 June 2020, the market engagement plans were updated and sent to DIT ministers weekly. The GSSEP country desks maintained overall

responsibility for producing the updated versions, working with the BTR team, and buying teams in post. The GSSEP stakeholder engagement team was responsible for clearing and distributing the plans, as well as updating the cross-Whitehall engagement grid in line with the plans.

*(d) C-19 Market Strategies: Subsumed within Market Engagement Plans*

8.33. The original intention, as set out above at paragraph 8.11, was to produce two separate products for each priority market: an engagement plan and strategy. However, as the work on these products developed, the engagement plan and strategy were merged. As such, no specific and separate market strategies were produced, rather the content was incorporated into the engagement plans discussed above.

*Overseas PPE Supplies Project: Ernst & Young Consultancy Work*

8.34. During preparations for the UK's exit from the EU, Cabinet Office established the EU Exit & Transition Consultancy Arrangement which was put in place to allow departments to access the consultancy support required more quickly and with less effort than other procurement routes. On 28 March 2020, Commercial Directors were informed that the above consultancy arrangement had been repurposed for Covid-19 related requirements, please see AM/212 INQ000489568. To utilise the repurposed arrangements, departments submitted their requests for consultancy support to the Cabinet Office EU Exit Implementation Capability Unit (**EUEICU**) who managed and ran the process. The GSSEP required consultancy support and utilised the EUEICU arrangement to obtain this. Bids were received from firms, and a supplier chosen after a selection panel was held with evaluators from DIT, Cabinet Office, and Crown Commercial Services (**CCS**). The consultancy firm Ernst & Young (**EY**) was awarded the contract.

8.35. On 28 April 2020, EY commenced work on a short-term project regarding supply chains for PPE. This was referred to as the Overseas PPE Supplies Project by GSSEP, Project Protect by Cabinet Office, and Project Moat by EY. For ease of reference, I refer to it as the **EY Project** in this statement. Crispin Simon was designated as the SRO for the EY project, and it was one of the strategic initiatives overseen by the GSSEP Board.

8.36. EY were contracted to analyse the global PPE market, interrogate the restrictions in place, and produce category strategies for the following products: gloves, aprons, eye protection, IIR masks, FFP2 & FFP3 respirators, and gowns. The EY Project

engagement letter is provided at AM/213 INQ000496638. The EY Project ran from 28 April 2020 and concluded on 24 May 2020. It ran in parallel to Project DEFEND and sought to focus on PPE supply chains as an area of high need. A draft project summary is provided at AM/214 INQ000492471. For more information on Project DEFEND, please see Section 11:.

- 8.37. A Steering Board was created to oversee the work, with Crispin Simon appointed as Chair. Senior officials from DIT, DHSC, Cabinet Office, and leads from EY sat on the Board. They first met on 5 May 2020 and agreed the terms of reference. The agenda is provided at AM/215 INQ000489637, the minutes at AM/216 INQ000493967, and the Terms of Reference at AM/217 INQ000489646.
- 8.38. Prior to EY commencing work, the GCF had launched a project on PPE Sourcing Strategy, which also had a separate Steering Board. EY built upon the work Cabinet Office had started through the GCF PPE Sourcing Strategy. An email thread in relation to this are provided at AM/218 INQ000492428. On 11 May 2020, the GCF PPE Sourcing Strategy Steering Board met. A paper for the meeting set out how EY fit into the wider HMG sourcing strategy and is provided at AM/219 INQ000493958. To date, work had been completed on understanding the challenges and providing an initial product overview. EY was tasked with completing in-depth market analysis to produce product strategies for the medium to long term. The GSSEP Ops team would focus on securing long-term strategic suppliers in parallel to the work completed by EY. The actions emerging from this meeting are provided at AM/220 INQ000492456.
- 8.39. In the first two weeks of the project, EY produced a preliminary market analysis report, which is provided at AM/221 INQ000515653. The report covered the PPE markets outside China for gloves, aprons, eye protectors, and IIR face masks. The preliminary findings included that DHSC/DIT was already active with most of the leading suppliers, and that there were no new 'quick wins' as capacity of large suppliers was reached in 2020. The report detailed the major manufacturers, value chains, and supply outlook for the categories, including recommended actions for HMG.
- 8.40. On 21 May 2020, a written update was circulated to the Steering Board setting out the work completed to date. This email and its attachments are provided at AM/222 INQ000492487, AM/223 INQ000510288, AM/224 INQ000496119, and AM/225 INQ000489669. EY had completed the supply market analysis for all product categories, with the product strategies due that week. EY had compiled a PPE

supplier database based on the manufacturers detailed in the market analysis and product strategies, and this was transferred to Cabinet Office.

- 8.41. The final Steering Board meeting was held on 2 June 2020 to determine if the work had been completed. The final reports were presented including an executive summary, at AM/226 INQ000515599, and PPE category strategies, at AM/227 INQ000510384. The executive summary set out EY's recommendations within the next 90 days and longer-term across the next year. These focussed on longer-term partnerships being formed with manufacturers, and a move away from short-term buying. The recommendations also set out actions in terms of domestic manufacturing capability and noted that the items that were the easiest to produce were not necessarily the most critical and in demand.
- 8.42. The Steering Board concluded that the objectives in the contract with EY had been met. The minutes from the Steering Board meeting are provided at AM/228 INQ000496636. Crispin Simon had discussed the recommendations with HMG counterparts, and it was broadly accepted that the recommendations would be implemented. The reports were distributed across HMG for further use. Within the GSSEP, this work fed into the market engagement plans and discussion with posts set out above at paragraph 8.31, working with DHSC, also implemented the recommendations by way of the Strategic Suppliers Programme, which is set out in further detail below at paragraph 8.53.

#### *The GSSEP Strategic Initiatives*

- 8.43. In the GSSEP Terms of Reference, detailed at paragraph 6.7, the GSSEP Board was responsible for overseeing and managing cross-departmental 'Strategic Initiatives'. These projects aimed to deliver a longer-term approach to procurement of PPE.
- 8.44. The first GSSEP Board meeting was held on 7 May 2020 and the slides circulated prior to the meeting, and provided at AM/104 INQ000515642, set out the following five strategic initiatives:
- a) The G2G Project which aimed to explore strategic relationships with key supplier country governments;
  - b) The Official Development Assistance (ODA) Project which aimed to investigate whether forms of technical assistance to supplier countries, backed by agreements with government, could stand up new manufacturing dedicated to the UK market;

- c) The Beijing Project which aimed to move to strategic relationships with three key state-owned enterprises to secure supply commitments with reliable partners close to government for volumes over time;
- d) The Larger Corporate Project which aimed to work with UK corporates in the retail sector to identify how garment retailers suffering from declining demand could be repurposed to PPE supply with the support of HMG; and
- e) The International Coalition Project which aimed to identify where coalitions of like-minded countries, such as Five Eyes (**5-Eyes**), E3, the Group of Seven (**G7**), and other more tactical alliances of producer and consumer nations might work together to build a more stable global market for medical supplies, supported by a permissive trade policy through market liberalisation.<sup>18</sup>

8.45. It was noted in the Terms of Reference that they may change over time as priorities shifted and by the second GSSEP Board meeting on 14 May 2020, a further Strategic Initiative had been added called Key Enablers, which aimed to “*identify a portfolio of companies with know-how and technology to build effective and efficient supply chains*”. Please see the slides for this meeting at AM/128 INQ000515548. The EY Project referenced above at paragraph 8.34 was also considered to be a GSSEP Strategic Initiative though did not appear in the initial Terms of Reference.

8.46. On 6 May 2020, I wrote to Lord Deighton and detailed the work of the GSSEP including the Strategic Initiatives. This letter is provided at AM/229 INQ000510402. The Beijing Project had already been removed from the list of initiatives and became the transition project which is set out in more detail below at paragraph 13.63. There was also concern from Cabinet Office about overlap with other aspects of the PPE Taskforce.

8.47. On 11 May 2020, the Permanent Secretary sent a letter to the First Secretary of State (at his request) titled “Levers to increase the export of PPE to the UK”. This email with attached letter is provided at AM/230 INQ000492457 and AM/231 INQ000500118. The two options discussed in the letter were the use of ODA and tariff liberalisation.

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<sup>18</sup> As will be familiar to the Inquiry, 5-Eyes is the intelligence network comprising the UK, the United States, Australia, New Zealand, and Canada. The E3 is a diplomatic group comprising the UK, France, and Germany. G7 is the political and economic forum comprising the UK, Canada, France, Italy, Germany, Japan, and the United States.

- 8.48. ODA is the overseas aid budget used to support and deliver the objectives of the Government's 2015 Aid Strategy (**the Strategy**). The Strategy's objectives include strengthening global peace, security and governance, strengthening resilience and response to crises, promoting global prosperity, and tackling extreme poverty and helping the world's most vulnerable.<sup>19</sup>
- 8.49. Discussions with the Department highlighted that ODA would be useful in stimulating the global market for PPE, but officials also raised concerns that it might not be permissible within the framework of UK law. Legal advice was obtained on the options. The 11 May 2020 letter to the First Secretary of State detailed the options regarding the use of ODA. It stated that when using ODA, the primary purpose must be to contribute to poverty reduction, and the spend "*cannot be made contingent upon the export of PPE to the UK*". The letter noted that "*the degree to which ODA is useful as a lever partly depends on the relative value of the bilateral planned (or future) ODA spend in-country*". The letter went on to state that the countries where HMG were focussing hardest on PPE had a relatively small amount of bilateral ODA and therefore it would unlikely be an effective lever and HMG should consider other options.
- 8.50. On 12 May 2020, the GSSEP Strategic Initiatives were discussed at the regular bilateral meeting between the First Secretary of State and the Permanent Secretary. The readout of this meeting is provided at AM/232 INQ000493971, and the next steps were set out in an email to DIT officials, at AM/233 INQ000493976. The First Secretary of State's "*strong steer*" was for officials not to rule out consideration of any ODA programme no matter how small. This was confirmed in a letter to the DIT Permanent Secretary from the Principal Private Secretary to the Foreign Secretary providing his feedback. This letter is provided at AM/234 INQ000492461:

*"He has asked me to feedback his enthusiasm for this work and his encouragement that it proceed at pace: securing PPE must now be one of our top priorities and in our efforts to do so, we must make use of all levers that*

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<sup>19</sup> The International Development Act 2002 (**IDA**) established the primary legal basis for UK aid spending (both development and humanitarian assistance). Under IDA's main power, the Secretary of State may provide development assistance for the purposes of furthering sustainable development or improving welfare, providing they are satisfied that doing so will contribute to a reduction in poverty ("*the poverty test*"). ODA is reported on a calendar year basis. Donor countries report their ODA spend for the previous calendar year to the Organisation for Economic Co-operation and Development Assistance Committee twice a year, and these are published around April and December. The UK's ODA spend is also reported in the publication "Statistics on International Development" twice a year. The final publication each year includes detailed breakdowns of finalised ODA spend figures.

*are available to us. In that spirit, he has also asked me to communicate his strong steer that we should not rule out consideration of any ODA regardless of e.g. whether it is a relatively small amount. Instead, he would like to take a maximalist approach and ensure that all bilateral assistance (whether ODA, Prosperity Fund or other) is considered alongside our PPE asks so that we are giving ourselves maximum leverage.”*

8.51. With agreement reached with DHSC and Cabinet Office regarding a forward plan for the China operation (this is discussed in more detail in Section 13:), and with concerns regarding overlap between the remaining Strategic Initiatives, the GSSEP agreed to take two principal Strategic Initiatives forward. A GSSEP Board meeting was held on 28 May 2020. The agenda and draft minutes for the meeting are provided at AM/162 INQ000510279 and AM/163 INQ000494038. Crispin Simon confirmed at that meeting the Strategic Initiatives could now be grouped under two broad headings:

- a) An initiative that considered which markets and companies could support a more long-term diverse and robust source of PPE and domestic manufacturing. This incorporated the former Larger Corporate and Key Enablers initiatives set out above and was renamed the ‘Strategic Suppliers Programme’ in due course;<sup>20</sup> and
- b) Cooperation with International Partners, which encompassed the former ODA Project, G2G Project, and International Coalition Project. It became known as the International Partnerships Initiative (**IPI**).<sup>21</sup>

8.52. At this time, ministers and officials were working to consider as many options as possible to increase the production of PPE. Over the course of May, ideas were put forward with the above two initiatives being pursued into June. The use of ODA, as discussed above, to support the production of PPE in eligible countries continued to be explored as part of IPI. However, consideration of the use of ODA to source PPE

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<sup>20</sup> This Strategic Initiative was initially described as the Larger Corporate Project. It was also interchangeably referred to by the GSSEP team as the Large Corporates Project, the Large Corporates and Key Enablers Project, the Corporates Partners, the Strategic Suppliers Programme and finally the DHSC-GSSEP Supply Development Programme. For the purpose of this statement, we have referred to this Strategic Initiative as the ‘Strategic Suppliers Programme.’

<sup>21</sup> Although initially named the C-19 International Partners Initiative (**CIPI**) it was also referred to as the International Partners Initiative (**IPI**). For the purpose of this statement, we have referred to this Strategic Initiative as the International Partners Initiative.

ended at the point that it became clear that supplies of PPE into the country no longer necessitated this option to be progressed.

*The Strategic Suppliers Programme (Initially the Large Corporates Project)*

- 8.53. The Strategic Suppliers Programme built on EY's recommendations from the EY Project on supply chain resilience, set out above at paragraph 8.41. The EY executive summary, with additional slides setting out the planned actions of the GSSEP is provided at AM/235 INQ000515601. It identified markets and companies which could support a more long-term diverse and robust source of PPE and domestic manufacturing. Along with improving long-term PPE resilience, the objective of the Strategic Suppliers Programme was to assemble a list of potential PPE supplier companies, drawn from existing DHSC suppliers, UK Make projects, and nominations from the FCO/DIT overseas network. Crispin Simon was appointed to lead the initiative supported by the GSSEP International team. The GSSEP team supported DHSC product and buying teams throughout the duration of the Strategic Suppliers Programme. The DIT team led two strands of the Strategic Suppliers Programme: (i) diversification of geographic supply, with support from overseas posts, and (ii) the management of long-term relationships with corporate partners.
- 8.54. A process was formalised for the GSSEP's nominations to the Strategic Suppliers Programme. DHSC outlined product strategies and current demand products. The GSSEP country desks and posts would identify eligible suppliers and fill out a Strategic Supplier survey. The nominated strategic suppliers were screened by a joint GSSEP and DHSC panel against DHSC requirements regarding volumes of production, and company revenue. Potential suppliers were still required to go through all usual procurement processes to ensure certifications were in place. This process is set out in the email and attachments provided at AM/236 INQ000489715, and its attachments at AM/237 INQ000515478, AM/238 INQ000494094, and AM/239 INQ000494093.
- 8.55. The first joint GSSEP/DHSC Strategic Suppliers Programme screening panel took place on 11 June 2020. The papers for this panel are at AM/240 INQ000496642 and the minutes are at AM/241 INQ000510419. A second panel took place on 9 July 2020; the papers are at AM/242 INQ000515603, and the minutes are at AM/243 INQ000494128. At the second panel meeting it was agreed that a third and final panel would take place, and this would complete 'Phase 1' of the programme by filling the gaps from existing suppliers. It was also agreed that due to BAU public procurement rules, the name 'Supply Development Programme' should be used moving forward.

The final panel took place on 30 July 2020. The papers are provided at AM/244 INQ000496655 and the minutes are at AM/245 INQ000496656.

- 8.56. In total, the Strategic Suppliers Programme identified 54 PPE supplier companies from 18 markets including the UK (from UK Make projects), Bangladesh, Malaysia, Turkey, Canada, and the US and developed a procurement model better able to support DHSC's needs should another crisis emerge in the future. This is set out in papers for the GSSEP Board provided at AM/246 INQ000494154. The GSSEP team nominated 25 of the 54 companies that passed the panel screening.
- 8.57. On 31 July 2020, I wrote to Emily Lawson regarding the formal handover of the Strategic Suppliers Programme from the GSSEP to DHSC. The email is provided at AM/247 INQ000494162, and the attached letter is at AM/248 INQ000515655. The letter also set out the procurement options for DHSC to take forward in the next phase of the programme, according to usual procurement rules. The handover to DHSC coincided with the transition of the GSSEP into Project DEFEND which occurred shortly after on 3 August 2020. This transition is discussed further below in Section 9:.

#### *International Partners Initiative*

- 8.58. The IPI was set up to ensure, should the UK face a second wave of Covid-19 in the winter of 2020, that there were measures in place to obtain sufficient PPE supplies to meet demand. The plan for the IPI is provided at AM/249 INQ000510409. The intention of the IPI was to create agreement between trusted partners based on mutual aid on PPE supply in emergencies, the sharing of information, and stronger cooperation on supply chain resilience. The IPI was tasked with coordinating the policy and operational effort necessary to establish formal cooperation with Germany, France, Italy, Japan (the bilateral plan), the 5-Eyes partners, and potentially the G7 countries (the multilateral plan).
- 8.59. Ruth Lyon (Deputy Director, GSSEP) was appointed as the DIT programme lead. Ruth reported to Martin Kent, me as SRO, and the GSSEP Board. The GSSEP Board was accountable to the First Secretary of State. Ruth Lyon was supported by members of the GSSEP International country teams. Although a DIT-led project, to enable a wider network to draw from, a joint DIT/FCO team was put in place to manage the project. Richard Moon (Deputy Director, GSSEP – International Partnerships & Foreign Policy Risks) was appointed as the FCO lead.

- 8.60. On 27 May 2020, the GSSEP provided a paper to the First Secretary of State on international partnerships on PPE and the potential bilateral and multilateral approaches that could be undertaken with international partners. The email is provided at AM/250 INQ000492498 and its attachments are at AM/251 INQ000493991, AM/252 INQ000493989 and AM/253 INQ000510406. The paper was produced by the GSSEP with the support of FCO, DHSC and DfID. An attached slide pack highlighted the offers the UK could provide to international partners to help continue the trade discussions and facilitate the UK's PPE objectives in the longer-term.
- 8.61. An IPI Working Group was set up and met weekly, with representatives from DIT (who chaired the group), DHSC, BEIS, FCO, the Ministry of Defence (**MoD**), and Cabinet Office present. The first meeting was held on 16 June 2020 and Terms of Reference were agreed. The meeting slides, Terms of Reference, and minutes for this meeting are provided at AM/254 INQ000500132, AM/255 INQ000494082 and AM/256 INQ000500133.
- 8.62. On 9 July 2020, an IPI meeting of Directors was held. The email readout from the meeting and associated attachments are provided at AM/257 INQ000494123, AM/258 INQ000494124 and AM/259 INQ000494126. Following the meeting and discussion, the GSSEP prepared a paper which included what the UK could offer by way of expertise and resources for partnerships with the 5-Eyes countries and bilaterally with other countries. The paper is provided at AM/260 INQ000494125. The core UK offer proposals were as follows, alongside the department assigned as lead:
- a) Expert groups on science and innovation with a focus on PPE reuse and standards (DHSC lead);
  - b) Using UK stockpile for mutual exchange and donations, including through ODA (DHSC lead);
  - c) Sharing UK analysis on supplier diversification, including use of ODA (DIT/GSSEP lead); and
  - d) Trade Against Pandemics Initiative (**TAPI**) and broader work on export restrictions (DIT lead) (see paragraph 8.65 below).
- 8.63. Since the FCO was viewed as the natural home for the IPI, given their overall bilateral and multilateral foreign remit, in August 2020, Ruth Lyon provided a submission to the DIT Permanent Secretary on 14 July 2020 which detailed a forward plan to

transition the IPI to FCO. The submission is provided at AM/261 INQ000494129. The submission proposed that the GSSEP continue to drive the IPI forward until the end of July 2020 and facilitate discussions with the US, Canada, Australia, New Zealand, and Italy. At this point, it would handover to FCO who had agreed with the plan provided DIT offer a secondee for two to three months to manage the transition. On 21 July 2020, the DIT Permanent Secretary cleared the submission and planning commenced. This is set out in an email chain between DIT officials, provided at AM/262 INQ000489743.

- 8.64. On 31 July 2020, I wrote to Simon Manley (Director General, FCO) and confirmed the handover of responsibility for the IPI to FCO. This letter is provided at AM/263 INQ000494163. This took effect from 3 August 2020 when the GSSEP closed. A DIT official was seconded to FCO for a transition period.
- 8.65. TAPI was an initiative aimed at liberalising trade and removing export restrictions in key healthcare products. It was proposed by the DIT Trade Policy Directorate in June 2020 following a meeting of the G20 in May 2020, where trade ministers made commitments to keep trade in medical goods flowing particularly following increased use of trade restrictions in the early months of this crisis. A submission to the Secretary of State for International Trade on the TAPI is provided at AM/264 INQ000489765 and AM/265 INQ000494186. As part of the above submission, due to the firm trade policy focus of the work, the TAPI was removed from the IPI and remained within DIT. The initiative was taken over by the Trade Policy Group.

## Section 9: GSSEP Transition and Lessons Learned

- 9.1. In this section, I address how the GSSEP closed and its residual functions were transitioned to Project DEFEND. I detail the lessons learned exercises undertaken on the GSSEP. I also provide information on the markets and leads with which DIT staff were involved.

### *Pause on Short-Term Sourcing Work*

- 9.2. On 12 June 2020, the Permanent Secretary wrote to the First Secretary of State and provided an update on the work of the Department in lieu of their usual bilateral meeting, the letter and related correspondence are provided at AM/266 INQ000492528 and AM/267 INQ000494076. The letter stated that demand modelling showed that the supply gap for crucial PPE had closed through to September 2020, though the situation for the supply of gloves and FFP3 face masks remained tight.
- 9.3. On 26 June 2020, I wrote to posts and the GSSEP and stated that the UK was meeting its demand for medical supplies across all categories. This update is provided at AM/268 INQ000489724. As a result, proactive short-term sourcing work was paused. The DHSC demand signal dashboard was no longer circulated to posts weekly by Martin Kent.
- 9.4. During the GSSEP SLT meeting the previous day, it was noted that a slide was being prepared for the GSSEP Board with a plan on how to appropriately deal with outstanding leads. The notes of this meeting are provided at AM/269 INQ000492538.
- 9.5. On 29 June 2020, guidance on how to close down outstanding opportunities was sent to the GSSEP and post officials that were progressing leads. This email and its attached guidance are provided at AM/270 INQ000494105 and AM/271 INQ000489725. The close down process operated in two phases. Phase 1 closed down the PPE leads that were in the triage stage of the GSSEP process. It was communicated to these suppliers that the opportunities would not be taken forward. Phase 2 considered the leads that were either sitting with the GSSEP commercial team undergoing financial checks, and/or were with DHSC. These leads were dealt with on a case-by-case basis dependent on their progress with DHSC. For example, on 6 July 2020, the GSSEP forwarded leads regarding outstanding opportunities for gloves that had been progressed significantly to DHSC and Cabinet Office colleagues and sought confirmation of how to proceed, please see AM/272 INQ000496648. Cabinet Office replied on 10 July confirming that *“opportunities listed should not be progressed and we will not be processing any new leads of offers to contract”*.

- 9.6. A weekly 'close down dashboard' was presented to the GSSEP Board which offered details of outstanding strategic supplier leads. The dashboard documents for the period 8 July to 29 July 2020 are provided at AM/273 INQ000515556, AM/274 INQ000494130, AM/275 INQ000494141, and AM/276 INQ000515547. The same data was also discussed frequently at the GSSEP SLT daily meeting to provide regular updates, see for example AM/277 INQ000492559, AM/278 INQ000489737 and AM/279 INQ000489740. By 29 July 2020, 96% of leads were confirmed as closed down in advance of the formal closure of GSSEP on 3 August 2020. The GSSEP PPE Tracker, discussed at paragraph 7.19, recorded the resolution for all leads progressed through the GSSEP, including those closed down during this time.
- 9.7. It should be noted that the JACT and the GSSEP were seeking to find new sources of supply and the stringent quality requirements and associated certification rules were not diluted. It was therefore very difficult for suppliers of products who were not already supplying the NHS to meet these requirements for quality standards and certification at short notice. Many of the leads that were closed down may have, in time, been able to provide evidence of appropriate quality standards.

*Alignment of the GSSEP into Project DEFEND*

- 9.8. Discussions around aligning the functions being carried out by the GSSEP and Project DEFEND had begun prior to the pause on short-term sourcing. By June 2020, HMG were focussed on supply chain resilience, and a Ministerial Small Group (originally known as the Ministerial Committee) was set up to monitor supply chain work and decisions required to strengthen supply chain resilience. It was also intended to promote a gradual shift back to BAU departmental priorities once the Department was out of crisis mode.
- 9.9. On 15 June 2020, a 'Ministerial Committee Roadmap' was sent to the First Secretary of State by the Project DEFEND team ahead of the regular bilateral meeting with the Permanent Secretary. The roadmap and its attachments are provided at AM/280 INQ000492526, AM/281 INQ000489706, AM/282 INQ000494074, and AM/283 INQ000494075. The roadmap proposed a fortnightly Ministerial Committee to act as the senior decision making body on matters of supply chain resilience. The Ministerial Committee would:
- i. Make decisions on priorities and trade-offs;*
  - ii. Ensure alignment between domestic policy and international engagement work; and*

*iii. Agree the overall strategy to inform cross-government work on the Integrated Review, the Industrial Strategy, and our international trade policy.”*

- 9.10. The Ministerial Committee became the Project DEFEND Ministerial Small Group. The Project DEFEND Ministerial Small Group was chaired by the First Secretary of State and attended by the Secretary of State for International Trade, the DIT Permanent Secretary, and me. The Terms of Reference for the Ministerial Small Group are at AM/284 INQ000489761.
- 9.11. At the same time as the creation of the Ministerial Small Group, senior officials were also considering options for aligning the GSSEP and Project DEFEND. On 12 June, Fred Perry submitted a proposal to John Mahon (Director General, Project DEFEND) and me, with a plan to “*identify options for further alignments between the two projects*”, which is provided at AM/285 INQ000489803 and AM/286 INQ000489704. The proposal was for an alignment plan that would begin in June and end in August. The proposal set out the similarities between the projects in terms of their engagement with other departments, and internal links to sector teams. It suggested that the sourcing work for the GSSEP could form a ‘delivery arm’ of the strategic work conducted by Project DEFEND, and that it could be flexed to other sectors as required. Both John Mahon and I supported this plan and agreed with the proposed next steps, please see emails provided at AM/287 INQ000489705. The respective boards, the GSSEP Board and Ministerial Small Group, had oversight of the alignment of the teams.
- 9.12. On 18 June 2020, the plan, now agreed, was circulated to officials in both teams, please see AM/288 INQ000489711. An Alignment Oversight Board (**the Oversight Board**) was created on 18 June 2020, with senior officials from both teams represented.<sup>22</sup> The Oversight Board developed an overview of the functions of Project DEFEND and the GSSEP, and their team structures, with a view to bringing together their objectives. The first meeting was held on 24 June 2020. Papers were sent in advance of the meeting providing a draft short-term plan, long-term alignment options, and a paper that discussed the staff engagement issues that would need to be addressed. These documents are provided at AM/289 INQ000489716, AM/290 INQ000489717, AM/291 INQ000489718, and AM/292 INQ000489719. At this meeting, it was agreed that the Oversight Board would work towards a long-term

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<sup>22</sup> The Alignment Oversight Board was originally called the Design Authority, and the underlying documents often refer to this term.

high-alignment proposal by early July before determining changes to resourcing and organisational structures. The group considered what the strategic objectives for a joint function would be and, where relevant, considered best approaches to GSSEP/DEFEND project closures. The minutes of this meeting are provided at AM/293 INQ000489723.

- 9.13. On 2 July, the alignment and integration of the residual GSSEP activity into Project DEFEND was discussed at the GSSEP Board meeting. The minutes are provided at AM/294 INQ000492553. The paper circulated ahead of the meeting set out an alignment plan split into three stages and is provided at AM/295 INQ000510422. The first stage, 'design' would agree the plan and begin the close down of GSSEP leads. The second stage, 'transition' would start on 13 July 2020 and begin the integration functions, and leadership. The third stage, 'consolidation', would begin on 3 August 2020 and close the GSSEP with personnel formally moving to work within the Project DEFEND team. It was agreed that the plan would be considered and that the alignment of the two teams would remain a standing agenda item for the GSSEP Board.
- 9.14. In late July, the GSSEP team met with HMTCs to discuss the status of close down work and the plans for strategic suppliers in their respective regions. The meetings occurred as follows:
- a) On 21 July 2020, with British representatives from Egypt. Minutes provided at AM/296 INQ000494139;
  - b) On 21 July 2020, with British representatives from North America. Minutes provided at AM/297 INQ000500143; and
  - c) On 22 July 2020, with British representatives from EECAN. Minutes provided at AM/298 INQ000494149.
- 9.15. The final GSSEP Board meeting was held on 30 July 2020 and the minutes are provided at AM/299 INQ000492587. This meeting declared to the Board that the GSSEP would formally close. A resourcing merger organogram was circulated internally and confirmed the structure of the new team. Please see AM/300 INQ000489745. I led the team as Director General, and Project DEFEND, following the alignment with the GSSEP, is discussed further below at paragraph 11.49. On 31 July 2020 (covering email dated 3 August 2020), I wrote to Cabinet Office and confirmed the closure of the GSSEP and that its remaining responsibilities had merged into Project DEFEND. This is provided at AM/301 INQ000489755 and

AM/302 INQ000489753. On 6 August 2020, I sent a similar letter to the Permanent Secretary regarding the closure of the GSSEP. This is provided at AM/303 INQ000494167.

- 9.16. On 7 August 2020, HMTCs and overseas posts received an update from the GSSEP on the PPE sourcing work and the Strategic Suppliers Programme now that the GSSEP was closing, please see AM/304 INQ000494171. The email thanked overseas posts for their efforts over the past months and noted that the Strategic Suppliers Programme had been handed over to DHSC Category Managers. The email also noted that the market engagement plans, and cross-Whitehall ministerial grid were no longer being produced.

*The GSSEP: Commercial Lessons Learned*

- 9.17. In July 2020, the GSSEP commercial team undertook an internal lessons learned exercise reflecting on its work during the pandemic from a commercial and product hub perspective. The final report titled “PPE and Medical Supplies Sourcing – GSSEP Product and Commercial Teams Lessons Learned” was produced on 31 July 2020 (**the GSSEP Commercial Lessons Learned Report**) and is provided at AM/305 INQ000494161. Fred Perry agreed with the findings and the comments he provided were incorporated in the final version. This email is provided at AM/306 INQ000489752. The lessons learned fell under two broad headings (a) lessons learned related to strategy; and (b) lessons learned related to operations.
- 9.18. The summary set out below of the key lessons learned including the recommendations for dealing with a similar future scenario, is focussed on the matters relevant to the scope of Module 5.
- 9.19. Lessons learned related to strategy:
- a) Involving the commercial team at an earlier stage:
    - i. It was noted that the JACT colleagues had insufficient understanding of UK Government procurement policies. It was observed that it would have been highly beneficial for the commercial team to have been involved in the JACT sourcing processes at an earlier stage.
    - ii. Over time, the DIT Commercial team helped develop processes and training for the GSSEP Ops team, which enabled posts and country desks to focus efforts on the viable opportunities and manage expectations of potential suppliers. In a future scenario, commercial

teams should be involved as early as practicable, and should provide procurement training and information to all relevant stakeholders in any future iterations of the GSSEP.

- b) The relationship between DHSC and DIT/JACT/GSSEP:
  - i. It was considered that DHSC did not appear to sufficiently understand the DIT relationships at post, including the international sensitivities, and need for clarity around demand signals. In a future scenario, OGDs should be briefed on the role of DIT and posts. There should also be nominated individuals within DHSC and, any future iteration of the GSSEP, to agree the contents of the demand signals and communicate them to the broader networks immediately.
  - ii. The GSSEP was not sufficiently clear on DHSC's goals for medical procurement. Clarity of the commissioning department's procurement goals should be sought at Programme Board level.
- c) In summary, tighter integration of communication channels between DHSC and DIT teams should be considered.

9.20. Lessons learned related to operations:

- a) Relationship between DHSC and DIT/JACT/GSSEP:
  - i. The crisis context and changing resources at DHSC meant that communication with DHSC could be challenging. DHSC should provide clear account management responsibilities and standard response times to a future iteration of the GSSEP.
  - ii. Teams at DHSC did not seem to understand the role of teams in the JACT, the GSSEP, or at post, or the experience of the teams. DHSC asked posts to complete tasks such as attending factories to validate stock. In China, these tasks were often outsourced to third party companies, but there was no mechanism to implement that for other posts. In future projects, DHSC should consider what work should be outsourced to external companies and establish those relationships.
- b) Roles and responsibilities within the GSSEP:
  - i. To avoid staff struggling to identify key contacts for specific issues or enquiries, up-to-date organisational charts, together with summaries of

- each sub-teams' roles and responsibilities, should be produced and communicated weekly within the team, and externally as required.
- ii. Processes, training, and guidance developed by the GSSEP commercial team were well-received by posts. In any future projects, these processes and guidance should be built on and developed before action at post is commenced.
  - iii. Initially there was inconsistency around how the GSSEP dealt with reoccurring issues, for example, confidentiality agreements or export bans. This was addressed in the case managers' handbook. It would be beneficial to incorporate example emails and case studies into any such handbook.
  - iv. Established sector teams, regional representatives, and country team desks were highly effective, and these models should be replicated in future scenarios and projects.
  - v. It was recommended that more thought may need to go into future acceptance/rejection and use of donations. Most donations were not deemed fit for use and were subsequently rejected. Ethical, political and economic tests on accepting donations without intent for use should be considered.
  - vi. At points, potential conflicts of interest were identified related to the families of staff at post. On future projects, conflict questions must be involved in due diligence and triaging processes.
- c) Access to information:
- i. The GSSEP commercial team struggled to obtain financial information from suppliers to undertake the required financial checks promptly. Future iterations of the GSSEP should be granted access to the relevant databases at the outset.
- d) DHSC's Technical Assurance Process:
- i. It was concluded that embedding a member of the DIT Commercial team within the DHSC PPE opportunities team worked well, particularly in building relationships with caseworkers and allowing the GSSEP to have visibility into the processes. This should be replicated in future projects.

- ii. A future iteration of the GSSEP should have a dedicated account manager appointed for it within DHSC, which would provide an operational point of escalation for issues related to technical assurance.
- iii. Having an example pack of documents of what goods look like for post teams could have mitigated inconsistencies in the DHSC technical assurance process.
- iv. DHSC and DIT should establish, and communicate to stakeholders, standard turnaround timeframes for key stages of the technical assurance process.
- v. Direct conversations between DHSC technical teams and DIT sector specialists regarding ICU parts worked well. Specialist sector teams, who assist with a future project, should receive training on technical specifications of products.

*Government Internal Audit Agency: GSSEP Deep-Dive*

9.21. On 29 July 2020, the GIAA published its final internal audit report into the GSSEP, “The Global Strategic Sourcing and Engagement Project (GSSEP) – Deep Dive” (**the GSSEP Deep Dive Report**). The report and list of documents given to the GIAA are provided at AM/083 INQ000492578, and AM/307 INQ000489712.

9.22. The GSSEP Deep Dive Report concluded that since its inception in May, the GSSEP succeeded in:

- “- Quick mobilisation, with willing volunteers and dedicated leadership, and expertise brought in to run workstreams effectively;*
- Integration of commercial, category and overseas trade expertise to provide rigour and structure to the end-to-end procurement process;*
- Effective cross-Government cooperation and engagement; and*
- Effective project support structures, with a joint DIT/FCO communications and briefing team and a well organised Project Management Office (PMO).”*

9.23. The GSSEP Deep Dive Report was published when the preparations were underway for the GSSEP’s residual work to combine with Project DEFEND, as described earlier in this section. A number of ‘closure challenges’ were identified by the GIAA, including:

- a) The project outcomes were not defined in detail, partly due to the dependency on DHSC to clearly signal demand requirements;
  - b) Staff costs were not tracked at the beginning of the project due to staff being resourced via loans from other teams;
  - c) Resourcing plans should be developed to include ongoing long-term work and consideration of scenarios which include a resurgence in demand and winter preparedness; and
  - d) High-levels of senior engagement across several government departments resulted in swift uptake of new ways of working, however due to emerging business priorities this was noted as not being sustainable.
- 9.24. The GSSEP Deep Dive Report considered three risk areas together with recommendations for how they should be taken forward. These are summarised below. The first risk reviewed was whether a *“lack of an effective organisation structure including resources, skills and approach to project management [led] to delays in delivery, increased cost, and poor quality”*.
- 9.25. Due to the GSSEP being set up quickly, outcome measures were not defined in detail, partially due to a reliance on DHSC for clear demand requirements. The Report also noted that:
- “DIT did not have an established procedure to mobilise rapid response teams. Staffing was met initially by using staff that had volunteered to support priority work. This provided some immediate capacity but because the work and therefore skills required wasn’t clear, there was some initial friction and mismatches.”*
- 9.26. The Report noted a formal, project-wide assessment of resourcing skills was not completed but became evident as the project evolved. However, the GIAA concluded good project management was created, and the desire to make a positive impact was widespread. It recommended that the GSSEP be advised to develop a resourcing plan to ensure it continued to deliver and meet future scenarios. The GSSEP was advised to ensure ‘de-mobilisation’ procedures were formalised so that knowledge, experience, and ongoing needs were captured when loaned staff return to their home teams. The GSSEP was also advised to document successes and total project costs, and to develop a comprehensive resourcing plan needed to deliver ongoing strategic work, whilst maintaining levels to respond to a resurgence of demand.

- 9.27. The second risk reviewed was whether a *“lack of oversight and governance underpinned by effective board/committee structures with appropriate membership and defined roles and responsibilities [led] to projects and programmes failing to deliver to time, scope, cost and quality”*.
- 9.28. The GIAA concluded that the GSSEP’s governance structure was appropriate. It was noted that the GSSEP Board brought focus on relevant strategic issues beyond the discrete objectives of sourcing and diversifying overseas supply including: (i) monitoring existing and new sourcing and purchasing from China, and protecting incoming purchase orders; (ii) handling donations, recognising the trade-off between political equity and utility; (iii) sharing intelligence about what other governments were doing; (iv) providing the means to discuss options for overseas and UK firms to establish new supply opportunities in the UK.
- 9.29. The GSSEP Deep Dive Report noted that, at the date of publication, PPE supply had reached a state whereby the GSSEP’s overseas leads had provided DHSC with leads across all categories for their consideration and the gap between supply and demand was being met sufficiently. The GIAA recommended that the GSSEP adapt their oversight structures to support emerging competing priorities and focus on moving from operational requirements to strategic.
- 9.30. The third and final risk reviewed was whether the *“programme or project plans [were] not complete or comprehensive, leading to a failure to deliver to time, scope, cost and/or quality”*.
- 9.31. It was noted that the GSSEP was subject to high-levels of external scrutiny, submitting weekly reports (the Battle Plans and Delivery Confidence Report) to the Cabinet Office Covid-19 PMO. The GSSEP was seen as highly receptive in their engagement with Cabinet Office, and their plans were assessed as being at the highest level of maturity. Management information was deemed critical in managing the project’s three dependencies; establishing demand for products, encouraging turnaround of leads from overseas posts, and seeking a single view of international procurement data to match against expected purchase orders. The GIAA concluded any consideration about the GSSEP’s future should consider DIT’s wider needs, and any related needs across the Covid-19 portfolio. Consideration was to be given as to whether the GSSEP should be reincorporated into permanent DIT team structures or exist as a standalone project-based structure. The GSSEP was advised to complete

lessons learned work, including the creation of a 'playbook' to be used in future similar exercises.

- 9.32. The GSSEP Deep Dive Report included a Management Action Plan which stated that the Department agreed with each recommendation and assigned each an implementation date.

#### *The GSSEP Playbook*

- 9.33. In July 2020, following the recommendations of the GIAA in the GSSEP Deep Dive Report, DIT produced the GSSEP Playbook which is provided at AM/123 INQ000507427. The Playbook was a comprehensive interactive presentation setting out the governance, delivery, and roles and responsibilities within the GSSEP.
- 9.34. The GSSEP Playbook was intended as a high-level operational blueprint should DIT need to rapidly mobilise a similar international sourcing capability in the future. The Playbook integrated the lessons learned through the GSSEP to design the organisation and the processes in the most effective and efficient way. It emphasised that a clear demand picture was critical to DIT's ability to plan for closing the demand-supply gap. The GSSEP Playbook contained the key roles and responsibilities of those involved in the GSSEP, including operations teams, senior leadership, and supporting resources. It also detailed best practice process journeys across a range of sourcing chains. The GSSEP Playbook's intended audience spanned internal project teams, OGDs, and new joiners to any similar project.

#### *Total Quantities of Key Healthcare Equipment and Supplies*

- 9.35. The Inquiry has asked DBT to provide information on the countries DIT staff worked in, the countries items were sourced from, and to quantify the number of contracts, items, and total spend of contracts where DIT was involved in sourcing items. In regards to information relating to contracts, DHSC, as the authorising/contracting body, would hold this information and it is a difficult question for DBT to answer as it does not have all the information on the final contracts signed by DHSC. Further, for some DIT teams, it is not possible to ascertain with certainty the contracts with which DIT staff may have been involved at points in the procurement process and the impact of any leads obtained. I have set out below the information obtained from the documents and sources reviewed.
- 9.36. All posts around the world were working to secure key healthcare equipment and supplies for DHSC. Of these, DIT had a presence in a number of embassies, high commissions and consulates. These offices worked to try to source key healthcare

equipment and supplies from many markets, including China, Malaysia, Indonesia, Thailand, Turkey, and the USA. Please refer to Annex C for a list of DIT Offices Overseas. While all posts abroad worked to source leads, many of the leads did not result in contracts.

- 9.37. As outlined above, I anticipate that it is DHSC who will hold the procurement records for finalised contracts. As such, of the records reviewed, the Department does not hold information about whether contracts secured with the involvement of DIT staff were awarded to private companies, publicly owned bodies, or foreign government departments. Within the limitations of the data held, the best information on the outcomes of leads in which DIT had some involvement would involve a detailed assessment between the DIT records and data that is held by DHSC. We do not currently have access to the latter data.
- 9.38. I have also been asked by the Inquiry to provide the total number of key healthcare equipment and supplies secured for import to the UK by DIT teams during the pandemic. As this statement details, DIT officials were working in a number of teams to assist DHSC and the wider HMG PPE Taskforce in sourcing equipment and supplies. As such, the records the Department holds contain different figures for equipment and supplies that DIT officials assisted in securing. Further, the teams created to assist in this work began to close once the short-term sourcing was paused (such as the JACT and the GSSEP), and therefore the figures set out below may not represent the final volumes contracted for by DHSC. The Department's objective was to assist with sourcing medical supplies in the context of the wider Government response, and the data collated and circulated by DIT via the SitRep was designed specifically to be a centralised record across all procurement efforts. The Department's involvement extended beyond sourcing and included unblocking orders such as the paracetamol supply issue addressed at paragraph 10.14 below, and the strategic work to mitigate risks to the supply chains and diversify PPE supply chains.
- 9.39. The China team made a very significant contribution to the supply of ventilators and PPE. On 24 August 2020, John Edwards provided a breakdown of the procurement figures for contracts that had been signed. This is provided at AM/308 INQ000496133. The table provided by John Edwards covered the period 17 March

2020 to 3 July 2020, with the caveat that some contracts had delivery schedules which were still in progress. The data provided was as follows:<sup>23</sup>

<b>Equipment</b>	<b>Total ordered</b>	<b>Total value</b>
Face protection	13,990,000	£25,143,540.00
Gloves	2,831,000,000	£325,088,000.00
Gowns/Coveralls	66,587,150	£330,104,164.00
Aprons	2,675,000,000	£100,853,900.00
Masks	262,153,000	£136,015,270.00
<i>FFP3</i>	<i>32,000,000</i>	<i>£47,680,000.00</i>
<i>FFP2</i>	<i>6,150,000</i>	<i>£8,055,230.00</i>
<i>Type IIR</i>	<i>214,003,000</i>	<i>£77,574,040.00</i>
<i>Type II</i>	<i>10,000,000</i>	<i>£2,706,000.00</i>
Sanitiser	25,300,000	£19,565,310.00
Ventilators	3,121	£34,865,020.00
Ventilator Sub-components	138,925	£2,114,370.50
Pumps	46,950	£17,406,290.00
Consumables	3,299,723	£5,284,157.58
Testing Kit	23,180,000	£8,856,132.00
Other (body bags)	10,000	£97,600.00
<b>Total:</b>	<b>5,900,708,869</b>	<b>£1,005,393,754.08</b>

9.40. In relation to leads from the JACT and the GSSEP, as previously stated at paragraph 7.19 above, the GSSEP PPE Tracker that was used by the GSSEP commercial specialists suggests that no leads that passed from the commercial specialist to

<sup>23</sup> The data provided for masks is split out into the varying types. These are denoted by the use of italics in the table.

DHSC resulted in a contract. However, this relates only to directly handled new leads. Prior to the creation of the GSSEP PPE Tracker in May 2020, leads sourced by DIT officials in the JACT and HLSB were not centrally collated. Further, it was not recorded which leads sourced by the Department resulted in final contracts. Nor did the GSSEP PPE Tracker record the China contracts. Against this background, and the different sources of information, the following paragraphs set out the information gathered about the work on other teams within DIT to provide a broad indication to the Inquiry of the impact of DIT leads. It is worth reiterating here that, following the first phase of the crisis response in April 2020, through the JACT, the team recognised that new leads outside China and the established DHSC supply chain were unlikely to be numerous and shifted that part of the Department's work towards a combination of: seeking new international suppliers with a medium- to long-term supply focus (Strategic Suppliers Programme); developing country-to-country relationships with the same goal (International Partners Initiative); and broader supply chain resilience, to mitigate the risks of a future supply chain supply shock (Project DEFEND).

- 9.41. In July 2020, the Department produced a set of slides titled "DIT's support to international medical supplies sourcing: Impacts and Lessons" which evaluated the Department's contribution to the pandemic response and HMG medical supplies sourcing. This is provided at AM/309 INQ000510383. This report stated that 7,504 ventilators had been procured from eight locations: China, Germany, Netherlands, Sweden, USA, Israel, Taiwan, and Canada. In regards to PPE, as at 7 July 2020, DHSC had raised purchase orders with new suppliers for 20,967 million items.
- 9.42. The final SitRep issued on 28 July 2020 stated that purchase orders had been raised for over 30.9 billion items of PPE, with over 20.7 billion from new suppliers and over 10.2 billion from existing NHS suppliers. This is broken down by category to be: 537 million gowns, 8.4 billion masks (all types), 1.3 billion items of face protection (safety goggles and face shields, including visors), 13.7 billion gloves, and 6.8 billion aprons. These figures were subject to change at the time due to the delay between purchase orders being raised and contracts being signed. The PPE data collated for the SitReps came from a number of sources across HMG. While the precise contribution of each team was not generally recorded, the figures from the China team are provided above. In regard to ventilators, the SitRep stated that the total procured was 6,724. The SitRep noted that these figures were based on involvement from either the JACT or the GSSEP and did not include direct procurement from DHSC, NHS

Trusts, or Devolved Administrations. This SitRep is provided at AM/176 INQ000510300.

- 9.43. The Rearview Report, which is discussed further in Section 16:, stated that *“the impacts of GSSEP and DEFEND were wide-reaching across government. JACT/GSSEP delivered 3,814 ventilators, along with the securing of 30.8bn items of PPE (with 21.6m items received)”*. The Phase 3 Rearview Report is provided at AM/310 INQ000496142. It is thought that these figures represented the full HMG procurement efforts, and not specifically contracts that DIT assisted in sourcing.
- 9.44. As DHSC was the contracting authority, the final contract figures identifying the sources of PPE supply by country will be held by that Department. As stated above, however, the sourcing effort was deliberately a cross-government effort and did not (in the main) record the individual contributions of departments to such efforts, the exception being the China work. On balance, I would recommend that the Department should in future record individual departmental contributions alongside the general record. The policy to establish a single data source for PPE for ministers was right but need not have been exclusive; the Department wanted to avoid duplication of reporting for staff at the time, but a light-touch reporting mechanism for the individual efforts of teams in DIT could have been possible.

## **Section 10: Supply Chain Resilience Prior to the Pandemic and in its Early Stages**

### *Supply Chain Resilience Prior to the Pandemic*

- 10.1. As set out at paragraph 2.15, at the time of the pandemic responsibility for emergency preparedness and response principally rested with the designated LGD. A very similar approach was taken to work on supply chains. While supply chain resilience was not, to my knowledge, a specific or established concept prior to the pandemic, several government departments held the 'lead' role for the supply chains in their sector when planning for, responding to, and recovering from emergencies. As such, supply chain resilience was not a policy area owned by one central department, and individual departments developed strategies relevant to their own areas of expertise. Other departments would support the lead government department as appropriate.
- 10.2. The Inquiry is very familiar with the fact that on 10 November 2011, the Department of Health (as it was then known) (**DH**) produced a "UK Influenza Pandemic Preparedness Strategy 2011" (**the 2011 Strategy**), please see AM/311 INQ000102974. The 2011 Strategy identified DH as the lead department for pandemic preparedness and response but noted that all government departments would be directly or indirectly involved in preparing for an influenza pandemic. The 2011 Strategy considered issues such as border closures, supply chain disruptions and increased demand for critical care services in the event of an influenza pandemic. In particular, the 2011 Strategy identified that potential economic, political, and social consequences of border closures included risks to the secure supply of pharmaceuticals and other supplies.
- 10.3. In 2017 MoD released the "Refreshing Defence Industrial Policy", identifying the issue of supply chain security as a "*whole of government approach*". It is provided at AM/312 INQ000492366.

### *DIT's Involvement in Supply Chain Resilience Prior to the Pandemic*

- 10.4. DIT was not a lead policy department for supply chain resilience prior to the pandemic. There is an important distinction between work undertaken to secure growth and investment in supply chains, and supply chain resilience. Supply chain resilience focusses on the vulnerabilities of supply chains and on identifying the supply chains that are critical to the UK in the event of a disruption. Prior to the pandemic, DIT's work in respect of supply chains focussed on attracting investment, jobs, and growth across supply chains in the UK. This included identification of supply chain gaps in the context of DIT promoting UK companies to utilise those gaps and

identify areas of demand. DIT had strong links with businesses and a significant international network through its trade and international work, both in the UK and overseas. It would often support the export and investment activity of different sectors which were owned by different government departments.

- 10.5. The DIT Trade Plan 2020-2021 is provided at AM/313 INQ000493747. DIT's mission was to help businesses to export, drive inward and outward investment, negotiate market access and trade deals, and champion free trade. For example, from 2018 onwards DIT was involved in work regarding the UK's exit from the EU, gathering information on current and future global trade trends, and preparing the necessary infrastructure for EU Exit, including new trade bodies and legislation. In its 2018-19 Annual Report, which is provided at AM/314 INQ000493742, DIT identified one of its highlights as work on a "*High Potential Opportunities programme*". Here, DIT worked closely with Devolved Administrations and local partners to identify (among other things) supply chain gaps where a lack of market information was leading to structural under-investment.
- 10.6. DIT established a Global Trade & Investment (**GTI**) Business Group as the Trade Promotion Organisation of the UK. As set out in the GTI Staff Handbook, the purpose of the GTI included addressing some of the trade-related challenges facing the UK, particularly given its recent departure from the EU. The Handbook is provided at AM/315 INQ000494177. One area of focus was Supply Chain Development, whereby the GTI worked with trade bodies and industry to maintain a detailed understanding of UK capability, packaged UK solutions for export, and identified gaps that could be filled with targeted investment. This included within the HLSB sectors.
- 10.7. On 9 March 2020, HLSB prepared a Sector Trade Plan in preparation for the UK's Exit from the EU, focussing on a number of key sectors including healthcare, chemicals, and pharmaceuticals. The plan is provided at AM/316 INQ000493751 and set out the overall priorities for the Department, the key supply countries to focus on, and a number of deliverables for each sector. HLSB acknowledged the challenges for the pharmaceutical and chemical sectors, noting its work with OGDs to understand and influence domestic policies. This included the level of regulatory alignment with the EU and other markets. The Trade Plan identified, amongst other things, a particular aim to fill supply chain gaps in the UK through strategic foreign investment. It also highlighted DIT's focus on relationship management and supply chain development. In particular, the Department intended to enhance the

management of 'Tier A' Associations, which included, for example, AstraZeneca, Johnson & Johnson, and Pfizer Inc.

- 10.8. At the start of the pandemic, DIT's Business Intelligence Unit compiled an internal report summarising the impact of Covid-19 on businesses during the period 13 February to 9 March 2020. The report is provided at AM/317 INQ000496590. This was based on intelligence sourced from a range of companies and trade associations, including airlines, energy and oil companies, and healthcare entities. The report discussed challenges for UK companies importing and exporting goods, the impact of the slowdown in production and manufacturing in China on the UK, and the widespread cancellation or suspension of business travel and events.
- 10.9. As set out above at paragraph 2.17, ExCo had a PFRC. Covid-19 was briefly discussed in the PFRC meeting held on 20 February 2020. The papers for that meeting are provided at AM/318 INQ000493746 and noted that the PFRC identified a risk of year-end budget underspend across GTI both UK and overseas, which was reflective of (among other things) an anticipated lack of activity in China in February and March 2020. Covid-19 was then identified as a risk on the register on 5 March 2020, where the pandemic was noted to be a disruption to DIT operations to the extent it was preventing trade negotiations and day-to-day work. Please see AM/319 INQ000493749. It was further identified as an "*emerging draft risk*" in the DIT Strategic Risk Report dated 17 March 2020. The risks included preventing upcoming international events with experts, disrupting upcoming projects, and potential impacts on DIT operations and staff welfare in the event of a failure in Business Continuity Planning. The Risk Report is provided at AM/320 INQ000496592. In a delivery performance update provided to the PFRC on 23 April 2020, it was identified that there was a need for supply chain diversification during the pandemic. The update is contained within the pack of papers for the PFRC meeting held on 23 April 2020, which is provided at AM/321 INQ000496606.

*DIT's Early Contributions to Covid-19 Supply Chain Resilience Work*

- 10.10. From February 2020, DIT was asked to lead on, or contribute to, several commissions from Cabinet Office which dealt with supply chain resilience. As a result of its work on overseas trade and investment, DIT had good knowledge of the relevant sectors and supply chains. This was an important factor in the Department's ability to support the work on these commissions.

- 10.11. On 5 February 2020, Cabinet Office asked DIT, supported by HMT and BEIS, to assess which supply chains were likely to be disrupted in China and the surrounding regions given the emergence of Covid-19. The commissioning email is provided at AM/322 INQ000493743. This was novel in the sense that it involved the Government considering intervening in non-government supply chains.
- 10.12. In response, DIT analysed open-source information and data, and gathered input from UK businesses and OGDs including HMT and FCO. DIT provided the final paper to Cabinet Office on 14 February 2020, noting there would likely be a degree of disruption to supply chains across multiple sectors due to the restricted options for air freight and shipping, as many airlines were cancelling flights, and ships were reducing their stops and increasing the price of shipping. The email and attached paper are provided at AM/323 INQ000493745 and AM/324 INQ000493744. DIT identified (among other things) a possible increase in demand on UK pharmaceutical companies and medical equipment manufacturers and provided a breakdown of the supply chains for particular sectors which were likely to be impacted by the lockdowns in China, including automotive, technology, and life sciences and healthcare. DIT qualified its findings by explaining that it was difficult to fully predict the impact of Covid-19 on global supply chains, not least due to the lack of clarity as to when the disease would reach its peak but confirmed that it would continue to monitor the situation and provide Cabinet Office with updates as appropriate.
- 10.13. On 4 March 2020, the DIT Permanent Secretary attended a meeting of National Security Council Officials (**NSC(O)**). As set out in a DIT briefing note prepared ahead of the meeting by Becks Buckingham (Deputy Director of Global Strategy and Development), the meeting would consider the current international system. The briefing is provided at AM/325 INQ000510444. The briefing included two annexes detailing the effect of the Covid-19 crisis on trade and supply chains in China.
- 10.14. An early example of DIT's expertise and networks being utilised to assist with supply chain resilience is when it assisted with a paracetamol shortage in the UK in early March 2020. On or about 3 March 2020, the Indian Government advised UK company Perrigo that it was placing restrictions on the export of certain items to the UK, including paracetamol. Emails regarding this are provided at AM/326 INQ000493755. Perrigo was responsible for a significant portion of the UK's supply of paracetamol, which it sourced from India. Perrigo therefore sought to work with DHSC to try to get an exemption from the Indian Government from those restrictions to ensure the continuity of supply of paracetamol to the UK during the pandemic. DHSC flagged

this issue to DIT the following day, who proceeded to extensively lobby Indian ministers and officials over the following few weeks. Further details can be found at AM/327 INQ000493759, AM/328 INQ000493773, AM/329 INQ000489567, and AM/330 INQ000493800. By 8 April 2020, DIT had secured approval for the export of 2.8m packets of paracetamol to the UK, which was deemed critical to its supply. Please see AM/331 INQ000496602.

- 10.15. However, the responsibility for these types of supply chains, and their resilience, remained with those departments responsible for the relevant sectors, such as DHSC. For example, on 5 March 2020, Richard Devereaux-Phillips (Director of Policy and Communications, the Association of British HealthTech Industries) emailed a representative from DIT to convey his concerns around the actions of certain other jurisdictions in response to Covid-19 namely, *“the appropriation of equipment such as face masks, the banning of exports and the sequestering of manufacturing facilities”*. Richard Devereaux-Phillips noted these actions were *“potentially seriously injurious to supply chain resilience, and threaten the diversity of supply which is at its heart.”* During a teleconference that evening between DIT and DHSC, the concerns were discussed. DIT subsequently responded to Richard Devereaux-Phillips to acknowledge his concerns and noted that similar issues had been raised by other companies. DIT advised him that the Government continued to monitor its significant strategic stockpiles and order goods when necessary, and that colleagues from DHSC and FCO were engaging directly with overseas governments. The email chain discussing this is provided at AM/332 INQ000489546.

#### *Formal Commissions on Supply Chain Resilience*

- 10.16. A number of government departments, including DIT, DHSC, and FCO, were involved in various supply chain-related commissions. It was therefore necessary for the departments to consistently engage with one another to agree who was best placed to lead on, or feed into, a commission. Departments would make Ministerial Transfer requests to reallocate a response to a more suitable department where appropriate.
- 10.17. By way of example, on 9 March 2020, DIT received a Ministerial Transfer request from the FCO regarding how Covid-19 may affect supply chains and the import of medical items and equipment on the basis that it did not fall within FCO’s remit. This is provided at AM/333 INQ000489549. DIT ultimately declined the request and recommended that it be transferred to DHSC as the lead department for this work. Please see AM/334 INQ000489551, AM/335 INQ000489550.

- 10.18. On the same day, 9 March 2020, following a Silver call, I noted that thought should be given at the strategic level as to whether HMG “*should be supporting the export of medical and other supplies relevant to [Covid-19] response that could become scarce on the UK market?*”. Harjinder Kang later confirmed via internal correspondence dated 11 March 2020 that GTI had determined there were no plans to restrict exports of relevant items from the UK, as “*UK Companies / NHS have enough stockpiles to cope with a pandemic and has been rehearsed many a time*” and “*[o]n top of this there are the Brexit prep stocks*”. Harjinder Kang qualified this by saying that this approach was subject to change depending on the impact of other countries restricting their exports on UK supplies. Please see email chain at AM/336 INQ000493752.
- 10.19. Also on 9 March 2020, the DOC provided a submission to the Secretary of State for International Trade, copied to the Permanent Secretary, and Catherine Vaughan which discussed how the “*impact of measures introduced by China to contain the outbreak [a]ffected both supply and demand in China which are having knock-on implications in other countries*”. It also considered disruptions to supply chains of UK businesses, including the pharmaceutical sector. The submission is provided at AM/009 INQ000493750.
- 10.20. On 10 March 2020, Cabinet Office sought an analysis of the impact of the Covid-19 outbreak on global supply chains from DIT, including an analysis of the countries that the UK was most reliant upon for the supply and demand of certain goods. Details can be found at AM/337 INQ000493754. The following day, the NSC issued a minute tasking DIT, HMT, and BEIS to carry out work on supply chains, with a particular focus on the resilience of the UK to supply chain shocks. Please see AM/338 INQ000493753. This work was noted as being separate from the work that DHSC was undertaking on medical supply chains.
- 10.21. On 16 March 2020, Cabinet Office asked DIT to work with BEIS, HMT, and DHSC on medical supply issues and on a commission from the Covid-19 International Ministerial Taskforce to analyse supply chain risks for official-level COBR. This commission was led by DHSC, with the focal question being “***How are UK Covid-19 domestic and international requirements dependent on global healthcare supply chains and what international engagement is required to support these?***” (original emphasis). Please see AM/339 INQ000493757. DIT was asked to provide input on the geography of international healthcare supply chains, to identify the countries that the UK was dependant on for key equipment, as well as to review

global export restrictions on medical equipment. Please see AM/340 INQ000496593. This paper was circulated by DHSC on 19 March 2020, provided at AM/341 INQ000493764, AM/342 INQ000515573. DIT was subsequently asked to produce another commission on 20 March 2020, with input from Department for Transport (DfT) and BEIS on supply chain issues. Further details are provided at AM/343 INQ000493768.

- 10.22. On 22 March 2020, Cabinet Office sought a further commission regarding medical supply chains ahead of the next HMIG meeting scheduled for 24 March 2020. This was again led by DHSC, with input from DIT, BEIS, CCS, and the GCF. Please see AM/344 INQ000489554. This commission was to include a gap analysis of what was needed, key dependencies, and where the UK might have leverage, as well as the trade policy principles that should underpin its approach to securing those supply chains. Please see AM/345 INQ000492371. DIT offered assistance to DHSC, but they confirmed that there was nothing needed from DIT at that stage. Please see AM/346 INQ000489555. DIT only attended HMIG when requested by DHSC or Cabinet Office.
- 10.23. During this time, DIT was engaged in various ad hoc supply chain actions regarding ventilators and other medical equipment. Further information is provided in email correspondence at AM/347 INQ000493762. In addition to this, as set out above in Section 3: and Section 13:, DIT staff in HLSB and posts also supported the sourcing of ventilators in March 2020 prior to the creation of the JACT.

#### *Participation in Working Groups with OGDs*

- 10.24. It was at this time that DIT, together with the FCO, also established the JACT to facilitate the purchase of medical supplies by DHSC with the support of the overseas network. I have addressed the work of the JACT in detail in Section 4:.
- 10.25. At the Covid-19 IMIG meeting on 2 April 2020, an action was set to prepare a paper that captured HMG's "*monitoring and reporting on risks that arise in international supply chains*", setting out a clear process for the flow of information into FCO and DIT. The actions from this meeting are provided at AM/348 INQ000083759. That same day the FCO circulated an email to Cabinet Office with a request from the Foreign Secretary for the FCO to work with DIT and other departments to identify critical supply chain failings and weaknesses. This email was forwarded to the Department, and an initial meeting was arranged for 3 April 2020 for a Covid-19

working group with FCO, DIT, DHSC, the Department for Environment, Food and Rural Affairs (**DEFRA**) and others. Please see AM/349 INQ000492398.

*Further Formal Commissions on Supply Chain Resilience*

- 10.26. On 4 April 2020 Paul Williams (Deputy Director of the Covid-19 International Policy Cell, Cabinet Office) circulated a draft paper to DIT and FCO seeking their review and input. The email and attached draft paper are provided at AM/350 INQ000489584 and AM/351 INQ000493818. This paper summarised international supply chain risks faced by HMG and emphasised the need for an improvement in the flow of information from OGDs to FCO and DIT to allow HMG effectively to address any emerging issues in international supply chains. The paper also set out DIT's involvement as including the specific procurement of goods for the public sector, focussing on medical supplies (together with FCO via the JACT), maintaining a comprehensive live register of export restrictions, and some ad hoc monitoring of demand spikes for certain exports.
- 10.27. At the PPE Strategy meeting on 27 April 2020, DIT also received a commission to work with DHSC and FCO to *“advance proposals for strategic international Government-to-Government discussions regarding the purchasing of either raw materials or finished products, and to consider options for PM-level intervention”*. The actions from this meeting are provided at AM/352 INQ000088677. DIT provided a response to Cabinet Office, which included contributions from DHSC, DfID, and HMT on 30 April 2020. The response and relevant emails are provided at AM/353 INQ000496112 and AM/354 INQ000515619. The note focussed on work to date in India to increase PPE supplies and whether this could be applicable to other markets. As noted in the email thread provided at AM/355 INQ000515620, the GSSEP International team (once formed on 27 April 2020) undertook work to assess potential suppliers from priority markets. This is discussed further in Section 8:.
- 10.28. On 30 April 2020, the Covid-19 Cabinet Secretariat made a formal commission to prepare a paper to support a further discussion on PPE at an upcoming Covid-19 strategy meeting to be chaired by the Prime Minister on 4 May 2020. Details of this commission are provided at AM/356 INQ000493921. This commission was to be DHSC led, with input where necessary from (among others) DIT. Fred Perry contacted NHS England that day and suggested that DIT and FCO could input by providing data on existing global orders of PPE, as well as demonstrating its lobbying plans, strategies and work with particular countries and progress made on integrating commercial operations with the overseas network and between UK Government

bodies. Fred Perry began coordinating the DIT team to do this work on 1 May 2020, see email provided at AM/357 INQ000500106. DIT produced a series of slides which were incorporated into DHSC's final slide deck circulated ahead of the meeting and provided at AM/358 INQ000510446.

- 10.29. On 30 April 2020 the JACT Briefing Unit, provided a briefing approved by Martin Kent to the Permanent Secretary ahead of the twice-weekly bilateral meeting with the First Secretary of State. The purpose of this bilateral meeting was to discuss international procurement of medical supplies. The briefing is provided at AM/359 INQ000510450. The note set out a series of short-term interventions and long-term solutions to unlock supply. This note also confirmed that No 10 had asked DIT to lead a short piece of work to *“explore critical UK supply chains (excluding food) of category one and other critical goods that may become vulnerable to the changing global macro-economic picture in light of the COVID19 emergency”*.<sup>24</sup>
- 10.30. This commission was the beginning of Project DEFEND, which I address in detail in Section 11:.. While the first phase of Project DEFEND was a short review of existing supply chains, the project ultimately led to an overhaul of the way the Government approaches supply chain resilience, with a permanent Directorate now based in DBT who provide the central coordination that was notably absent prior to the pandemic. I have set out my reflections on the work of Project DEFEND at 11.89. I consider it important to recognise at this stage that as there was not a central lead on supply chain resilience in place at the start of the pandemic, DIT had to work at pace to build a team with the necessary expertise and decided to use external consultants to help assess the resilience of UK non-food supply chains in the initial phase. Although Covid-19 was in many ways unprecedented, the Department would have benefitted at the time from dedicated supply chain resilience expertise as part of its trade functions, as well as tested response plans for supply chain disruption. The fact that the crisis prompted the review of this weakness and led to the creation of the new Directorate and permanent supply chain function means that we are now in a stronger position in respect to preparedness for any future emergencies.

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<sup>24</sup> As set out in paragraph 2.50, Category One goods are those considered critical to the preservation of human or animal welfare and/or national security for the UK.

## Section 11: Project DEFEND

### Overview

- 11.1. On 25 April 2020, the Prime Minister commissioned “a piece of work to interrogate where the vulnerabilities lie in our critical goods/supply chains and look at a full and rigorous set of options for addressing those vulnerabilities, from radically rethinking our approach to procurement across the globe to working out where we need to build rapidly domestic capacity”. Details of the request are provided at AM/360 INQ000489616. This piece of work was named Project DEFEND and was led by DIT as the central coordination point. I expect that DIT was chosen to lead this work because, as set out above, the Department had a cross-cutting view of many of the relevant supply chains and was well positioned with its international links and connections to businesses. I should make clear that Project DEFEND was designed specifically to work alongside the immediate pandemic response on critical medical supply chains as a broader, strategic review of supply chain resilience with a complementary, longer duration mandate to identify and rectify supply chain resilience and vulnerability issues. While Project DEFEND was therefore distinct from the immediate pandemic response, I am asked by the Inquiry to set out, amongst other things, its activities during the pandemic.
- 11.2. The Permanent Secretary confirmed the start of Project DEFEND in her letter to Wednesday Morning Colleagues<sup>25</sup> dated 30 April 2020. A copy of the letter is provided at AM/361 INQ000278352. Project DEFEND was described as a “cross-Government project [...] to analyse, prioritise and create an actionable strategy for building resilience in non-food critical goods supply chains”.
- 11.3. For the purposes of this statement, I have described the overall structure of Project DEFEND. Many of the supply chains that were assessed by Project DEFEND are not relevant to the Module 5 Provisional Outline of Scope (for example, the supply chain of broadband network equipment). The full list of supply chains assessed during Project DEFEND is available at Annex D. The supply chains considered relevant to the Module 5 Provisional Outline of Scope are PPE, Covid-19 testing equipment, hand-sanitiser and clinical waste disposal, and those supply chains for medicines and consumables provided for treatment within the ICU and for Covid-19. DHSC was

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<sup>25</sup> ‘Wednesday Morning Colleagues’ refers to a weekly meeting of permanent secretaries, chaired by the Cabinet Secretary and held in Cabinet Office.

responsible for all of these supply chains, and led the relevant Project DEFEND work strand as part of the DIT-coordinated overall programme.

*Initial Design and Purpose of Project DEFEND*

11.4. As a strategic programme to look at supply chain vulnerability, Project DEFEND started with a four-week project, commissioned and funded by Cabinet Office, to work with an external consultancy firm to look across “*critical supply chains (excluding food) that may have become vulnerable to the changing global macro-economic picture*” and:

*“i) diagnose and interrogate short- and medium-term vulnerabilities to UK overseas supply chains for all category one and other goods and products critical to tackling Covid-19 (testing kits, pharmaceuticals, reagents etc);*

*ii) develop a strategy and delivery plan to mitigate those vulnerabilities [...]; and*

*iii) identify insights from the [Covid-19] experience that can be generalised to national supply chains and national level procurement of all products (recognising that getting to the bottom of how to address these and implement any recommendations will take longer)”.*

The email chain is provided at AM/362 INQ000493864 and the Terms of Reference are provided at AM/363 INQ000489635.

11.5. Boston Consultancy Group (**BCG**) was appointed as the delivery partner following a competition jointly led by Cabinet Office and DIT. Their role was to help DIT to understand the “*end-to-end supply chains for the most vulnerable products in a number of scenarios (central and worst case)*” including “*sourcing of inputs, manufacturing, storage/warehousing, paperwork [...] and transportation of products to their final point of use.*” Further details are provided in the project engagement letter at AM/364 INQ000496612, submission at AM/365 INQ000496622, and consultancy approvals form at AM/366 INQ000496621.

11.6. On 24 April 2020, BCG set out a proposal for how they could assist with this work. The proposal is provided at AM/367 INQ000496608.

11.7. The first four weeks of Project DEFEND ran between 27 April 2020 and 8 June 2020 and focussed on the identification and assessment of the vulnerabilities in 31 critical supply chains that were categorised as a priority.

- 11.8. During this first phase of Project DEFEND, each critical supply chain was allocated to the government department responsible for that supply chain, who would lead that work strand throughout the project (referred to as the 'Lead Department' throughout this section). The Lead Department provided information to Project DEFEND, developed options to protect the supply chains, and implemented the 117 solutions identified (with appropriate oversight and representation from responsible ministers). The role of DIT was to coordinate the project and design the framework for a future strategic approach to supply chain resilience.
- 11.9. The governance of Project DEFEND evolved over a further three phases, and departments across Whitehall leading the work strands participated in the work.

#### *Staff at Project DEFEND*

- 11.10. The Permanent Secretary oversaw the Project DEFEND Team and was supported by John Mahon (Director General) and Lucy Buzzoni (Deputy Director at this time). Initially the team was made up of 12 officials, but it grew as the scope of Project DEFEND expanded. An organogram of the early team dated 22 May 2020 is provided at AM/368 INQ000492508.

#### *Governance of Project DEFEND*

- 11.11. The Project DEFEND Steering Committee (**the Steering Committee**) was set up to provide support from the start of the project. The Steering Committee was chaired by the Permanent Secretary, and its members were SCS from almost all departments as well as Devolved Administrations. The Permanent Secretary described the group as "*a strong collaborative mechanism to take this important cross-Government work forward*". Further information is provided in the letter to Wednesday Morning Colleagues dated 1 June 2020 at AM/369 INQ000496639.
- 11.12. The Steering Committee was initially attended by No 10, HMT, BEIS, Cabinet Secretary's Office, Cabinet Office, DCMS, DEFRA, DfT, DHSC, EBRIG, FCO (later FCDO), MoD, Home Office, IMIG secretariats and team members from DIT. Project DEFEND's initial Battle Plan is provided at AM/370 INQ000494115. Over time the membership was extended to include the Department for Work and Pensions (**DWP**), the Ministry of Justice (**MoJ**), the Ministry of Housing, Communities and Local Government (**MHCLG**), GIAA, Department for Education (**DfE**), National Cyber Security Centre (**NCSC**), and the Northern Ireland and Scottish Government. Please see AM/371 INQ000489772. The Terms of Reference for Project DEFEND were agreed on 28 April 2020. These are provided at AM/363 INQ000489635.

- 11.13. As the project developed, additional governance arrangements were established to support the Steering Committee and reflect the needs of each phase of the project. For example, during Phase 2 as the project increased in scope, sub-groups were created to address specific areas of Project DEFEND. These are noted in the Phase 2 Steering Committee Terms of Reference at AM/372 INQ000489709.
- 11.14. Further, a Ministerial Small Group, discussed in detail above at paragraph 9.9, was set up with senior ministers appointed to act as the HMG decision making body on supply chain resilience. The First Secretary of State was appointed as Chair on behalf of the Prime Minister. On 2 July 2020 the Ministerial Small Group met for the first time and agreed its Terms of Reference. Please see the briefing and minutes at AM/373 INQ000494107 and AM/374 INQ000494138.
- 11.15. On 23 November 2020, a new Programme Board replaced the Steering Committee. Please see letter AM/375 INQ000494210. This reflected the transitioning of the work of Project DEFEND (including new objectives for Phase Four) and associated need to change the format and composition of the governance body. The Programme Board constituted members as set out in Annex A to the letter at AM/376 INQ000489780.

#### *Methodology Used in Phase 1*

- 11.16. To conduct the analysis of supply chains, BCG and Project DEFEND developed and implemented the 'Supply Chain Resilience Assessment Methodology'. The methodology involved four steps: classification and prioritisation,<sup>26</sup> a vulnerability assessment, scenario testing of critical supply chains, and mitigations to address vulnerabilities. Further information about this methodology is provided at AM/377 INQ000515667.

#### *Phase 1: 'Sprint' One and Two*

- 11.17. Project DEFEND was a strategic project and worked in short periods of work described as 'sprints'. In Sprint One (27 April 2020 – 11 May 2020) relevant non-food supply chains were selected through framing and prioritisation activities, and those supply chains were assessed for the impact they had on the UK. The 31 supply chains to be assessed were confirmed at the Steering Committee on 7 May. The actions and decisions of this meeting are provided at AM/378 INQ000493959.

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<sup>26</sup> Referred to in a number of underlying documents as 'taxonomy and prioritisation'.

- 11.18. Sprint One also involved overlaying 'stress scenarios' onto the prioritised supply chains to analyse the solutions to those situations and identify mitigation strategies. These scenarios could include economic factors, geopolitical or viral. An illustrative worked example was the flu vaccine as it was "[...] *critical for reduction of Influenza deaths, especially vulnerable groups (e.g. elderly) with immediate impact if disrupted; any disruption to have significant impact on public confidence and with significant lead time to resolve (preparation of specific strains)*". Please see AM/379 INQ000515681.
- 11.19. Sprint Two (11 May 2020 – 25 May 2020) applied vulnerability assessments using four criteria: the likelihood of supply disruption, the severity of impact of a supply shortage, the time horizon of disruption occurring, and the impact on public confidence of a shortage occurring. Stress tests were also applied to vulnerable supply chains to build an understanding of what needed to be done to protect these supply chains.
- 11.20. The assessment methodology noted above at paragraph 11.16 and the progress report included in a slide deck presented to the Project DEFEND cross-Whitehall Working Group provide further details about the approach. The slide deck is provided at AM/380 INQ000496625.

#### *Outcome of BCG and Project DEFEND Analysis in Phase 1*

- 11.21. At the end of Phase 1, on 22 May 2020 BCG produced a detailed report setting out the findings in respect of the 31 supply chains assessed during the initial four weeks. This included 105 actions to improve the resilience of the 31 critical supply chains and cross-cutting dependencies.<sup>27</sup> Please see the progress report included in the mitigations summary at AM/381 INQ000494019. The full Phase 1 report is provided at AM/379 INQ000515681.
- 11.22. The report collated the key outputs from Project DEFEND and provided these to Lead Departments to take forward at the end of the Phase 1 four-week period. It included a detailed annex for each supply chain, setting out the underlying data and analysis, proposed mitigation strategies and key planning actions to implement the proposals.

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<sup>27</sup> By way of example, the Covid-19 testing supply chain (both viral detection and antibody tests) was identified as high (red) risk as the tests were a key priority for the response to Covid-19, the supply chain was severely vulnerable with a high-dependency on products from overseas (in at risk countries), and it was severely sensitive to stress scenarios e.g. border closures, labour shortage, demand spikes. As a result of this high-risk rating, mitigation strategies were developed in collaboration with the relevant department (in this case DHSC).

The role of DIT and the project team was to provide recommendations for action. The departments themselves retained responsibility for the resilience of their supply chains and then needed to consider the resource and financial implications of any proposals and assess existing processes to see if any of the vulnerabilities had already been addressed. The Steering Committee monitored actions that were agreed for Lead Departments to take forward.

11.23. Project DEFEND also completed a lessons learned review into the project in June 2020, and the report is provided at AM/382 INQ000489702. The team identified key lessons across several themes including management and resourcing in the team, engagement with OGDs, governance processes, and briefings and commissions. For each lesson learned, the team either proposed actions or assigned a named individual to give the issue further consideration for Phase 2. Proposed actions included:

- a) Introducing strict rules around briefing and deadlines to manage unreasonable expectations and respond to concerns about long working hours and burnout;
- b) Setting clear working processes with BCG, ensuring a DIT team member was involved in all meetings and correspondence with BCG to steer the project; and
- c) Considering how to make the working groups thematic so the right people were in the room and the group did not have too many people, with a lack of clear direction or meaningful discussion.

*Phase 2: Aims and Objectives*

11.24. On 29 May 2020, the First Secretary of State wrote to the Prime Minister providing an update on Project DEFEND and the strategic actions and processes created in Phase 1. The First Secretary of State asked the Prime Minister to agree to continue with the approach developed by Project DEFEND for strengthening supply chain resilience created in Phase 1 and noted that further actions would be assigned to Lead Departments and coordinated by a ministerial committee. The letter is provided at AM/383 INQ000174741.

11.25. The proposal for Phase 2 was to extend the work to consider the next highest priority supply chains, following the same approach as Phase 1. It also continued to develop the relationships between Project DEFEND across Whitehall. The plan was set at a meeting of the Steering Committee on 7 May 2020. The decision and actions from

this meeting are provided at AM/378 INQ000493959. The three overarching objectives of Phase 2 were to:

- a) Work together across Whitehall to ensure outputs and insights from Project DEFEND were aligned with other strategic programmes, policies and strategies;
- b) Agree and start implementing action plans to enhance resilience in the 31 priority supply chains identified in Project DEFEND work to date, and begin building an enduring capability (a 'resilience hub') to monitor and improve supply chain resilience; and
- c) Continue Project DEFEND's vulnerability assessment and identify strategies to enhance resilience for the next set of 30-45 priority supply chains, working across the relevant government departments.

11.26. Initially, conversations were set up with departments to discuss the supply chains that would be included in Phase 2. These conversations allowed departments to provide feedback as to whether the supply chains aligned with the department's priorities, and to ensure the project was not duplicating ongoing work. For example, Covid-19 Vaccines were not evaluated in Phase 2 because of the BEIS led Vaccine Taskforce (VTF) that had been set up to improve the supply of vaccines to the UK.

11.27. Bilateral meetings were set up between Project DEFEND and the relevant Lead Department when the Phase 2 supply chains were selected, and the Phase 1 analysis steps were replicated. The Phase 2 Handover is provided at AM/384 INQ000489754.

11.28. In Phase 1, six key countries had been identified as priorities due to the concentration of supply chains they were involved with, and highest concentrated risks. These remained the same in Phase 2 and the level of reliance on these countries was factored into assessments of Phase 2 supply chains. Please see AM/385 INQ000494114. The investigation of the impact of these six countries on supply chain resilience was provided by FCO to the Steering Committee on 15 July 2020. Please see AM/386 INQ000515668.

#### *Engagement of BCG in Phase 2*

11.29. On 1 June 2020, Catherine Vaughan sent Accounting Officer advice to the Permanent Secretary on the appointment of BCG to carry out Phase 2 of Project DEFEND. This is provided at AM/387 INQ000494033. The contract with BCG was extended for a further eight weeks starting on 4 June 2020 and the engagement letter

is provided at AM/388 INQ000496658. The appointment was first approved by the Permanent Secretary as Accounting Officer, please see relevant emails and attachments at AM/389 INQ000489696, AM/390 INQ000494050, AM/391 INQ000496633, AM/392 INQ000489697, and AM/393 INQ000496637. It was subsequently approved at ministerial level by the Secretary of State for International Trade. Please see email and submission at AM/394 INQ000496646 and AM/395 INQ000492588.

- 11.30. BCG team members were invited to weekly Steering Committee, Ministerial Small Group and working level meetings. At the end of each Phase, BCG helped to develop and monitor mitigation strategies for risks identified in each supply chain.

*Phase 2: Substantive Work*

- 11.31. Phase 2 analysed a further 35 critical supply chains that had not been addressed in Phase 1 using the Supply Chain Resilience Method described at paragraph 11.16.
- 11.32. Phase 2 tracked the actions that were assigned to Lead Departments and when the strategic actions for Phase 2 supply chains were determined, these were also monitored by the oversight mechanisms of Project DEFEND.
- 11.33. On 2 July 2020, the Ministerial Small Group met and agreed to create a new workstream to identify relevant national security threats in relation to critical supply chains that were assessed by Project DEFEND. The papers and briefing for this meeting are provided at AM/396 INQ000494194 and AM/373 INQ000494107. These threats were prioritised and mapped against supply chains. The main risks identified in respect to national security threats were geographic threats (concentrated dependence on particular states and potential hostile state actors), and thematic threats (e.g. fraudulent activity, inadvertent disruption, and foreign direct investment, serious and organised crime and terrorism). The national security workstream's workplan is provided at AM/397 INQ000494180.
- 11.34. The workstream identified mitigations using national security insights that could be put in place to safeguard critical supply chains and agreed whether these should be taken forward. For example, for PPE, Project DEFEND identified one threat was the high risk of modern slavery. The strategic actions for DHSC were to explore more direct links with manufacturers and suppliers and encourage governments and companies to monitor human rights within the supply chain. Please see AM/398 INQ000489768.

- 11.35. Project DEFEND also set up the Resilience Hub, a team that would monitor and track the strategic actions assigned to OGDs through Project DEFEND and identify early warning indicators by considering the following: *“[i]s the external environment changing in a way which could stress the vulnerabilities and cause disruption?”* Please see a briefing on process, methodology, OGD inputs and timings for the Resilience Hub at the time it was established at AM/399 INQ000494118.
- 11.36. On 2 July 2020, Steve Oldfield (Chief Commercial Officer, DHSC) who led on the DHSC supply chain work strand, presented a paper to the Ministerial Small Group. It set out the challenges to building resilience in PPE and medical supply chains and provided an update on the work was already underway at DHSC on this and what was scoped for the future. The paper and minutes of meeting are provided at AM/400 INQ000492543 and AM/374 INQ000494138.
- 11.37. At the Steering Committee Meeting on 28 July 2020, DHSC presented to the group and noted the establishment of the Strategic Supply Resilience programme in DHSC with Steve Oldfield as SRO. The paper requested that the Steering Committee consider how a coordinated approach to actions arising from Project DEFEND could be implemented. The paper from DHSC considered at the meeting is provided at AM/401 INQ000492576.
- 11.38. On 30 July 2020, the Steering Committee met and discussed the themes that had emerged during Phases 1 and 2 and the work of Project DEFEND moving forward into Phase 3. Before the meeting, a briefing was sent to the Permanent Secretary as the Chair with the agenda and key points to be discussed in the meeting. The Chair’s briefing is provided at AM/402 INQ000494160.
- 11.39. The Integrated Review of Security, Defence, Development and Foreign Policy was commissioned at this time to set the UK’s overarching national security and international strategy, bringing together defence, security, resilience, diplomacy, development and trade, as well as elements of economic, and science and technology policy. The Integrated Review is provided at AM/403 INQ000196501. The Permanent Secretary and I noted the importance of Project DEFEND feeding into the Integrated Review at the Steering Committee meeting on 30 July, particularly the chapters on global issues and resilience. The minutes for the meeting can be found at AM/404 INQ000494164. Alongside a number of government departments, Project DEFEND took part in policy discussions to feed into the Integrated Review and highlighted the importance of supply chain resilience as an integral part of global

security. The Government committed to publishing a new strategy on supply chains and imports in the Integrated Review Refresh in 2023, which is provided at AM/405 INQ000494245. I address this strategy in more detail below at paragraph 12.3.

*Phase 2: Lessons Learned*

- 11.40. On 22 September 2020, at the end of Phase 2, a further lessons learned exercise was conducted with all Project DEFEND teams completing a feedback table on their Phase 2 work. The responses were collated into a summary of Project DEFEND's successes and challenges, with recommendations to be taken forward in future phases. The summary is provided at AM/406 INQ000489767.
- 11.41. In brief, the lessons learned exercise found that Phase 2 had delivered its objectives, engaged with stakeholders and demonstrated successful communication through various channels. However, the reflections identified that there was insufficient clarity on the roles and responsibilities within the structure of the project, stakeholder engagement had been difficult to initiate, and aligning work from each phase had slowed down the project. Additionally, staffing the project continued to be an issue due to the pressures of the Covid-19 pandemic and nature of the work. The recommendations for the next phase of the project were:
- a) Improving the structure of the project by setting clear aims;
  - b) Improving the training provided to staff, and considering the structure and skill set of each team within the project;
  - c) Tracking and management of stakeholder engagement; and
  - d) Strengthening communications between teams and increasing top-down messaging from the Steering Committee.

*Engagement across Whitehall and with Devolved Administrations in Phases 1 and 2*

- 11.42. Project DEFEND dealt with supply chains across several sectors. Collaboration with OGDs was central to its success in assessing supply chain vulnerability, as departments had the specialist working knowledge of, and responsibility for, their own sectors. At each stage, Project DEFEND shared its supply chain analysis with relevant departments, and actions arising from the project (such as possible mitigating steps to reduce the vulnerability of a particular supply chain) were assigned to those OGDs to take forward. In most cases this was DHSC because of the focus on medical supplies and equipment.

- 11.43. Throughout Phases 1 and 2, meetings took place with OGDs to help the DIT Project DEFEND team understand the vulnerabilities and assess options to increase resilience in the supply chains and to ensure a coordinated approach. This was in the form of detailed bilateral meetings (referred to within the documents as ‘deep dives’) and multilateral meetings (the Steering Committee, cross-Whitehall Working Group, and the Ministerial Small Group) with colleagues from OGDs. The multilateral meetings were used to feed information back to Project DEFEND on what supply chains should be included and the vulnerabilities of those supply chains. The Wednesday Morning Colleagues letter (described above at paragraph 11.2) invited other departments to nominate an official to join the Steering Committee. Following this letter, officials from Devolved Administrations were added to the Steering Committee. Please see AM/407 INQ000492474.
- 11.44. Later in Phase 2, reflecting the expanding scope of the project, a bespoke Devolved Administration Steering Committee was established to discuss potential areas for their involvement in Phase 2 and beyond.
- 11.45. The Devolved Administrations Steering Committee focussed on increasing domestic supply chain resilience and protecting existing UK supply of products. These meetings also contributed to the individual supply chain assessments of Phase 2 supply chains. Please see examples of the papers prepared for the meetings at AM/408 INQ000496654 and AM/409 INQ000494151.

*The International Trade Committee Inquiry Covid-19 and International Trade*

- 11.46. In its first session of 2020, the International Trade Committee conducted an inquiry into the impact of the Covid-19 pandemic on international trade in the short, medium, and long term. As this is Parliamentary material, the information below merely sets out factually the relevant chronology. Its report was published on 29 July 2020 and included a number of recommendations to the Government. Chapter 6 addressed future supply chain resilience and referenced the work of Project DEFEND. The Committee noted the Secretary of State for International Trade’s evidence that the UK was not planning to onshore all industry as it would create a new vulnerability to any shock production in the UK. The Committee noted the Government’s position that resilience involved “*having more trade with a greater diversity of trade partners*”, noting work was underway to review supply chains and look at multiple sourcing options.

11.47. The Government's response was published on 7 October 2020. The Secretary of State for International Trade confirmed that Project DEFEND, led by DIT, involved both interrogating vulnerabilities in UK global supply chains for critical goods (excluding food) and developing strategies to strengthen supply chain resilience.

*Phase 3 of Project DEFEND*

11.48. Phase 3 ran between 3 August 2020 and 30 October 2020, and focussed on supporting OGDs (who retained responsibility for the resilience of their supply chains) to ensure they took forward strategic actions to mitigate vulnerabilities where appropriate. It consolidated the outcomes of Phases 1 and 2 and continued to improve the way assigned actions were tracked. The governance processes were also further developed to enhance HMG's overall response to supply chain resilience and embed different processes to support Project DEFEND in the medium and long term. Finally, in Phase 3 Project DEFEND produced a Winter Preparedness report that was used to support OGDs to plan appropriately for different winter scenarios.

*The Merger of the GSSEP and Project DEFEND*

11.49. At the end of Phase 2 an Alignment Oversight Board (discussed in detail above at paragraph 9.12) was created to monitor the piece of work to integrate functions of the GSSEP programme into Project DEFEND. On 1 July 2020, the Terms of Reference for the Oversight Board were discussed, and it took on the role of designing the integration of Project DEFEND and residual functions of GSSEP and agreeing resourcing. As the GSSEP had a wider scope, the merger brought additional functions into Project DEFEND.

11.50. An email to the GSSEP and Project DEFEND teams provided an update on the new joint structure that would be launched on 3 August 2020. The email is at AM/410 INQ000494148.

*Phase 3: Substantive Work*

11.51. The overall focus of the work throughout Phase 3 was to build assurance processes to monitor the actions being taken by Lead Departments to address the vulnerabilities Project DEFEND had identified during Phases 1 and 2, for example stockpiling of resources. A summary note of the first week is provided at AM/411 INQ000494174.

11.52. In Phase 3, the Strategy, Analysis and Policy team developed assurance measures, including meetings with the relevant teams, and the establishment of the Resilience Hub team. This team developed a tracker (referred to in the documents as a 'Resilience Tool') to provide a summary view of the vulnerability status of the UK's

most critical supply chains. The tracker monitored progress made by departments on the strategic actions and monitored external factors which might stress supply chains. Please see AM/412 INQ000494159.

- 11.53. Several supply chains were deprioritised from Project DEFEND at the start of Phase 3 as they were being addressed in other work streams across HMG. These included: PPE (due to it being addressed as part of the PPE Taskforce led by Lord Deighton)<sup>28</sup>, Covid-19 Testing (due to ongoing Covid-19 focus within HMG) and all vaccines (due to the focus of the VTF). See analysis document provided at AM/413 INQ000515480.
- 11.54. On 12 August 2020, Becks Buckingham requested the support of Joint Intelligence Organisation (**JIO**) to understand where vulnerabilities in supply chains may exacerbate known national security risks. See the email chain provided at AM/414 INQ000489762. The JIO agreed to join the project and provide support from a national security perspective.
- 11.55. On 24 September 2020, the Ministerial Small Group discussed stockpiling in respect of human medicines, and medical devices and consumables. Actions were set for DHSC to provide detail on stockpiling plans, analysis on current level of stockpiles and analysis of projected costs for additional stockpiling. In addition, DHSC was to explore agreements with suppliers where HMG would obtain first refusal on products. Minutes of this meeting are provided at AM/415 INQ000492621.

#### *Winter Supply Chain Resilience*

- 11.56. In addition to the overarching work of Project DEFEND during Phase 3, the team responded to a specific commission from the Covid-S Committee to help put in place preparations for the upcoming winter season in anticipation of a recurrence of Covid-19. Project DEFEND was asked to use its expertise to coordinate a new piece of work on global supply chain resilience in a winter context. Please see AM/416 INQ000489756.
- 11.57. Project DEFEND, alongside the JIO, developed scenarios for winter impacts of Covid-19 on supply chains. This built on work on second spike preparedness completed at the end of Phase 2. They then applied winter scenarios to vulnerable supply chains to assess which would be most vulnerable in the event of a second wave or winter scenario. Please see the Winter Commission update for No 10

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<sup>28</sup> The analysis document references a 'Lord Dyson review'. It is my understanding this is an error and that PPE was deprioritised as a supply chain that Project DEFEND was analysing due to it being covered by the various strands in the PPE Taskforce under Lord Deighton.

provided at AM/417 INQ000494166 and related emails provided at AM/418 INQ000489747.

- 11.58. Project DEFEND determined that in the 'reasonable worst case scenario' all stages of the supply chains would be disrupted, and the supply chains with the greatest vulnerabilities were those that relied on international collaboration. The assessments of each supply chain were then tested against international data and intelligence from HM Revenue & Customs (**HMRC**), Office of National Statistics (**ONS**) Data and HMTCS.
- 11.59. Project DEFEND then considered which supply chains should be prioritised due to their vulnerabilities in winter. This was analysed through three lenses: susceptibility to demand spike, exposure to UK supply and logistics issues, and dependency on international supply. The relevant supply chains selected were PPE, Medicines, Covid-19 Tests, and ICU supplies.
- 11.60. The final report titled the "Winter Supply Chain Resilience Assessment" (dated 21 August 2020) was provided to the First Secretary of State on 28 August 2020, and is provided at AM/419 INQ000510421. A submission accompanied the report, and following feedback, a final version of the submission was circulated on 4 September 2020. Please see email and submission at AM/420 INQ000496134 and AM/421 INQ000496136. The submission recommended that the First Secretary of State discuss the findings of the Winter Resilience project at the upcoming September Ministerial Small Group (where OGDs were to provide assurances that they had considered all risks and scenarios set out in the assessment) and write to the Prime Minister with an update.

*Phase 3: Transition to a Permanent Team*

- 11.61. At the end of Phase 3, a comprehensive spending review bid was made to establish permanent funding for a team to help "*build diverse and resilient supply chains*" transitioning Project DEFEND into a permanent programme and new directorate. The spending review bid is provided at AM/422 INQ000496659.
- 11.62. Within the new directorate there would be a particular focus on forging international partnerships. The spending review bid identified Project DEFEND had existing expertise and access to DIT's global network and was uniquely placed to take forward coordination of future supply chain resilience work. It also incorporated views gained through cross-Whitehall engagement.

- 11.63. On 9 October 2020, the First Secretary of State wrote to the Prime Minister to provide an update on Project DEFEND. The letter detailed the engagement across HMG throughout Project DEFEND and recommended that the Prime Minister direct departments to submit further plans to Project DEFEND throughout autumn 2020. Please see AM/423 INQ000496661.

*Phase 4: Overview*

- 11.64. The final stage of Project DEFEND was in operation between November 2020 and 31 March 2021 and was designed to embed the methodology and processes established in the first three Phases into a permanent DIT directorate.
- 11.65. The scope of Phase 4 supply chain analysis was determined through engagement with OGDs before clearance from the Secretary of State for International Trade. The rationale was a focus upon new critical supply chains, cross-cutting issues, and critical issues through the winter period. The Phase 4 summary report is provided at AM/424 INQ000515545.
- 11.66. By way of example, during Phase 4 the team provided risk analysis to the Vaccine and Therapeutics Taskforce (VTT) and assessed the amount of clinical waste being created, using this information to update the clinical waste strategy. Project DEFEND's Global Sourcing Team supported DHSC's Test and Trace Programme by leveraging the international network it had built to identify, screen, and engage with potential suppliers of lateral flow antigen tests.
- 11.67. During this final stage, PA Consulting were engaged as the delivery partner. In line with government procurement policy, a mini competition was issued for the consultancy contract. The contract with PA Consulting began on 31 March 2021 following a successful tender process.
- 11.68. PA Consulting delivered a thematic and scenario-based analysis of supply chains and critical disruptive events to supply chains. A list of 16 new supply chains were analysed for consideration. Of those, Therapeutics and Health Care Waste are relevant to the Module 5 Provisional Outline of Scope. The aims in respect to Therapeutics were to develop location-based analysis on raw materials, to map supply chains for clinical trials, and conduct analysis of packaging supply chains. The aim of Health Care Waste was to understand the true waste processing capacity across the UK and provide verified healthcare generation volumes. Please see the Phase 4 consultancy plan provided at AM/425 INQ000494228 and the summary report provided at AM/424 INQ000515545.

- 11.69. To prepare for the transition to a permanent directorate, part of the work with PA Consulting was to build capability within the Department so that going forward in-house analysts felt confident undertaking the same kind of work without the support of external consultants.
- 11.70. As this was a new contract, I ensured robust project management systems were in place, and the Project DEFEND team provided me with a fortnightly update on the work package and any risks and issues they had identified. Examples of the fortnightly updates are provided at AM/426 INQ000494230, AM/427 INQ000494231.

*Phase 4: Substantive Work*

- 11.71. On 1 December 2020 the first meeting of the Programme Board was held. At the first meeting it was agreed that representatives from the VTT, Test and Trace (DHSC), and OGDs should be invited to the Programme Board when agenda items required their specific input. The meeting notes are provided at AM/428 INQ000494223. During this meeting, Project DEFEND presented the proposed strategic analysis of new supply chains and other issues which would constitute the Phase 4 outputs. An action was set for Project DEFEND to provide more detail as to how its work aligned with complementary initiatives across government. Tim de Winter (Deputy Director, DHSC) also provided the Programme Board with an update on Test and Trace supply chains and work to make these more resilient. This included increasing UK manufacturing, undertaking due diligence with international suppliers and ensuring sufficient stockpiles exist.
- 11.72. On 30 November 2020, DHSC was directed to work more closely with Project DEFEND on supply chains related to human medicines after the First Secretary of State found that the overall maturity rating for DHSC's resilience plans for human medicines was "Level 4 out of 5". The Maturity Assessment was an assessment of supply chains resilience plans that ranged between Level 1 and Level 5. The various levels were: Level 1 (risks identified), Level 2 (timing of when the risk may materialise identified), Level 3 (strategic framework applied), Level 4 (mitigations identified and a specific plan in place to address those), and Level 5 (implementation plan in place). The Ministerial Small Group meeting minutes are provided at AM/429 INQ000494227. The Ministerial Small Group met again on 7 December 2020 to provide an assessment of the VTF and its Winter Resilience Plan and sought to identify where this programme could be strengthened through an application of the Project DEFEND framework. Please see AM/430 INQ000494222. The Ministerial Small Group agreed that Project DEFEND should support the VTF in their mapping

of existing supply chains data and source new data to identify gaps in knowledge. Minutes from that meeting are provided at AM/431 INQ000494225.

- 11.73. On 2 December 2020, the Ministerial Small Group met to assess the Test and Trace Winter Resilience Plans and discuss plans for the PPE Programme. A briefing for the meeting is provided at AM/432 INQ000489784 and the minutes are provided at AM/433 INQ000496670.
- 11.74. On 18 December 2020, the Permanent Secretary wrote to the First Secretary of State with an update about the progress that had been made on Project DEFEND throughout 2020. The letter is provided at AM/434 INQ000500144. The Permanent Secretary noted that it was key to apply the lessons that were learned throughout Project DEFEND to improve supply chain resilience in the future. The lessons should be applied by promoting supply chain diversification through international economic partnerships, including trade agreements but also through the lens of national security priorities. The Permanent Secretary noted that a priority for the year ahead was to develop Project DEFEND's capability and expertise, and alongside that to build new systems for reporting and monitoring critical supply chains.
- 11.75. I chaired the Programme Board Meeting held on 20 January 2021. I stated that the Prime Minister agreed that the Programme Board would be accountable for the assurance of critical supply chains in future, with me advising the First Secretary of State on progress.<sup>29</sup> The Prime Minister also requested that Project DEFEND include strategic future supply chains in its remit. The minutes are provided at AM/435 INQ000489791. The Board also discussed the request from the First Secretary of State that Project DEFEND should take forward responsibility for assessing departments' granular supply chain preparedness with his oversight on critical strategic decisions.
- 11.76. The Ministerial Small Group met on 2 March 2021. The Rt Hon Nadhim Zahawi (Minister for Covid Vaccine Deployment, DHSC) provided an overview of vaccine supply to date and commented that HMG's ability to influence the security landscape for vaccines was different from contractual relationships HMG holds with suppliers, in areas such as defence. He indicated that "*government does not have the same levers with suppliers, such as security audits, and must manage security precautions collaboratively with industry, many of whom are reticent to share information they*

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<sup>29</sup> At this time, John Alty replaced Antonia Romeo as the DIT Permanent Secretary on an interim basis. He was in the role until August 2021, when James Bowler became the DIT Permanent Secretary.

*consider commercially sensitive*". The minutes of this meeting are provided at AM/436 INQ000496671. A paper for the meeting indicated a 'high dependency' on EU countries for the import of vaccinations. It specifically noted that "*Commercial sensitivity meant that the UK did not have full transparency from industry on their supply chains*". The briefing paper is provided at AM/437 INQ000510420.

- 11.77. Phase 4 of Project DEFEND concluded on 31 March 2021. By way of summary, analysis papers prepared by PA Consulting concluded that on the issue of vaccines risk assurance, the VTF would use the risk analysis provided to support the vaccine rollout and that further review into risks was expected to take place. Meanwhile, on the therapeutics risk assessment, the papers indicated that DHSC would use the business process developed for risk assessment of therapeutics and investigate the applicability of the methodology used in other departments. The analysis had identified two main areas of improvement for DHSC, namely the purchase and use of global data sets and the use of non-excel based tools. Please see AM/438 INQ000494237.
- 11.78. Concluding documentation touched further upon individual work packages and critical supply chains. This included clinical waste, which was found to have been experiencing challenges which were mainly structural. These, it was said, were sharpened by Covid-19 and there was a need to adopt a more strategic, longer-term approach to procuring suppliers and services in clinical waste. Please see the Phase 4 summary report provided at AM/424 INQ000515545. PA Consulting shared next steps following their involvement in Project DEFEND Phase 4. These were topic and departmental-specific. Please see AM/439 INQ000494238.
- 11.79. In March 2021, Project DEFEND came to an end as the work transitioned into the GSC Directorate, which looked to continue the work on critical supply chain resilience plans. Please see emails between DIT officials, provided at AM/440 INQ000489795.
- 11.80. On 4 March 2021, a cross-Whitehall meeting was held to discuss the various interests across HMG in the US Executive Order on Supply Chains. Minutes and actions from this meeting are provided at AM/441 INQ000500145. Attendees included representatives from Project DEFEND and various other groups within DIT, FCDO, Cabinet Office, BEIS, HMT, MoD, and DHSC. Discussions were held regarding international opportunities going forward, which included suggestions that the Project DEFEND methodology be used.

*Lessons Learned: Phases 3 and 4*

- 11.81. In March 2021, a final lessons learned exercise was conducted in relation to Phases 3 and 4 of Project DEFEND. The exercise required all Project DEFEND teams to reflect on the previous phases and to provide feedback to the Project DEFEND PMO team. A summary of the information is provided at AM/442 INQ000489796.
- 11.82. The PMO team consolidated the feedback into a final report, which was shared in May 2021 within DIT and with the Programme Board members, and is provided at AM/443 INQ000494242. The report focussed on the two main objectives of the Project DEFEND strategy and measured its successes against those objectives, namely:
- a) Objective 1 – Deliver a strong, consistent, customer focussed set of products and services that build understanding and intelligence; and
  - b) Objective 2 – Take direct action to strengthen and diversify specific priority supply chains in a free and fair way.
- 11.83. In terms of Objective 1, it concluded that Project DEFEND undertook several projects which improved the Government's understanding of specific elements of supply chain resilience. It developed analytical capability to conduct rapid reviews of supply chain disruption issues; it developed a supply chain network within the Government which allowed Project DEFEND to monitor the resilience of its supply chains successfully, and that in turn allowed it to deliver accurate and regular intelligence across the Government. Project DEFEND also streamlined the overall project. It prioritised 31 unique supply chains from the initial 65 that had been mapped out. Project DEFEND conducted further analysis on these priority supply chains and focussed on areas of concern up to 31 March 2021; one key success of this analysis was that it developed response plans for critical disruptive events with specific actions that the GSC Directorate could take and help coordinate.
- 11.84. The reflections also allowed the PMO team to identify lessons learned under Objective 1, including:
- a) Initiatives should be piloted with a smaller number of departments, or more care should be taken to 'add value' first before pursuing a particular methodology;

- b) Increased initial engagement with departments to ensure their understanding and acceptance of Project DEFEND recommendations was necessary to gain subsequent departmental support for enacting those recommendations;
- c) Business case and approval processes should be undertaken at the outset to ensure buy-in from critical stakeholders;
- d) Consultants can be used to provide specialist support where internal skills or resources are not available; and
- e) Better engagement with sector specialists (both within government and across industry) and in-house training is needed for future supply chain assessments.

11.85. With regard to Objective 2, Project DEFEND built relationships across government and with relevant national security teams to ensure there was an awareness of the criticality of strong supply chains for economic resilience and national securities priorities, and that global supply considerations were embedded within the Government's domestic, foreign and national security objectives. There was also a clear improvement in the reporting of Project DEFEND's progress to Cabinet Office. When it was first initiated it was scored at Level 2 for the maturity of its plans and reports. The team worked to produce thorough delivery reports and detailed risk registers, and in October 2020 it was scored at Level 3. By December 2020, Cabinet Office advised it was confident in Project DEFEND's reporting and no longer required it to report into the centre. This success ties into one of the main recommendations arising out of the Phase 2 lessons learned exercise, namely the tracking and management of stakeholder engagement.

11.86. The final report noted that, before starting Phases 3 and 4, Project DEFEND had reflected on the challenges faced when receiving large volumes of briefing requests which were largely dealt with 'from scratch' each time. The team identified that this risked inconsistency across responses and was an inefficient use of resource. It created a core script to be used to streamline the work on briefings. The lessons learned findings are provided at AM/444 INQ000489794. The core script was continuously amended throughout Phases 3 and 4 to address questions around supply chain resilience in the wake of Covid-19. Please see the emails AM/445 INQ000489785.

11.87. The Core Script circulated on 24 December 2020 discussed the gaps in government capabilities that had been highlighted by supply chain disruptions linked to Covid-19,

and the lessons learned in response to the pandemic which could be shared. The core script is provided at AM/446 INQ000494226.

11.88. In addition to the formal lessons learned exercise, further policy recommendations were made on 19 April 2021 in relation to procurement and supply chain resilience, based on Project DEFEND. The recommendations are provided at AM/447 INQ000496674 and included:

- a) Stress testing exercises across Whitehall to identify the strengths and weaknesses within the UK's supply chains by putting them under significant strain and challenging any implicit assumptions, i.e. that market forces would make the necessary adjustments in a pandemic or that HMG would have the data required and be able to provide it in a timely manner;
- b) Continue working with Cabinet Office to support the preparation of guidance for the new procurement rules on resilience and supply chains; and
- c) Sharing procurement policy recommendations with interested departments across Whitehall to embed supply chain resilience.

11.89. The policy recommendations described how *"the Covid-19 pandemic has revealed the fissures in our supply chains and the degree to which the UK has become dependent upon global supply for many of our needs"*. The pandemic also exposed some of the vulnerabilities in the Government's framework for supply chain resilience, with each department taking responsibility for their own sectors without a central coordination function. This limited the Government's ability to look ahead at future risks and external stressors, and to provide high-quality in-depth analysis on supply chains at the pace that was required. Project DEFEND's objective was to meet those needs, and I agree with the policy recommendation's description of the pandemic as a *"stress test within itself"* from which we have learned lessons to build on and better prepare the UK for unforeseen future supply chain disruption. Project DEFEND has brought several long-term benefits including:

- a) A central coordination point to ensure clear communication, cross-Whitehall training, and increased awareness and understanding of the vulnerabilities in our global supply chains. It is important this remains at the forefront of policy thinking across government, and that DBT can support departments such as DHSC (who of course also have significant expertise in this area) as well as private companies in any future emergency;

- b) Specialist in-house teams of analysts to report on key supply chain vulnerabilities and mitigations without the support of external consultants. In-house analysts understand the workings of government and can ensure recommendations are realistic and aligned with wider government objectives;
- c) Policy teams with the resource to carry out strategic thinking to plan ahead, promote actions to reduce vulnerabilities such as diversifying suppliers and supply locations. As a result of Project DEFEND, policy teams have the knowledge and experience of responding to a pandemic and going forward can act as a centre of knowledge for central government. This should lead to robust decision making at a senior and ministerial level, with the ability to respond quickly and dynamically to future emergencies; and
- d) Increased cooperation with global partners, promoting a coordinated response to any future emergencies with representatives from key countries. For example, in 2021 Project DEFEND proactively collaborated with the 5-Eyes countries on areas of shared interest and discussed supply chain resilience at the G7 and the Economic Resilience Panel to formalise those bilateral discussions.

## Section 12: The GSC Directorate

- 12.1. The GSC Directorate was set up to transform Project DEFEND into a permanent team within DIT, with a wider scope to guide actions and build resilience within critical supply chains. As part of this restructure, the GSC Directorate refreshed its strategic framework to ensure that it aligned with DIT's policy positions. The framework established four main actions to enhance supply chain resilience. They are set out at AM/448 INQ000494234, and directly corresponded to the lessons learned at the end of Project DEFEND to:
- a) Diversify supply through trade and global sourcing;
  - b) Partner with close allies and collaborate with international partners;
  - c) Create strategic reserves of critical goods and in supporting infrastructure; and
  - d) Expand UK production.
- 12.2. In April 2023, the Directorate was renamed the Global Supply Chains and Economic Security Directorate (with the addition of a Deputy Director led team that addressed economic security). In April 2024, the Directorate was renamed to the ESSCR Directorate (with the addition of a Deputy Director led team that addressed national and investment security). The new name for the team reflects its additional focus on economic security, which is separate (but often complementary) to the work being done for supply chain resilience.

### *Current Work of the ESSCR Directorate*

- 12.3. On 17 January 2024, the now ESSCR Directorate published its Critical Imports and Supply Chains Strategy (as it had committed to do in the Integrated Review Refresh 2023). The strategy is provided at AM/449 INQ000494249. It focusses on reliable access to the goods we need now and in the future, in particular:

*“The strategy sets out the actions we are already taking and our next phase of work to enable the efficient and reliable flow of critical imports. It is informed by two principles: our belief in the benefits of free trade; and the belief that it is first and foremost for businesses to manage their supply chains, with government intervention reserved for those areas where it is necessary, such as in cases of market failure. It also makes clear our commitment to putting joint working with the businesses at the centre of our approach.”*

- 12.4. The Critical Imports and Supply Chains Strategy sets out the Government's approach to building resilience in critical supply chains across five priority areas, including

making the Government a centre of excellence for supply chain analysis and risk assessment. It details 18 commitments for the Government to take forward to build supply chain resilience, assigning Lead Departments to each commitment. DBT now has responsibility for a number of those actions, including to:

- a) Entrench the Government's position as a world leader in supply chain analysis;
- b) Share more government analysis of critical supply chains with business, where appropriate; and
- c) Build capability across critical and growth sectors through developing business guidance on critical imports<sup>30</sup> and supply chain resilience.

*Response to a Future Pandemic*

- 12.5. As set out above, since the start of the pandemic in 2020, the now ESSCR Directorate has developed considerable expertise analysing vulnerabilities in supply chains and proposing suitable mitigating actions. In addition to the work in DBT, various departments have built their capability and are now in a stronger position to anticipate and respond to external changes, recognising the 'weak' spots in their supply chains.
- 12.6. The ESSCR Directorate has also built global networks to share information on issues likely to face the international market, with the Horizon Scanning Group meeting monthly to update and assess any risks. The Horizon Scanning Group is a working level cross-government forum to discuss current and emerging risks facing the UK's critical supply chains. It aims to build a shared understanding of the risks across government and escalates issues to the Supply Chains Resilience Steering Group where necessary. A number of international partners have built supply chain resilience departments learning from the work undertaken in the UK through Project DEFEND.
- 12.7. However, I should be clear that the scope of the ESSCR Directorate has evolved beyond the vulnerabilities identified during the pandemic. The Directorate analyses a wide range of hazards and risks in supply chains including, but not limited to, the conflict in Ukraine and climate change. The Directorate is not solely focussed on a future health-related pandemic such as Covid-19.

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<sup>30</sup> Defined as goods where, if supply disruption were to occur, there would be a high likelihood of a moderate to catastrophic impact within the UK on essential services, life (including medicines), the economy or national security.

### Section 13: DIT Work in the British Embassy, Beijing

- 13.1. In this section I address the work of the team based in the British Embassy in Beijing (**the Embassy**)<sup>31</sup> who were involved in the urgent procurement of medical supplies from China. The China team was operational from March 2020 to December 2020; the most intense period of work for the team was in the early stage of the pandemic (March 2020 to May 2020).

#### *Structures and Personnel*

- 13.2. The Embassy began work in support of international sourcing of PPE following a request from No 10 on 14 March 2020 regarding an urgent need to source ventilators for the NHS. The team was set up at speed and at a time when the Embassy was operating under crisis conditions; there was no opportunity for careful forward planning prior to its inception. This is explained in an email from David Rowell (Deputy Director, FCO) on 1 May 2020, provided at AM/451 INQ000493930:

*“This activity by the Beijing Embassy was triggered by a direct instruction to the local ambassador, HMA Barbara Woodward, from No. 10 Downing Street on 14<sup>th</sup> March [...] which explains the profile, pace and lack of wider central consultation, collaboration and co-ordination from the outset. The China team then formed a direct link into the DHSC team to facilitate delivery of the goods.*

*We only became aware once [a FCO official] had spotted and shared this activity with us [FCO Commercial]. It is positive that the China team then approached [the same FCO official] to ask for further advice, help and lean in to build further due diligence and sustainability to the model they had rolled out unilaterally at significant pace not without some success which is worthy of note in the extreme circumstances.”*

- 13.3. The China team was a cross-government operation in the sense that it drew in staff from several different government departments operating in China, including FCO, DIT, UKVI, and MoD.
- 13.4. At its peak, there were approximately 100 full time DIT staff in the Embassy working on procurement in China, with UKVI and FCO providing the second and third largest contingents respectively. This was set out in an email from John Edwards, provided at AM/452 INQ000494097. The team was accountable to HM Ambassador to China,

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<sup>31</sup> For ease of use and as this section is wholly related to the work of the British Embassy, Beijing, the term ‘the Embassy’ has been used. The remainder of the statement uses the term British Embassy, Beijing in full to distinguish it from other embassies.

who oversaw the international procurement effort in China. This was Dame Barbara Woodward in the period up to October 2020, when she was succeeded by Dame Caroline Wilson.

- 13.5. The key DIT personnel involved with the China team were as follows:
- a) Richard Cowin (Counsellor for Healthcare and Life Sciences, China). He was based in China.
  - b) Tom Duke (Minister Counsellor and then Deputy HMTc from May 2020). He was the procurement team's SRO and its operational lead, please see email at AM/453 INQ000493789. He was based in Seoul until September 2020 and led the team remotely.
  - c) John Edwards (Deputy HMTc and then HMTc from May 2020). He was based in the UK until 14 May 2020 when he returned to Beijing and, amongst other responsibilities, helped Tom Duke to lead the team.
- 13.6. The DIT staff in the Embassy who were involved in the operation were not specialists in procurement and did not have specific training in procurement. DIT China's<sup>32</sup> focus pre-pandemic was to promote UK exports to China and to attract inward investment from China. In general, the DIT staff involved in Covid-19 procurement had not previously worked on procurement. Some members of the team had useful industry background, for example, ex-industry and ex-research scientists, which helped to identify the correct equipment specification. However, the majority were re-tasked from their day jobs to support the effort. DIT China in general had good knowledge of the China healthcare market and a network of contacts in key companies throughout the country.
- 13.7. The China team structures and personnel varied over time. By late April 2020, at its height, a team of 200 Embassy staff were working on procurement, as stated in a meeting with British representatives from the Americas regarding engagement plans, provided at AM/186 INQ000493887. An organogram setting out the structure in China as at 24 April 2020 is provided at AM/455 INQ000489611, shows four separate branches. The 'Purchasing and Donations' branch, which had responsibility for *"identifying reliable/genuine resources and closing the deal"*, was structured as follows (see, also, the similar organogram dated 16 April 2020, provided at AM/456 INQ000492415):

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<sup>32</sup> 'DIT China' denotes the DIT element of the overall China Network.

- a) The branch was led by DIT staff members Tom Duke, John Edwards, and Richard Cowin, plus Nishi Dholakia (FCO).
  - b) Beneath them was the 'Procurement Central' team led by Neal Carlin, Matt Crow, and Lauren Rivers (all FCO).
  - c) There was then a PPE team that reported to Procurement Central, with five sub-teams for gowns, masks, gloves, miscellaneous, and contract management.
  - d) Also reporting into Procurement Central were sub-teams for pumps and devices, testing and medications, ventilators, ventilator components, donations, 'sift and shield', company due diligence, and contracts.
  - e) Overall accountability of the project was to FCO via HM Ambassador to China.
- 13.8. In addition to the 'Purchasing and Donations' branch there were separate branches for 'Political/Information', 'Logistics', and 'Operations'.

*High-Level Summary of Role Played by the China Team*

- 13.9. I am asked to explain the China team's role in relation to the sourcing and procurement of key healthcare equipment and supplies during the pandemic (including liaising with manufacturers, carrying out market research, triaging offers, and carrying out due diligence).
- 13.10. The China team was a joint FCO and DIT operation (and also involved staff from OGDs) and thus the Inquiry may need to direct the same request to the other departments involved. In this statement I have sought to focus on DIT's involvement in the China team. As outlined above, in line with standard practice, HM Ambassador to China was responsible for the work of the team overall.
- 13.11. The China team was tasked directly by DHSC and by Cabinet Office and not via DIT London. The key DHSC contact on ventilators was Chris Stirling. On PPE, liaison was more focussed on Cabinet Office, alongside Emily Lawson from NHS England above him.
- 13.12. The China team operated as part of a separate channel to the existing NHS supply framework. It was activated because the existing framework of suppliers was not functioning in the new, extreme market conditions that occurred early in the pandemic.

- 13.13. DIT Commercial in London were neither involved in authorising the contracts nor processing payments. The financial authorisations went directly from DHSC to post. On 26 March 2020, Paul Kellett asked Tom Duke to “confirm what name the contracts are in pls and who is signing (if the answer to both is not DIT then that’s ok)”. The email is provided at AM/457 INQ000493787. Tom Duke responded that “the answer to both is “not DIT””. In preparing this statement, Tom Duke has explained that from mid-March 2020 to the end of April 2020, contracts were signed on behalf of DHSC by Procurement Central team leads, namely Matt Crow, Neal Carlin, or Lauren Rivers (all FCO). On 1 May 2020, the position changed after Tracey Williamson (FCO Chief Commercial Officer) emailed and said that “DHSC is the AO, therefore all contracts are for DHSC to sign [...] this position is agreed by all directors involved (DHSC, DIT and FCO) [...] FCO cease signing contracts with immediate effect”. This email is provided at AM/451 INQ000493930. In an email dated 20 May 2020, FCO wrote to DHSC and confirmed that a number of contracts “were initially signed by the Embassy in Beijing, following instruction from DHSC to do so”. The email confirmed the list of contracts that required novation to DHSC. In an email to Ceri Owen-Bradley on the same date, FCO confirmed that no DIT signatures were found on these contracts. Both emails are provided at AM/458 INQ000500125.
- 13.14. The China team produced a daily procurement update email which was circulated to DIT and FCO in London and Cabinet Office. The first of these was sent on 24 March 2020 and the final was sent on 8 July 2020 (although by that stage the frequency of the emails had reduced to weekly).

#### *Ventilators*

- 13.15. Ventilators were the initial focus of the China team’s work. The details of the required specifications were provided by DHSC. The China team’s role was to locate suppliers and negotiate with them. DHSC provided guidance to show what they were looking for. The China team had to work with the manufacturer to make sure they were suitable and then check back with DHSC.
- 13.16. China was first into the pandemic and in March 2020 was opening up and exporting ventilators, which not many other countries were doing. Market conditions were abnormal and the usual way to procure these goods was not functioning due to intense global competition for the same goods. The initial work for DIT China, in these extreme conditions, was to approach ventilator manufacturers in China directly. As time went on, and urgency to identify more ventilators increased, there was more of a push to “Leave no stone unturned”. This is set out in Tom Duke’s email of 28 March

2020, at AM/459 INQ000493795, which provides a draft ventilator strategy. The leads came via word of mouth and personal recommendations. The China team aimed to pursue every lead but maintained a cautious and sceptical outlook as to the validity of these sources. Over time, the quality of offers, leads, and intermediaries deteriorated. The initial focus, and generally where the majority of items were sourced, was from the ventilator manufacturers directly.

- 13.17. The core strategy was to focus on ordering ventilators directly from well-reputed manufacturers. However, the China team received daily offers from individuals and intermediaries offering to help buy ventilators in China. Tom Duke established a ventilator sifting team on 28 March 2020, which was active until 17 April 2020. A report regarding the team's work is provided at AM/460 INQ000493942. The team's purpose was to ensure any high-quality opportunities coming from the much riskier intermediary market were not missed, as well as deflecting poor-quality leads.
- 13.18. On 8 April 2020, based on the new SAGE-assured government reasonable worst-case scenario, NHS England and NHS Improvement (**NHSE&I**) revised its modelling and estimated that the UK did not need as many ventilators as previously believed. This is set out in the NAO report "Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19", provided at AM/461 INQ000087456. Following this, the focus of the China team's work began to shift from ventilators towards PPE, with PPE being a particular focus later into April.

#### *PPE*

- 13.19. Tom Duke's paper "PPE Procurement in China – Towards a medium/long-term strategy", dated 23 April 2020 and sent to Cabinet Office, set out a high-level summary of the role played by the China team in terms of PPE. This paper has been provided at AM/462 INQ000477701, and I set out further detail of its contents below.
- 13.20. It noted that the China team worked closely with DHSC commercial and finance, via a dedicated China PPE team in the cross-Whitehall Covid-19 response unit. The Embassy teams received sourcing instructions from HMG in London and negotiated with suppliers in the Chinese market. Clinical reviews of product specifications and legal approvals were provided by HMG in London. The Embassy signed contracts with local suppliers on behalf of DHSC, using an FCO contract template. Payment was made directly to suppliers by DHSC finance. The procurement process is summarised at Annex B of the document.

- 13.21. The document stated that the China team's preferred primary sourcing strategy for PPE in China was to work with large, state-owned healthcare distributors (known as state-owned enterprises, or **SOEs**).<sup>33</sup> Working with large distributors helped manage the risks associated with single source procurement. The team placed large orders that exceeded the available output of any single factory. Each order was sourced from multiple factories by the SOE partner, drawn from their network of manufacturers. SOE distributors were able to switch to other manufacturers in the case of disruption to individual production lines and carried out quality control (supplemented by DHSC approval for each manufacturing sub-contract). SOE distributors were also experienced in preparing export documentation and had access to raw materials supply. The China team's paper on SOEs engagement from May 2020 and the cover email are provided at AM/463 INQ000492462 and AM/464 INQ000496117.
- 13.22. Tom Duke's paper explained that a separate team existed to investigate leads for immediate supply of priority products. The team searched for stock available for immediate delivery from Chinese intermediaries and supported HMG procurement teams working with British and third country intermediaries. The China team's experience was that most offers of PPE supply from small intermediaries were high-risk (for example, being sourced from single suppliers with unreliable production capacity), or if product was available, it often did not meet NHS specifications or did not come with the necessary export paperwork.
- 13.23. I note that Tom Duke's document captured the process as at a particular point in time. The preferred strategy indicated in the paper (working with just a few of the very large SOEs) was never fully implemented, in part due to the overwhelming number of supply referrals the team had to process.
- 13.24. The PPE team induction pack is provided at AM/465 INQ000489597 and gives an idea of work done on the ground by the PPE team and the process followed.

#### *Regulatory Compliance*

- 13.25. I am asked to explain whether DIT China or the China team had any involvement in checking shipments of PPE that arrived in the UK for regulatory compliance and quality.

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<sup>33</sup> In particular, Meheco, Sinopharm, and China Instruments.

- 13.26. DIT did not have any responsibility for checking, nor did it check, any shipments on arrival in the UK. This would have been a matter for DHSC. The China team's role in compliance and checking specification was generally paper based only; the China team acted as an intermediary between potential suppliers and a DHSC team in the UK at the pre-contract stage. The China team was provided with a list of specification requirements and documents from DHSC, which would have been provided and checked by DHSC officials in the UK before a contract was agreed.
- 13.27. There were some instances later in the period of the team's activity where some additional in country (i.e. in China) activity was undertaken. For example, the team checked the existence of a factory premises at an address provided for lateral flow test producers. However, the general process for supporting DHSC and Cabinet Office with the larger volume procurement operations for ventilators or PPE was as described above.

*Chronological Account of Key Developments: March 2020 to May 2020*

- 13.28. In this section I set out an account of the key chronological developments related to the China team in March 2020 to May 2020.

*Chronology – Early Developments in March 2020*

- 13.29. As outlined at paragraph 13.2 above, the work of the China team followed a request from No 10 on 14 March 2020 to FCO regarding an urgent need to source ventilators for the NHS. The request was passed from FCO London to HM Ambassador to China and Christina Scott (FCO, Deputy Head of Mission at the Embassy).
- 13.30. On 15 March 2020, Richard Cowin sought detail from the FCO in London and No 10 about the specifics of what was required, including the specification for equipment and number of units required.
- 13.31. He set out three routes for sourcing ventilators from China, which included requests for donations and commercial procurement, and noted that the China team, with its DIT and HLSB contacts, remained ready to assist.
- 13.32. Steve Oldfield (Chief Commercial Officer, DHSC) responded and set out the basic specifications required and attached examples of the devices DHSC had bought. It was emphasised that No 10 had stressed the urgency of sourcing more ventilators and the need for the Embassy to make sourcing ventilators a priority.
- 13.33. The following day, 16 March 2020, Christina Scott confirmed that the team in Beijing had been contacting providers all day. She attached details of 2,800 ventilators

available from a Chinese company, but noted inventories were decreasing and therefore, that there was a need for urgency.

- 13.34. Chris Stirling (DHSC) became involved. He advised that some of the products offered were non-invasive ventilators, so not required, and provided the Embassy with a list of items they would like to buy. He said that DHSC would provide the Embassy with authority to make the purchases and agreed with Richard Cowin that the Embassy would collate further offers and specifications for the items available and send them to DHSC. Later the same day, Richard Cowin provided DHSC with an updated list of availability, although later emails the same night showed availability of the items continued to change. He also provided Chris Stirling with the proposed contract.
- 13.35. Early on 18 March 2020, an update was provided by David McFarlane (FCO) on the work done by Richard Cowin and his team. The team had secured 1,600 ventilators and liaison with DHSC was “*working well*”, although noted that it was unlikely to be possible, due to availability, to continue to find new supplies of ventilators at the same speed as over the preceding three days. At the same time, information was being gathered on PPE suppliers as a second priority after ventilators. Please see AM/467 INQ000496108.
- 13.36. By 19 March 2020, it was reported that the team led by Richard Cowin had sourced 2,600 ventilators in China. The first would arrive in the UK at the end of March, with staged delivery thereafter. It was also noted that the DIT team had identified significant sources of PPE, testing kits, and medicines.
- 13.37. On 22 March 2020, John Edwards noted that the priority was to set up an expanded team that could operate 24-hours a day. Please see AM/469 INQ000493771.
- 13.38. An email from David McFarlane on 23 March 2020 set out some of the challenges faced by the China team, including the speed of the market, difficulty quality controlling offers, and staffing and resources. This email is provided at AM/470 INQ000493785. Tom Duke forwarded this email to John Alty (Director General, DIT) and said:

***“The single most important ask from our team in China is this: London should approve procurement immediately of everything the NHS will need in the coming weeks and months. Delay will mean we may not be able to secure stock. We understand the need to prioritise, but we must stop our current sequential approach.*”**

[...]

*We have been consistently behind the curve, but we need to get ahead of it. The China network is ready to respond... DIT is leading this work.*" (original emphasis)

13.39. Harjinder Kang (DIT London) commented that *"DIT could act as the global interface for the procurement of all supplies in this crisis and relieve DHSC of the pressures they are under but the point does not resonate for whatever reason [...]"*.

13.40. On 24 March 2020, Richard Burn (HMTG to China) updated the office of the Rt Hon Greg Hands. The update is provided at AM/471 INQ000493780. Richard Burn noted that 3,540 ventilators had been ordered, alongside £41 million of PPE (comprised of 1.8 million items of eye protection, 393,000 litres of hand sanitiser, and 53 million masks). He said:

*"So far the teams in [DHSC], the China network, DIT London, CCS, NHS have been fantastic. But as the IMIG(O) paper notes, this has felt a bit ad hoc and uncoordinated. What we need, therefore, is a very clear and forward looking statement of requirements across all four areas (PPE, medicine, ventilators, testing) and for all sectors of the UK (i.e. not one for NHS and another for police). We also need UK departments placing orders to go through DIT China, which has the principal contacts with the suppliers (and can speak to them in Chinese)."*

13.41. In terms of the China team's structure and personnel, Richard Burn set out that at this time John Edwards was leading the procurement team's work from the UK and was coordinating with Harjinder Kang. Tom Duke was leading the team in Beijing. The team, which included 30 DIT staff across China, had been reorganised and he attached an organogram that showed the structure as at 23 March 2020. There were specialist teams for ventilators, PPE, testing kits and medicines, alongside teams dedicated to 'purchasing' and 'logistics'. The organogram is provided at AM/472 INQ000489566. These teams were overseen by a 'Central Team', with high-level oversight provided by David McFarlane (FCO) and Tom Duke as the two SROs. The UK Overnight Team, who were working from the UK and would follow-up from the day in China, comprised John Edwards, Richard Cowin, and Ben Greenwood (all DIT).

13.42. On 27 March 2020, John Edwards provided an update to the Permanent Secretary. The email is provided at AM/453 INQ000493789. He said:

*“We have now managed to sign contracts for 3500 units – we continue to follow up every lead for invasive ventilators (so we are chasing another 500 units overnight UK time). This unit works directly to DHSC who approve the specifications and price of the machines.*

*[...]*

*We are working with every manufacturer of invasive ventilators in China. [...]*

*The problem is demand is at least treble supply and disruption to global supply chains means increasing production is challenging. Demand is driven by foreign governments (including the UK) and commercial/individual traders who have been securing stocks in the expectation of turning a large profit.*

*We believe that we have bought the majority of the available ventilators in the market at the time we were tasked on 15 March. Chinese contacts say we are the most active in the market. We are continuing to shake every possible tree. As above, we are chasing down leads on 500 extra units tomorrow. But we will only have a chance (and then only a chance) of hitting the new target set by the PM if (i) the Chinese government intervenes and provides us with an allocation through commandeering supplies [...] (ii) our attempts to resolve the production bottleneck pay off (iii) we aggressively enter the intermediary market and are willing to pay 100% mark-ups on ventilator units (roughly that might mean US\$20k a unit). A few days ago, DHSC rejected a mark-up of 30%.*

*[...]*

*A significant additional risk is on logistics. China has just restricted all carriers (domestic and international) to one flight a week. This will further constrain air freight. We have a dedicated arrangement with UPS (which shouldn't be affected as a freight charter) but this remains untested. In parallel we (DIT China) intend tomorrow informally to make initial soundings for an HMG assisted flight should it become necessary. This would be run through FCO/MOD. But hugely early stage.”*

- 13.43. John Edwards' email set out detail of the structure and personnel of the China team. He said:

*“There are currently about 40 DIT staff from the China network working on this. It is a China Network effort (e.g. DIT-FCO). But the heart of it is the DIT*

*Life Sciences and Healthcare team who have the expertise and contacts needed to find the right manufacturers. It's led operationally by Tom Duke, DIT S[C]S1. And 40 out of the current team of 45 are DIT. This team is not solely focused on ventilators **though that is the top priority**. It has also sourced 50m masks, 2m gowns and significant stocks of sanitiser.” (original emphasis)*

- 13.44. John Edwards' update referred also to a contract placed with Company A to do “background checks on any companies from whom we are making significant orders (if those companies are not already well known in the market)”. This was considered more relevant to PPE procurement than ventilators (where the team was dealing with big manufacturers). Please see below at paragraph 13.73 for further discussion of due diligence.
- 13.45. On 29 March 2020, Tom Duke notified Chris Stirling (DHSC) that the team had started to receive numerous offers of ventilators from large, credible intermediaries. Please see AM/473 INQ000496599. It was noted by John Edwards that the price was “very high”. Tom Duke's email asked for clear instructions from DHSC on how to respond to the offers.

*Chronology – April 2020*

- 13.46. On 2 April 2020, John Edwards expressed frustration about instructions received from DHSC about what PPE to buy. This email is provided at AM/474 INQ000493807. He said:

*“We asked NHS in early March about ventilators and got no reply. We asked two weeks ago about gowns [...] and waited for a week for tasking [...]. Emily said that they couldn't get syringe pumps for love or money on the global market. Yet we have a UK FTSE 50 company proactively reaching out to us asking if we want to buy their syringe pumps [...] Can we get clear instructions today please on whether we should be buying.”*

I understand John Edwards' frustration was due to the China team feeling it was behind the curve due to waiting for instructions.

- 13.47. On 4 April 2020, the first batch of ventilators (numbering 300 units) arrived in the UK from China. This is set out in an update from HM Ambassador to China provided at AM/475 INQ000515674.

- 13.48. On 13 April 2020, John Edwards highlighted in an email the challenges faced by the team in sifting ventilator leads the vast majority of which were not viable. Please see AM/476 INQ000493829. He said:

*“What I have said to such people in the past is something along the lines of:  
[...]. ‘The ventilator market in China – as you know is broken (and under increasing scrutiny by the Chinese authorities). We know that there are many traders active. Some of them may indeed have access to the ventilator stocks they claim – though the vast majority do not. As the UK government, however, we need to follow basic compliance when procuring equipment. This limits our ability to e.g. pay in cash or pay large deposits up front. It means we are insistent on seeing all the relevant documentation and running those documents through due diligence. We recognise that in so doing it is possible that we will miss out on some genuine opportunities. But the situation on the ground is simply too confused, complex and cut-throat for us to waive all our regulatory and financial risk mitigation measures, despite the urgent need for ventilator units [...].’”*

- 13.49. As at 23 April 2020, the China team had supported DHSC procurement worth £330 million. The majority of this was PPE (£280 million, 85% of total spend) and the rest was ventilators (plus components) and pumps. These figures are drawn from Annex A to Tom Duke’s paper on “PPE Procurement in China”, provided at AM/462 INQ000477701.

*May 2020 – Transition Back to London*

- 13.50. In May 2020, the GSSEP Board became involved in managing the transition of some of the work done by the China team back from China to London in order to integrate the work into DHSC.
- 13.51. Tom Duke’s 23 April 2020 paper on “PPE Procurement in China”, provided at AM/462 INQ000477701, noted that the Embassy team were working with Cabinet Office on a business case to increase PPE procurement from China, which would increase expenditure to “£billions”. His paper supported Cabinet Office’s proposal to explore transferring responsibility for China PPE sourcing and contract management to the existing NHS supplier framework (with the Embassy continuing to provide support). Tom Duke sent his paper to Andy Wood at Cabinet Office on 23 April 2020, see AM/477 INQ000492424. The following day, 24 April 2020, Nishi Dholakia replaced Tom Duke as SRO for the procurement taskforce.

13.52. On 24 April 2020, John Edwards commented that it was unsustainable to continue with 200 people in China working on procurement and that his team was working with me and with others to transition to a more strategic, commercially led London operation “with us [i.e., John’s team] as the tip of the spear”. This email is provided at AM/478 INQ000493884.

13.53. In May 2020, there were discussions around transition of the work done in China, and its governance, to the UK, as set out in the emails provided at AM/479 INQ000489644, and AM/480 INQ000493973. It was canvassed by Paul Kellett in a proposed update for the GSSEP Board, that:

***“Issue: Currently there are 170 people involved at China Post supporting China sourcing with the overall lead for the activity also in China. Post have requested this change asap because:***

- *Post colleagues are carrying out activities outside of their core skillset*
- *Post colleagues have been operating in crisis mode for 3 months and risk burnout.*
- *Activity is shifting away from urgent “hand to mouth” sourcing of opportunities day by day to a smaller number of long term strategic relationships which requires less “on the ground” support.*

***Direction of travel:***

- *Move the lead for China sourcing from Post to the UK (Emily Lawson’s team)*
- *The overall lead of the strategic engagements with large China suppliers and ongoing contracts would be from the UK team, with support from Post.*
- *Specialist services would be outsourced (e.g. QA, due diligence etc). These would be outsourced by the UK team and managed by them, with support locally as required.*
- *The above model would likely result in c.80% of the current 170 Post colleagues being freed up to return to BAU.*
- *The required support from Post to be headed up by Jon Edwards – HMTC.*
- *China is the most critical supply chain for PPE and so managing the transition without any dip in service is the primary driver.*

- *The governance for this transition will be the GSSEP Board.*” (original emphasis)

13.54. John Edwards’ response of 13 May 2020 was that it was:

*“[...] also worth stressing in the reasons to change that our number one priority is that we don’t have the logistics, procurement or clinical expertise to secure PPE in the most cost and time efficient way possible – we assume that expertise exists elsewhere in the public or private sector. First bullet captures that but reads a bit like we are worried about being outside our comfort zone. Which is true. But we are genuinely befuddled at the idea that anyone would want to carry on with the botched up operation we put in place.”*

13.55. In the course of the preparation of this statement, John Edwards clarified that he meant to write “bodged” rather than “*botched*”. I read his email above in such a way that it intended to convey that the China team was put together at pace, in a makeshift way and in response to a crisis, using staff who were diverted from their usual roles (and so were non-specialist). The context for the email was the discussion in May 2020 about trying to return some of the work to London, as the initial crisis phase of the pandemic drew to close. John Edwards expressed the clear wish “*to push for as much as possible to go back to London*”.

13.56. Also on 13 May 2020, I was sent a slide ahead of a GSSEP Board meeting on 14 May 2020, the email and slide are provided at AM/481 INQ000489651 and AM/482 INQ000489652. This summarised the agreed high-level forward plan for the China operation. Martin Kent commented “***this position is a marked (and very positive) change from the ‘outsource it all to a third party’ model that was originally proposed***” (original emphasis). He said further that “*[t]he key points are that the GSSEP Board will manage this transition, and DIT will lead the operation in post, and it will doc[k] directly into DHSC in the UK, in order to work as a fully integrated system*” (original emphasis). The GSSEP Board asked for a further update on the future China model at the next meeting with a view to giving approval. The paper and minutes for this meeting are provided at AM/128 INQ000515548 and AM/129 INQ000489664.

13.57. In late May 2020, in the course of the transition of some of the work back from China, there was discussion about the difficulty in forecasting PPE need (frustration was expressed about individual requests from DHSC rather than a “*consolidated demand signal*”) and the staffing resources required. Please see AM/483 INQ000489686. By this stage, FCO staff were no longer involved in the procurement operation and it was

anticipated UKVI would stand down shortly. It had been agreed John Edwards would take over the role of overall SRO for China procurement, please see AM/479 INQ000489644.

- 13.58. Also on 20 May 2020, John Edwards circulated a paper by Dan Cowen (FCO) titled “China Network: UK Medical Goods Outsourcing Strategy”. The cover email and paper are provided at AM/484 INQ000492482 and AM/485 INQ000493994. This built on Tom Duke’s paper of 23 April 2020. Dan Cowen’s paper noted the anticipated further increase in demand for medical supplies necessitated a professionalised procurement and logistics operation. He said:

*“The China Network’s involvement in supporting the UK’s medical procurement effort from China is unsustainable and is not the best use of HMG resources. The China Network, whilst diligent, is non-expert in a number of key areas including procurement. The forward view should ensure there is no disruption to UK procurement efforts whilst a permanent, long-term solution can be established.”*

- 13.59. The paper set out the then current procurement and logistics operation run by the China Network and noted that a number of the functions were performed by third-party organisations and managed by the China Network (e.g. Company A’s involvement in due diligence). In the short term, the China Network would scale down its teams and reduce its workload in the medium-term through use of partnerships with SOEs in China. The long-term model was for DHSC/NHS procurement functions to meet demand for medical supplies to be procured from China. Further detail was set out in an email from Danae Dholakia (FCO) to Tim Law (MoD) of 20 May 2020 and its attachments (in particular in relation to reduction in the number of Embassy staff involved in the crisis operation). This email and its attachments are provided at AM/486 INQ000492477, AM/485 INQ000493994, AM/487 INQ000492478, AM/488 INQ000492479, AM/489 INQ000489662, AM/490 INQ000492480 and AM/491 INQ000492481.

- 13.60. On 20 May 2020, Martin Kent (DIT) sent Emily Lawson a slide setting out the plan to transfer China procurement to the existing NHS supply chain ahead of discussion at GSSEP Board on 21 May 2020. The email and slide are provided at AM/492 INQ000489663 and AM/493 INQ000492476. By this stage, Martin Kent was based in NHS Gold Command for typically one day per week with Emily Lawson, DHSC,

NHS and MoD staff to best ensure joined up working and ease of communications between the organisations.

- 13.61. At around this time, there was some frustration as to whether the best way forward was being worked out, see the email dated 21 May 2020 at AM/494 INQ000489666, although this was atypical given the generally good working relations. I understand that the context for this concern was an earlier Cabinet Office proposal to outsource the China operation to a contractor (see a note of discussion dated 9 May 2020 and provided at AM/495 INQ000496116), whereas the GSSEP proposal was to bring the operation in-house under Emily Lawson.
- 13.62. On 21 May 2020, a further update of the “*forward plan*” for China was presented to the GSSEP Board. The paper for the meeting is provided at AM/496 INQ000494003 and the minutes at AM/497 INQ000494025.
- 13.63. On 22 May 2020, Martin Kent (DIT) sent the Permanent Secretary (copied to me) a copy of the slide showing the “*forward plan*” and said it was for the GSSEP to coordinate the transition of procurement activity from the China Network to a DIT led model which would move some functions back to London (DHSC and Cabinet Office) and enable the Embassy to return to its principal functions. The email and slide are provided at AM/498 INQ000489678 and AM/499: [INQ000492491](#). John Edwards (now HMTc) was the overall lead in China and reported into HM Ambassador to China and to me. Emily Lawson was the overall UK lead and provided procurement advice and recommendation to the DHSC Accounting Officer. The plan was that, in due course, the entire operation would sit within the existing NHS supply chain.
- 13.64. At a GSSEP Board Meeting on 28 May 2020, the plan was agreed in principle, although the date of transition was pushed back. The minutes of the meeting are at AM/163 INQ000494038. On 29 May 2020, I wrote to HM Ambassador to China and attached a copy of the “*forward plan*”, and the correspondence is provided at AM/500 INQ000489692 and AM/499: [INQ000492491](#). The aim was to bring supplier and contract management back to London progressively over the following three months.
- 13.65. An email dated 29 May 2020 attached an organogram which gave details of the anticipated structure of China procurement moving into June 2020, with John Edwards as the SRO in China. The email and organogram are provided at AM/501 INQ000492504 and AM/502 INQ000489690. There was a continued risk that the team would again be required to deal with urgent or large requests for assistance in sourcing medical supplies. To mitigate this, a team returned to their BAU roles but

remained on standby to rejoin the China team in the event of the need to “surge” resources again. The email and attachment to the China team setting out the “surge process” are provided at AM/503 INQ000492512 and AM/504 INQ000492513. HM Ambassador to China wrote to me on 5 June 2020 and confirmed the above transition plan and surge capacity. This letter is provided at AM/505 INQ000494052.

- 13.66. In June, the work of the China team moved from sourcing supplies to managing the long-term contracts that had been put into place. An internal email to the team on 9 June 2020 noted that *“However, with 95% of products procured by the Network yet to be shipped, the job is far from done. From Monday we take the next step in our move to stability and consistency, with the commitment of a long-term DIT & UKVI-led team.”*<sup>34</sup> This email and attached organogram are provided at AM/506 INQ000494055 and AM/507 INQ000492519. By late June 2020, the number of full time DIT staff working on procurement (plus vaccine development) had fallen to 20, please see AM/452 INQ000494097.
- 13.67. The China team continued to reduce their numbers across August. In September, DHSC asked for assistance to source potential suppliers for medicines, and conduct site visits to factories manufacturing testing kits. Project DEFEND was also supporting DHSC at the time with sourcing testing kits and medicines. On 23 September 2020, a meeting was held between the China team, DHSC, and Project DEFEND to develop a process for sourcing. The notes of this meeting are provided at AM/508 INQ000494202. A sample dashboard of opportunities produced by Project DEFEND is provided at AM/509 INQ000515546. The China team had reduced to five team members by this time.
- 13.68. In October 2020, Dame Caroline Wilson succeeded Dame Barbara Woodward as HM Ambassador to China. On 18 November 2020, John Edwards wrote to the Ambassador and provided an update on the work of the China team. He stated that the China team did not anticipate being asked for assistance for more medical supplies as the UK stocks were holding well and the vaccines supply chain was being monitored from central HMG. Therefore, the update concluded *“[t]hat being the case we are now confident that we can wind-up the Medical Supplies Team”*. The remaining four staff members were all from UKVI and could return to their home department. It was proposed that a single mailbox be put in place and monitored for

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<sup>34</sup> At this time, the ‘China Covid-19 Procurement Taskforce’ was renamed to the ‘Covid-19 Medical Supplies Team’. I continue to refer to this team as the ‘China team’ in this statement.

any specific actions for the China Network. HM Ambassador to China agreed with the proposal on 19 November 2020. The correspondence between John Edwards and HM Ambassador to China is provided at AM/510 INQ000492628.

- 13.69. On 23 November 2020, HM Ambassador to China wrote to me and stated that the procurement operations in China would close, with the final four remaining full time staff to return to their home department on 27 November 2020. The letter noted the UK had adequate PPE for the winter months and there was a reduced workload on new contracts. The letter is provided at AM/511 INQ000492629.
- 13.70. On 27 November 2020, a handover note was produced and provided to the team within the Embassy who would continue to monitor the inbox. This is provided at AM/512 INQ000496141.
- 13.71. On 9 December 2020, I replied and stated that, in line with the transition plan, the China Covid-19 procurement operations would be closed. Please see AM/513 INQ000489786.

#### *Further Detail on Specific Sub-Teams*

- 13.72. In this section I give further detail of the work done by certain sub-teams within the overall China team.

#### *Due Diligence in China*

- 13.73. The China team operated a sub-team known as the China Covid-19 Due Diligence Team, please see AM/451 INQ000493930. A document setting out the purpose of the Due Diligence Team is provided at AM/514 INQ000493931. The team's purpose was to *“perform checks and provide information on potential suppliers and supporting documentation, in order to empower our procurement teams to make informed decisions and deliver robust procurement recommendations to the Department of Health and Social Care (DHSC)”*.
- 13.74. The same document further stated that *“The Due Diligence team does not make decisions on whether or not procurement should proceed, or on whether companies “pass or fail” a due diligence check. Teams should make their own decisions [...]. Due Diligence team members do not have a medical background, and are therefore also unable to support on issues relating to technical product specification, and whether they are suitable to meet requirements.”* (original emphasis)
- 13.75. The China Due Diligence Team was thus not involved in formal 'due diligence' in the sense of technical assurance and substantive due diligence required to comply with

procurement law, but rather was responsible for the initial verification and screening of potential suppliers and document checks. The responsibility for the ultimate procurement decision about whether to sign a contract – and the substantive due diligence that would have involved – sat with DHSC and Cabinet Office in London.

- 13.76. At its height, the Due Diligence Team operated a shift system of 15-hours per day, seven days a week. The team carried out company checks, document checks, and stock checks. They received support with basic checks from Company C (at no cost) and obtained reports from Company A (see below at paragraph 13.78) for full checks. The information gathered was used to produce a report and a RAG rating.
- 13.77. If the company was screened as credible, then they could go to the negotiating team. In regards to ventilators, in the recollection of lead officials, about one of 100 leads got through this process – there was a high-bar.
- 13.78. The background to the involvement of Company A was as follows: on 27 March 2020, Tom Duke, with support from the FCO regional procurement hub in Manila, arranged and signed a contract with a specialist risk consultancy firm, provided at AM/515 INQ000496595. The contract was originally financed from the DIT China budget, although later the contract was transferred to DHSC. The contract imposed an initial cap on services of £10,000.
- 13.79. The contract provided for Company A to conduct background screening in China on smaller companies and intermediaries ('Tier 2 entities') and potentially larger and more established companies ('Tier 1 entities'). The purpose of the check was to ascertain if the entity could deliver larger orders and was appropriately licenced. The contract provided for two types of due diligence check: Level 1 (limited investigation to identify immediate significant issues of concern) and Level 2 (broader review). Company A undertook to provide a written report within 24-hours of request.

#### *Logistics*

- 13.80. The logistics branch of the China team was headed by Tim Law (MoD) and Danae Dholakia (FCO). The logistics branch assisted in managing flights, approvals and manifests as well as tracking shipments, see AM/516 INQ000500082. While the China team would monitor progress and troubleshoot issues as they arose, prioritisation of freight remained with DHSC who were best placed to understand daily changes in demand, see AM/517 INQ000493823.
- 13.81. In early April 2020, the China team encountered problems with securing enough flights to transport PPE to the UK. The DHSC had reached an agreement with UPS

but UPS was overstretched and unable to arrange as many flights as were required. The China team agreed a plan with DHSC to reopen frozen passenger routes for freight, agreeing contracts with British Airways and Virgin on favourable terms. The China team ran daily flights (and on some days three flights) with British Airways and Virgin, see AM/518 INQ000493891. The China team initially handled numerous requests from third parties to arrange shipments before passing responsibility for this back to DHSC, producing guidance to support the transition, see AM/519 INQ000515665.

### *Donations*

13.82. The China team operated a sub-team focussed on handling offers from individuals and entities in China to send healthcare supplies to the UK for free. The team was called Donations and there was a DIT and FCO lead working together. The Donations team, at its height, reported into Tom Duke as SRO (and other SROs later). This reporting line was part of the effort to ensure that the procurement team's capacity was protected, save for where donations were verified as suitable, high priority equipment.

13.83. The background context was set out in an email from Tom Duke dated 24 March 2020 and provided at AM/520 INQ000492373. He said,

*"1. HMG policy is currently that we do not accept donations of healthcare supplies for the NHS. We can buy what we need. Donation offers are often not to the right technical specification or too small to justify the NHS resource in processing them. One strand of our donations team work will be referring any offers of commercial supply to our procurement team to follow up.*

*2. However, despite this "no donations" policy, the NHS is actually accepting some (extremely large) donations. We have opened a direct route to the NHS supply chain team for extremely large donations (eg 1 million + masks) from single suppliers of top priority equipment that is certified to meet NHS standards. One strand of our donation team work is supporting these extremely large donations.*

*3. At the same time, we are receiving huge volumes of donation offers from across China. These are generally small scale (eg hundreds/thousands of masks) and may not meet NHS spec. They come from friends and contacts that want to help. One strand of our work will be finding places to direct these*

kind offers to in the UK (eg individual NHS Trusts, charities, other non-public sector organisations etc).” (original emphasis)

- 13.84. Tom Duke proposed that the Donations team should pursue four workstreams:
- a) work with the China-Britain Business Council to map NHS trusts and other public sector organisations that may be able to receive donations;
  - b) work with internal partners to process donation offers;
  - c) manage the small number of extremely large donations (led by John Edwards); and
  - d) manage other unsolicited donations.
- 13.85. On 24 March 2020, Chris Dunn tasked two team members to identify the contact details of all 227 UK NHS trusts. This email is provided at AM/521 INQ000493778. The plan was to ask the trusts about their requirements for donations and then determine a process to connect trusts with Chinese donors.
- 13.86. On 25 March 2020, Tom Duke noted that, at that stage, the Donations team were putting on hold any offers to donate to central NHS/DHSC supply (save for extremely large donations or top priority kit). This is set out in an email provided at AM/522 INQ000492375. The rationale was that resources for those channels were better devoted to large scale procurement.
- 13.87. On 25 March 2020, Tom Duke and John Edwards discussed logistics for donations. The email is provided at AM/523 INQ000500079. Ventilators that met DHSC specifications would be shipped via the China team’s UPS transport route.
- 13.88. On 30 March 2020, Chris Dunn updated his team. The email and attachment are provided at AM/524 INQ000492385 and AM/525 INQ000489569. He attached a slide showing the Donations team structure (demand, supply, and matching donors with recipients). He set out priorities for the week ahead, which included *“Process the backlog of donation offers and any new offers received”*. He had asked if his team could use the China team’s route with UPS to transport donations and awaited a response. Cabinet Office was relaxed about the Donations team making introductions between donors and recipient organisations in the UK whereas DIT London had raised concerns, so the team awaited an answer.
- 13.89. On 2 April 2020, Chris Dunn met with colleagues from HLSB to discuss the offers received and how to access the NHS supply chain and NHS trusts, please see

AM/526 INQ000500081. It was noted that very few NHS trusts had responded to the Donations' team email enquiry about whether donations were required.

- 13.90. On 8 April 2020, Chris Dunn set out the then current donations process in an email to seniors in the China team. This is provided at AM/527 INQ000500083. He explained that the team maintained a log of donations to triage offers and match them with recipients. Donations for the NHS were passed to Cabinet Office for assurance to check specifications and, if approved, shipped to the UK by the logistics branch of the China team. If not suitable for the NHS, then the team sought to introduce the donor to a recipient but no more. He raised the issue that the assurance process remained slow: *"Some donors have been waiting over 1 week for a decision. This is beginning to cause dissatisfaction amongst some of our key stakeholders. We also risk losing some donations altogether."*
- 13.91. The following day it was confirmed that Cabinet Office had advised that the assurance team would not process donations of PPE less than 75,000 units and turnaround would be five to seven days. Chris Dunn responded that he had devised a process whereby the China network would only accept donations where they were confident they would meet NHS specifications, pass Chinese customs, and come from key stakeholders.
- 13.92. On 12 April 2020, Gus Wiseman (DIT JACT) emailed the China Donations team to suggest a call with the JACT Donations Team lead (see paragraph 4.30) to discuss respective processes. This email is provided at AM/528 INQ000493828.
- 13.93. On 18 April 2020, Tom Duke confirmed that the team had not accepted any donations of ventilators that did not receive clinical clearance and on PPE, the team would never contact NHS trusts to facilitate donation of PPE that did not meet NHS specification. This email is provided at AM/529 INQ000515679.
- 13.94. On 19 May 2020, it was confirmed that the Donations team had agreed not to accept any new donations, save for possibly VIP donations to be reviewed on a case-by-case basis, please see AM/530 INQ000489659.

#### *Reviews and Lessons Learned*

- 13.95. I am asked whether DIT carried out any reviews (formal or informal) into the operation of the China team. Throughout May 2020, the Embassy ran a lessons learned process featuring written feedback and discussions with the 15 teams involved in the China team.

13.96. I refer to the “Medical Procurement Taskforce (March 2020) Lessons Learned Paper” compiled by Embassy officials, dated 1 June 2020. This is provided at AM/531 INQ000494034. It summarises the lessons learned, including the China Network’s resilience and the relationships built up by individual teams. It also noted “*Working hours and remote working, the meaning and effective approach of management structures and oversight, and the challenges of IT were amongst some of the areas where we could have done things differently or better.*” Under specific recommendations noted that “*Lots of issues we faced were caused by a **slow-burn crisis** [...]. It was harder to design and manage structures for a situation which gradually developed in to a crisis, rather than starting off as one*”. (original emphasis)

13.97. The paper set out several suggested “*lessons for London*” including:

- a) the Embassy “*often had to handle different forecasts and different priorities from different departments*”; and
- b) “*it was...very difficult for China taskforce teams to get a clear and consistent steer level of prioritisation across departments, and consistent steers on standards and specs*”.

13.98. Further, the paper said:

“[...]

- *The post crisis operation welcomed the **clinically led approach**, but without technical knowledge on the ground (which was impossible given travel constraints), it took a relatively longer time for staff here to understand what specs to be procured. With the urgent and often short-noticed demand from London, and inconsistent risk appetite at different levels of seniority, many tasks were mission impossible.*

- *Therefore **an early enough mid- and long-term forecast** of demand could have helped the teams here to secure sufficient and high-quality required products in time, and before shortages increased difficulties in areas such as gowns and ventilators.*

- *An **intermediary approach failed to deliver**, particularly on ventilators. An approach reliant on a smaller number of specialist SOE suppliers’ increases reliability and efficiency, and puts less emphasis on non-specialist taskforce volunteers to procure specialist equipment.*

- *It is valuable to have a **joint coordination function**, but the JACT value-add in the China context was unclear, and did not address -sometimes- contradictory steers and messaging. On international procurement more broadly, **it would be useful to consult teams here before giving orders**, which could help to improve the understanding regarding the availability of products and realistic amount of the required production, not least as much production led back to China. This may also have helped to mitigate self-gazumping in the context of procurement not recommended, or even known about, by the China Network.*

- ***Public comms** in the UK at times affected our ability to procure and caused some political handling difficulties, particularly on ventilators and testing kits.”*  
(original emphasis)

- 13.99. The paper was circulated for comment via email on 1 June 2020, which is provided at AM/532 INQ000500131. A summary of the key recommendations was circulated to the entire China team on 10 June 2020. The email is provided at AM/533 INQ000494056.

## Section 14: DHSC ‘High Priority’ or ‘VIP Fast Lane’

- 14.1. In this section, I set out the Department’s involvement in the DHSC ‘High Priority’ route<sup>35</sup> also known as the ‘VIP Fast Lane’ including information on how the JACT and GSSEP referred into this team and information on the outcome of referrals.

### *Involvement of the JACT or GSSEP*

- 14.2. A cross-government team was established to support DHSC procurement of PPE. It included staff from DHSC, Cabinet Office, NHS England, NHS Improvement, MoD, and the DfE. In April 2020, HMG issued a ‘call to arms’ for businesses who could supply or manufacture PPE. As part of this, businesses began to contact their members of parliament (**MPs**), ministers or senior officials with offers. These were, at first, passed directly to the DHSC/Cabinet Office team by the senior referrers. On 2 April 2020, the cross-government PPE team set up a ‘High Priority’ lane to access and process these offers of critical medical supplies and equipment coming from ministers, MPs, and government officials. A dedicated ‘High Priority’ mailbox was established to process the offers which were then triaged by a ‘High Priority’ appraisals team.
- 14.3. By way of broader context, at this time, Government departments, ministers and MPs were receiving a high volume of offers of assistance from businesses and private individuals wishing to help with the response to Covid-19. These included offers of help with PPE and ventilator provision, along with broader offers of a wide range of assistance, for example of medical expertise, support for hospitals, warehousing space, and similar support. On 23 April 2020, the Secretary of State for Health and Social Care sent a letter to all members of parliament and provided an update on how *“we are improving our coordination with parliamentarians who are supporting us in our efforts to boost PPE supply”*. This letter is provided at AM/534 INQ000496143. The letter noted that DHSC had received 8,000 offers to supply PPE to date and noted that a new service had been set up to allow MPs to raise queries and receive confirmation that offers of support were being progressed.
- 14.4. In addition to receiving referrals from MPs, ministers and government officials, the ‘High Priority’ mailbox was used *“to receive and handle requests or communications from FCO/DIT, organisations donating PPE or with people of senior importance within government or strategic suppliers”*, as set out in a DHSC procurement structure

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<sup>35</sup> The statement refers to the DHSC ‘High Priority’ or ‘VIP Fast Lane’ in accordance with the terminology adopted by the Inquiry in the Rule 9 request. However, it was set up and monitored by the cross-Government PPE team, with the mailbox held on Cabinet Office servers.

document at AM/535 INQ000489798 and discussed by DIT officials via email at AM/536 INQ000489773. Under the JACT, this mailbox was used to correspond with DHSC on orders that were awaiting approval. Under the GSSEP, this mailbox was used while agreement was obtained on due diligence processes.

*Luxe Lifestyle Limited*

- 14.5. The JACT referred one offer received by a DIT Minister to the 'High Priority' mailbox. I understand that DHSC subsequently decided to engage in a contract with Luxe Lifestyle Limited for provision of PPE equipment, however this was a decision taken independently of DIT.
- 14.6. On 10 April 2020, the Rt Hon Greg Hands forwarded an offer from Mark Higton<sup>36</sup> to the JACT inbox. In forwarding this email, the only comment made by the Rt Hon Greg Hands was to say, "*See below to check out please.*" This email is provided at AM/537 INQ000493835. The offer being forwarded was dated 7 April 2020. It focussed on ventilators, but went on to mention testing kits, FFP3 masks, and other PPE priorities. Mark Higton noted in his initial email to the Rt Hon Greg Hands that he was aware of the potential lead through a friend, Tim Whyte, who ran a private commodities and logistics business that he said had been working with China for over a decade and had "*the necessary people on the ground and relationships with conglomerates at C level to procure bulk orders quickly and to ship via private 737s or 747s to cut out the bottle necks*". The referral was taken forward by JACT officials who liaised directly with Mark Higton to request further information including specification details for the products on offer and delivery timescales.
- 14.7. On 11 April 2020, a JACT official emailed Mark Higton in relation to the potential supply of ventilators to advise that given the stock was in China the referral would be passed to the China team based in the Embassy for their review and action. In order to refer the offer to this team, the JACT requested further details regarding the ventilators including certification details and product testing reports and noted in the email to Mark Higton on 11 April 2020 that "*we need to ensure that the our [sic] protocols are followed to secure the appropriate equipment and not threaten existing procurement opportunities*". This email is provided at AM/537 INQ000493835. Mark Higton at this point included Tim Whyte in the email chain and from this point Tim Whyte liaised directly with the China team in relation to any queries relating

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<sup>36</sup> I understand that Mr Higton was chair of a neighbouring Conservative Party Association, though not of the Rt Hon Greg Hands' constituency.

specifically to the ventilators. In emails to the China team, Tim Whyte set out that he was working with a company called TianCheng who had an arrangement with a large Chinese medical device distribution company, JoinTown Medical Devices Group, *“to market and help in arrangements to sell and distribute ventilators for export market”*. This email chain is provided at AM/538 INQ000493841.

- 14.8. In relation to the offer of PPE, and specifically gowns (for which there was an urgent need at the time), the JACT contacted Mark Higton on 14 April 2020 to advise that a cell had been set up in Cabinet Office to deal with priority procurements to which they had forwarded his offer. This email chain is provided at AM/539 INQ000493840. The readout of a meeting with the Rt Hon Greg Hands on the evening of 14 April 2020 which I attended, noted that he was concerned about gown supplies and had asked whether it would be of value for him to speak to Egypt about fast tracking a supply of gowns from them, and had also asked for an update on engagement on gowns with US, China and Europe. The readout of this meeting is provided at AM/540 INQ000493834. In the context of the same meeting, Fred Perry emailed the JACT stating that the Rt Hon Greg Hands had asked for *“an urgent update on [Mark Higton’s offer] in particular the gown element”*. An email in response from the JACT noted that *“JACT triaged the offer from Mr Higton and agreed that he should be able to offer large quantities of the critical items. He has been put in touch with the Cabinet Office team that are progressing leads to firm orders and they have been exchanging emails during the day today [...] [t]he discussion is ongoing between the contact and the Cabinet Office team.”* Please see AM/537 INQ000493835. From the documents reviewed, other than the original forwarding of the email and this request for an update on 14 April in the context of the pressure to supply gowns, there is no indication of any further involvement by the Rt Hon Greg Hands in this matter. In my experience of working closely with the Rt Hon Greg Hands during this period, he was consistently careful to ensure that due process should be followed.
- 14.9. An email was sent to Mark Higton from the Cabinet Office priority mailbox on 14 April 2020 in relation to the offer of PPE supply which stated that *“if you can supply 5m per week of non-sterile and sterile, and 250 of overalls, we can take that”*. Following this Tim Whyte supplied further information regarding volume, pricing, and specifications. The discussion was forwarded by the JACT to the China team to assist with confirming *“the legitimacy of this offer and the supplier”*. On 15 April 2020, the China team responded to JACT advising that they were already *“dealing with Tim and Mark on their offer of ventilators. They have put us in touch with a supplier we already have*

orders with (via Tiancheng, who I think is taking a cut), therefore we do not think there is anything more to pursue. As we are liaising directly with manufacturers ourselves on PPE including gowns, I do not think that we need to pursue Tim's offer to go via Tiancheng, as we may risk cutting across our own orders. If you could politely say as much to Tim, that would be helpful." Please see AM/539 INQ000493840.

- 14.10. Following on from the above, members of the China team expressed reservations regarding referrals from ministers. Tom Duke from the China team noted *"We're getting chased on this minister hands [sic] thing from various sources. I said this before – if you have an opportunity for a private word you should tell ministers to be very careful when forwarding (and especially chasing) leads like this. Not commenting on this one in particular. But there are some very questionable ones. And we could spend our entire time only working on things that come from ministers offices, despite the fact that the return rate has been very poor"*. Further concerns were raised that *"[t]he people in this case use "From Greg Hands" in the subject of every email with our team.<sup>37</sup> If it goes badly he will be personally connected, and the team will be thinking that if they close it down there will be complaints sent to ministers, then down the civil service chain (both John and I have said we will stand with our staff should this happen). Not a criticism of Hands at all. It's natural to want to help. But ministers should be aware of the impact. And there is a risk that some of these will cause problems when this is all over"*. This is provided at AM/541 INQ000493839.
- 14.11. On 15 April 2020, the China team emailed Mark Higton and Tim Whyte to advise that they would not be pursuing the opportunity in relation to ventilators as they had an existing contractual relationship with JoinTown Medical Devices Group and were *"concerned about cutting across our existing orders directly with JoinTown, given the current market"*. This email is provided at AM/538 INQ000493841.
- 14.12. While the offer for ventilators was not pursued, on 28 April 2020, Mark Higton sent an email to the JACT indicating that they had been successful in placing orders for various PPE equipment. He stated that *"[w]e have been successfully in placed [sic] orders for Gowns, Coveralls, Masks etc which should be upwards of 50,000,000 pieces."* This email is provided at AM/542 INQ000493982. I understand that a contract was subsequently entered into by DHSC but the Department does not hold records of this.

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<sup>37</sup> It appears from the contemporaneous emails that when forwarding the original offer email, the Rt Hon Greg Hands used the subject line "From Minister Hands". However, this tended to be replicated within the subject line of subsequent emails from those involved in the offer.

- 14.13. I should add for completeness that Higton Associates (and Mr Higton) have subsequently volunteered to participate in the DBT Ukraine Energy Working Group along with other industry representatives and trade associations that were interested in supporting the efforts to help repair Ukraine's energy infrastructure. This was not a Ministerial appointment and was unrelated to work during the pandemic.

*Ayanda Capital Limited*

- 14.14. In April 2020, Ayanda Capital Limited (**Ayanda**), who had been referred through the 'High Priority' lane, were awarded a PPE contract by DHSC for the supply of FFP2 masks. Andrew Mills, a senior board adviser to Ayanda, had served as one of twelve advisers to the DIT Board of Trade under the Rt Hon Liam Fox during his tenure as Secretary of State for International Trade.
- 14.15. On 9 April 2020 Andrew Mills wrote to a number of NHS contacts in relation to an offer for FFP2 masks. The offer was referred to Darren Blackburn in the Cabinet Office Complex Transactions Team. Andrew Mills was asked to submit his application through the DHSC portal, which he did. On 14 April 2020, Andrew Mills contacted Martin Kent (DIT) forwarding his correspondence with Darren Blackburn and stating that he thought HMG were at risk of losing the opportunity. This is provided at AM/543 INQ000496657. Martin Kent forwarded the email to the JACT noting that Andrew Mills was a former Advisor to the Board of Trade. The JACT then forwarded the offer to the China team and a number of DIT officials as well as Darren Blackburn who confirmed he was engaged in initial conversations with Andrew Mills and that the company was registered on the Cabinet Office portal. In response to this, on 15 April 2020, Gus Wiseman asked Cabinet Office to treat the offer as a "VIP case", noting that Andrew Mills was a Board of Trade Advisor for DIT and that it would be a credible lead. That official suggested that Cabinet Office continue to liaise with Andrew Mills directly and also copied in the China team asking them to provide a view in relation to the due diligence required "*to move this forward. Ideally today as well*". Following this the China team ran a "*rapid basic check*" noting that the supplier "*appear[ed] highly reputable, well established, with the key medical licenses and listed on whitelist*". On 15 April 2020 the offer was allocated to the 'High Priority' lane and the contract with Ayanda was signed on 29 April 2020. Further detail can be found within the later judicial review judgment, referred to at paragraph 14.17 below. The masks, of the design agreed with Ayanda, were delivered however they were not used. This is explained in an NAO report into government procurement during the pandemic, provided at AM/544 INQ000234626.

- 14.16. On 14 October 2020, Paul Kellett provided a submission to the DIT Permanent Secretary regarding the Ayanda contract, provided at AM/545 INQ000496139. This was in response to a query from the Chief Operating Officer of the Civil Service regarding potential conflict of interest concerning Andrew Mills and his connections to DIT. The submission stated that Andrew Mills initially registered and progressed the opportunity through DHSC who had *“engaged with the China team to conduct some local due diligence on the supplier and product that was being offered which was actioned”* although as outlined above it was DIT who had forwarded the offer to the China team to carry out the due diligence checks. The submission noted that Andrew Mills subsequently contacted DIT officials to express concern about media reports of good opportunities for provision of PPE that had been missed. The submission continued, *“On receipt of this email, Martin [Kent] highlighted this request to Gus Wiseman (a key DIT lead in JACT) who used the route (“VIP channel”) that it had established with DHSC to ensure that credible leads that came to DIT were seen quickly by DHSC; however on checking, DHSC confirmed they were indeed handling the case (with support from the China team doing due diligence locally)”*.
- 14.17. As the Inquiry is aware, a Judicial Review was brought against DHSC by the Good Law Project and Everydoctor Limited in respect of three contracts awarded via the ‘High Priority’ lane including the Ayanda contract: *R (Good Law Project Limited and Everydoctor) v Secretary of State for Health and Social Care* [2022] EWHC 46 (TCC). Mrs Justice O’Farrell was satisfied that DHSC had put in place procedures that identified the selection criteria to be used and guidance as to how those criteria would be applied, so as to ensure a fair and transparent form of negotiated process. However, the Judge found that the operation of the ‘High Priority’ lane was in breach of the obligation of equal treatment because the mere fact that an offer was sent to the priority email address from a Senior Referrer did not justify preferential treatment over a similar offer that was made through the Portal. Specifically, on Ayanda, O’Farrell J made the following findings:

*“403. It was unlawful to confer on Ayanda preferential treatment simply on the basis of its allocation to the High Priority Lane. However, the offer made by Ayanda justified priority treatment on its merits. It was a unique opportunity to acquire very high volumes of PPE, through exclusive access to the full manufacturing output of a plant in the PRC. The DIT was entitled to have regard to Mr Mills’ previous position as an advisor to the Board of Trade as an indication that he had the relevant knowledge and experience to ascertain*

*whether the proposal was credible. The nature of the opportunity, and the concern that the offer would disappear if not pursued with alacrity, justified priority consideration of the same. Regardless whether made through the Portal and assessed by the Opportunities Team, or assessed by the High Priority Lane Team, it is very likely that the offer would have resulted in the award of the Ayanda Contract.”*

- 14.18. Notwithstanding the finding of unlawfulness regarding the ‘High Priority’ lane, the claim for declaratory relief was therefore rejected on the basis that it was highly likely that the outcome would not have been substantially different, and the contract would have been awarded to Ayanda (judgment at [518]).

#### *Further DIT Referrals*

- 14.19. It is my understanding according to the DHSC published list that a further referral was made by a DIT official, Ljupsko Mihailovszk, Deputy Country Director in Hungary. Subsequently, a contract was placed by DHSC with a company called Headwind Industrial (China) Limited for provision of PPE.
- 14.20. The National Audit Office report “Investigation into government procurement during the COVID-19 pandemic”, dated 26 November 2020 gave a breakdown of where sources for the High Priority or ‘VIP Fast Lane’ originated. The report is provided at AM/544 INQ000234626. The report noted that “*21 leads were from officials, such as a Department of International Trade network that was looking for sources worldwide, and the private office of the Permanent Secretary of the Department of Health & Social Care*”. I therefore note from the report itself that the DIT network was one of several Departments and private offices whose officials made referrals.

#### *The China Team*

- 14.21. The China team provided assistance to DHSC by carrying out initial triage of offers of help from a range of sources, including those from the ‘High Priority’ lane that involved Chinese suppliers or manufacturers. They would initially carry out basic documentation checks and if the lead was pursued would undertake fuller due diligence checks in line with the processes established, as set out in more detail in Section 13:. For referrals from ministers or other high-profile UK individuals, there were informal arrangements in place to keep the individual who made the referral updated as to progress whereas for most leads updates would not necessarily be provided if the offer did not result in a contract.

## Section 15: Assistance Provided to Other Organisations and Sectors

- 15.1. In this section I will address whether any assistance was provided to NHS trusts, local authorities, the care sector, or Devolved Administrations in their procurement of key healthcare equipment and supplies during the pandemic.

### *NHS Trusts*

- 15.2. To the best of my knowledge, DIT did not provide any assistance, guidance, or advice to NHS trusts in their procurement of key healthcare equipment and supplies during the pandemic. However, officials in post did provide limited logistical assistance to orders already placed by NHS trusts.
- 15.3. As set out in earlier sections, both the JACT and the GSSEP supported the DHSC/Cabinet Office procurement response for the central NHS supply chain. The JACT and the GSSEP received demand signals directly from DHSC, at first via email and then during the GSSEP via the weekly demand dashboard. Neither team sourced or progressed opportunities on behalf of or in support of NHS trusts. From 27 April 2020, when the wider cross-Whitehall PPE Taskforce was launched, responsibility for distribution of supplies was assigned to Emily Lawson, please see AM/091 INQ000489614.
- 15.4. The China team also did not procure for individual trusts or hospitals. Any items sourced by the China team were shipped to the central NHS supply chain and allocated onwards according to clinical need.
- 15.5. NHS trusts were procuring medical supplies directly with suppliers. There were instances where DIT officials in post provided logistical assistance to ensure shipments left the country of origin. This was provided on an ad hoc basis, usually after the relevant embassy received a request for assistance from a NHS trust. One such example is set out below in further detail.
- 15.6. In April 2020, The Royal Free London NHS Foundation Trust (**RFH**) independently negotiated a contract with a Turkish medical and textiles supplier, Selegna Tekstil (**Selegna**), to manufacture protective gowns to meet the Trust's own PPE requirements. An order was placed for 400,000 units (**the RFH Order**). On 16 April 2020, due to a critical shortage of protective gowns in the UK, the NHS and Cabinet Office agreed to requisition the RFH Order. DIT did not play a role in the procurement of the RFH Order.

- 15.7. It transpired that Selegna did not have the necessary export permits required to export the protective gowns from Turkey to the UK. Staff in the British Embassy, Ankara intervened to secure a waiver from the Turkish Government, and discussions took place between the Foreign Secretary and his Turkish counterpart to unlock the export permits. DIT provided on ground support at the request of the NHS with two officials in Turkey communicating daily with Selegna to ascertain that the protective gowns were being manufactured and liaised with the Royal Air Force (**RAF**) to ensure that they were available to transport the RFH Order to the UK once it had completed. The first shipment was flown to the UK on 22 April 2020. On 23 April 2020, a further two RAF aircraft departed from Turkey with the second shipment of the RFH Order (combined with an order from another company). The remaining units from the RFH Order were recovered commercially by the NHS and DHL. Briefings produced for the Health Minister can be found at AM/546 INQ000500093 and AM/547 INQ000493866. An email setting out the JACT's understanding of this issue at the time can be found at AM/548 INQ000496607.
- 15.8. In March 2020, DIT's regional International Trade Advisor network (**ITA**) received offers of support from UK companies that were able to provide small amounts of PPE that had not been pursued by central procurement. The ITA was a large team across the English regions and supported businesses to invest, grow and export. The ITA network engaged with UK small and medium enterprises (**SME**) on a daily basis. On or around 20 March 2020, to support BEIS' business helpline, the ITA proactively engaged with these UK companies, making bilateral linkages between the UK companies and NHS Trusts. The ITA did not provide assurances to NHS Trusts regarding the companies, but rather collected information on a company's ability to manufacture PPE. An example of the "*local linkages*" made is provided at AM/549 INQ000493833. On 24 April 2020, it was agreed that the ITA would provide limited support to the wider cross-Whitehall PPE Taskforce, rather than continue to make the bilateral linkages. Thereafter, in their daily email correspondence to UK SMEs, the ITA highlighted PPE items which were in short supply and signposted companies to the relevant online portals to register what they could offer.

#### *Local Authorities*

- 15.9. To the best of my knowledge, DIT did not provide any assistance to local authorities in procuring and distributing key healthcare equipment and supplies or do any work for Local Resilience Forums. As set out in earlier sections, and paragraph 15.3 above, both the JACT and the GSSEP supported the DHSC/Cabinet Office procurement

response for the central NHS supply chain. The JACT and the GSSEP received demand signals directly from DHSC, at first via email and then during the GSSEP via the weekly demand dashboard. Neither team sourced or progressed opportunities on behalf of or in support of local authorities.

#### *Care Sector*

- 15.10. To the best of my knowledge, DIT did not provide any assistance to the care sector directly in relation to guidance for buying or accessing key healthcare equipment and supplies.

#### *Devolved Administrations*

- 15.11. To the best of my knowledge, DIT did not provide any assistance, guidance, or advice to Devolved Administrations in their procurement of key healthcare equipment and supplies during the pandemic. However, staff based in post did provide some limited logistical and customs support to Devolved Administrations, see paragraph 15.13.
- 15.12. As set out above at paragraph 2.38, on 16 March 2020 the HMIG was established to consider the impact of the pandemic on NHS capacity, social care capacity, public health, and other health and social care provisions and make decisions to drive the Government's response to that impact. Healthcare was normally a devolved matter. In response to the pandemic, the HMIG, chaired by the Health Secretary, coordinated the procurement of healthcare supplies for health services with the Devolved Administrations. The HMIG Terms of Reference are provided at AM/550 INQ000255135 and a paper setting out the role of the HMIG is provided at AM/551 INQ000105521. DHSC led on the central procurement of healthcare equipment and supplies across the UK, to ensure a consistent approach to procurement and distribution and to capture the needs of the whole of the UK "Family". This approach was set out in a DHSC document, provided at AM/552 INQ000106318.
- 15.13. The China team did not procure healthcare equipment or medical supplies for Devolved Administrations. Equipment and medical supplies sourced by the China team were provided to the UK via the DHSC/NHS led central supply chain and distributed as required by DHSC/NHS. On 11 April 2020, John Alty (Director General, DIT) and Thomas Drew (Director General, FCO) wrote to posts on behalf of the JACT regarding the handling of requests for assistance received from Devolved Administrations. Please see AM/553 INQ000492404. The email stated that ministers underlined that the procurement effort was on behalf of the whole of the UK. Therefore, there would be one single UK-wide ask on international procurement from

posts. Posts were told not to undertake additional work to support procurement requests from Devolved Administrations, and to refer them back to DHSC via the JACT. Any requests for assistance with existing orders such as for logistical help, were to be referred to the JACT. The Devolved Administrations provided their healthcare supplies requirements to DHSC, who in turn would provide the overarching UK demand signal to the JACT. DHSC allocated supplies to the Devolved Administrations.

- 15.14. The Devolved Administrations were not prohibited from independently sourcing their own medical supplies and the email stated that posts were not to obstruct existing efforts by Devolved Administrations to do so. Both the Scottish and Northern Ireland Governments had teams on the ground in China who were sourcing their own suppliers and shippers for medical supplies. As with NHS Trusts, the China team and the JACT provided limited logistical and customs support to the Devolved Administrations, as required.
- 15.15. On 16 April 2020, the Rt Hon Nigel Adams (Minister of State for Asia, FCO) held a teleconference with ministers from the Devolved Administrations. The Rt Hon Greg Hands and Lord Bethell of Romford (Parliamentary Under-Secretary of State for Innovation at DHSC) attended the call on behalf of DIT and DHSC respectively. A readout of the call stated that the Devolved Administrations were asked to provide their requirements for equipment to DHSC who would represent the needs of the Devolved Administrations to the JACT. This is provided at AM/554 INQ000493846. Both the Rt Hon Greg Hands and Lord Bethell of Romford were noted as strongly recommending *“that the four administrations work together on a cross-UK procurement effort which would be more efficient, productive, and avoid competition”*.
- 15.16. DIT did not assist any authorities within the Devolved Administrations in the detection and seizure of fraudulent or non-compliant key healthcare equipment and supplies. DIT did not assist any of the Devolved Administrations in stimulating the domestic manufacture of key healthcare equipment and supplies, beyond the general supply chain work of the Project DEFEND Devolved Administrations Steering Committee mentioned above in Section 11:. I refer to that section for more detail on the Devolved Administrations’ involvement in Project DEFEND.

## Section 16: Lessons Learned and Reflections

- 16.1. In this section, I will set out the internal review exercises, such as Project Rearview, that were undertaken to take stock of and assess the Department's overall response to the pandemic. Team specific lessons learned exercises are discussed above in those respective sections. I will also set out my personal reflections on the Department's work during the pandemic response.

### *Project Rearview*

- 16.2. In March 2020, the DIT Permanent Secretary asked for a stocktake project to be set up to collate decisions taken across the Department during the pandemic. The Project Rearview Steering Group (**the Steering Group**) was established in April 2020, and was chaired by Catherine Vaughan. The Steering Group was made up of Directors who led elements of the Department's response to Covid-19. The draft scope for the Project and Steering Group is provided at AM/555 INQ000489602, and a note of the first meeting is provided at AM/556 INQ000489603.
- 16.3. Project Rearview considered the actions, rationale and decisions of the Department in response to the Covid-19 outbreak. Its primary objectives were to:
- a) understand how decisions were taken by DIT ministers and senior decision making officials on Covid-19 policy matters;
  - b) understand the approach taken to DIT engagement with wider Government and the centre, including MIGs;
  - c) understand how DIT ministers and senior officials took decisions about the Department's business continuity and operation during the pandemic; and
  - d) review the Department's HR management during the Covid-19 outbreak.
- 16.4. Project Rearview was broken down into three phases:
- a) Phase 1 (20 May 2020 to 26 October 2020) focussed on the identification of high-level themes across DIT workstreams. It was a collaborative stocktake between different departmental teams, established the project's findings and set out key Recommendations;
  - b) Phase 2 (13 October 2020 to 23 November 2020) tracked Phase 1 actions, aimed to provide up-to-date contributions from teams and a more detailed review of some key elements of DIT's overall response; and

- c) Phase 3 (23 November 2020 to July 2021) consolidated the Phase 1 and 2 outcomes and further developed tracking of the Department's Covid-19 response.
- 16.5. The GIAA conducted a further assurance exercise into the Department's work and Phase 1 and 2 of Project Rearview, beginning in July 2020 and finalising its report in February 2021. The report is provided at AM/557 INQ000510454. The GIAA was supportive of Project Rearview and considered it an example of best practice in lessons learned exercises, as stated in an email to the Steering Group provided at AM/558 INQ000489746.

*Phase 1 of Project Rearview*

- 16.6. The Phase 1 methodology followed the blueprint of previous departmental lessons learned exercises and involved senior officials collating documents, cleansing files<sup>38</sup>, and self-assessing their teams' workstreams against criteria designed to identify high-risk areas.
- 16.7. In-scope teams were commissioned with a self-assessment form, asked to submit written evidence, and identify supporting documentation. The self-assessments were supplemented by follow-up interviews, which informed the themes in the Phase 1 Report. The returned self-assessment for the GSSEP and the JACT team, and meeting notes are provided at AM/559 INQ000515634 and AM/560 INQ000494127.
- 16.8. On 29 May 2020, the Steering Group noted that the DIT Permanent Secretary had requested that Project Rearview become a continuous product. It agreed that the Phase 1 Report would become a live document, informal in nature, to document individual pieces of work and their risk profile, governance mechanisms and workstream processes. A note of this meeting is provided at AM/561 INQ000489700.
- 16.9. The final draft Phase 1 Report and a submission explaining how the Report was compiled was provided to the Permanent Secretary on 6 August 2020. Please see AM/562 INQ000489757, AM/563 INQ000489758 and AM/564 INQ000494170. The Permanent Secretary reviewed and provided comments before the Final Phase 2 Report was submitted to her on 2 November 2020. The covering email and Final Phase 1 Report are provided at AM/565 INQ000489774 and AM/566 INQ000494209.

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<sup>38</sup> 'Cleansing files' refers to removing duplicated or unnecessary documentation in accordance with government deletion and retention policies.

*Phase 1 Rearview Report Findings and Recommendations*

- 16.10. The findings were set out in Chapter 3 and broken down into the following areas:
- a) Early response and ways of working;
  - b) Cross-government working;
  - c) Internal communications;
  - d) People and wellbeing;
  - e) Resourcing;
  - f) Security;
  - g) Policy and delivery;
  - h) The return to BAU and Covid-19;
  - i) Commercial and Finance; and
  - j) Implementation of lessons learned.
- 16.11. The Phase 1 Rearview Report set out thematic recommendations (**the Recommendations**) to be completed by December 2020. Progress on the Recommendations was monitored via a tracker (**the Recommendations Tracker**), a version of which is provided at AM/567 INQ000489805. The Steering Group met on 17 December 2020 to discuss the status of the Recommendations and the Recommendations Tracker. Catherine Vaughan, amongst others, had oversight of the Recommendations.
- 16.12. For the purposes of this statement, I will set out the findings, recommendations, and DIT's responses at the time, that are relevant to Module 5. Without seeking to replicate here the entire findings of the Report, within the 'Early response and ways of working' and 'Cross-government working' sections of the report, the findings included that:
- a) While DIT built effective working relationships with key departments (including Cabinet Office, FCO and MoD) to deliver the Government's pandemic response and lead vital activities, a lack of clarity around roles and responsibilities from Cabinet Office and at the DIT working level impacted the efficacy of the early response;
  - b) The resulting challenges included overlapping commissions from MIG secretariats producing a duplication of work, and difficult engagement with

departmental counterparts, in particular where responsibilities overlapped;  
and

- c) DIT's early decisions to release staff to support other departments impacted its resourcing capacity as roles and responsibilities evolved.

16.13. Arising from the findings, Recommendation 1 on 'Cross-Government working' was to:

*"1 (a) Establish robust internal structures and processes to ensure DIT can both react to and influence positions held across Whitehall in respect of DIT and its departmental objectives in crisis contexts.*

*1 (b) Share structures with other departments in Whitehall to ensure clarity on the department's COVID-19 response structure."*

16.14. DIT set up internal structures to respond to the pandemic and the cross-governmental response, such as the IMIG and EBRIG Secretariats that supported the Department's involvement in those ministerial groups, and their successors, the Covid-O and Covid-S committees. The DIT Covid-19 Ministerial Support Hub:

- a) provided secretariat support for the Covid-19 committee meetings;
- b) prepared DIT ministers for meetings with DIT's policy position; and
- c) was a central point of contact, internally and externally for Covid-19 policy, commissions, and briefings.

16.15. In addition, DIT put in place measures to ensure departmental responsiveness to Whitehall policy developments, including twice-weekly meetings with policy officials (known as 'Policy Huddles'), that ensured that the Department was prepared for upcoming meetings and papers. A Covid-19 Central Commissions Grid was set up and tracked incoming commissions from other departments and maintaining a comprehensive cross-departmental commissions grid.

16.16. In relation to 'Internal communications', the Review concluded DIT speedily restructured and increased internal communications which received high-levels of engagement from staff. However, the Report identified the need to accommodate DIT international colleagues and international perspectives in communications. FCO was the main source of information for DIT's overseas staff, and feedback indicated clearer and faster communication from DIT about the roles and responsibilities of its staff in overseas posts would have benefited the pandemic response. The Report

also identified that SCS engagement could have included more bespoke communication to the SCS cadre to improve communication to, and between, the group, and to promote collective SCS leadership. The Report noted that a lack of clarity in communications around roles and responsibilities of the Covid-19 response teams and existing teams, where they fitted into the departmental structure, and how other teams should engage with them placed undue pressure on teams trying to meet challenging deadlines.

16.17. Recommendation 2 on 'Internal communications' was to:

*“2 (a) Ensure future communication plans for pandemic response account for domestic and international equities in both the corporate and policy space to deliver objectives, including the SCS cadre.*

*2 (b) Ensure there is a crisis management function in DIT which learns lessons from this pandemic, to ensure there is clarity on roles and responsibilities from the outset.”*

16.18. In response, DIT developed a comprehensive approach to internal communications, utilising a variety of communication channels, for example, articles on the Digital Workspace, blogs by the Permanent Secretary and Directors General, and live broadcasts with senior leaders to ensure teams remained up to date as the Department's Covid-19 workstreams advanced. The Recommendations Tracker noted that the effectiveness of the communication should remain under evaluation, particularly as regards feedback from SCS officials and overseas posts. In relation to the GSSEP and Project DEFEND, the Recommendations Tracker, dated December 2020, stated that:

*“DIT set up a command structure and multiple other teams at pace, and as the pandemic developed there were clear internal lines of accountability. The residual COVID-19 workstreams (GSSEP and DEFEND) have clear lines of accountability and responsibility.”*

16.19. Under 'Resourcing', the Review's findings noted that, “[...] questions have been raised around whether the department fitted the right skills to the right projects at pace”. It also noted the resourcing pressures DIT faced as its role in the Covid-19 response increased, the challenges of redeploying staff and finding enough staff of the right skills, as well as maintaining institutional knowledge.

16.20. Recommendation 4 arising from these findings was as follows:

*“4 (a) Ensure there is a centralised resource system at a strategic and operational level, to ensure the right resourcing decisions are taken at the right time.*

*4 (b) Use the pandemic experience to consider what skills DIT needs to build (and how), and what further work should be done to strengthen its talent management options.*

*4 (c) Ensure that as staff return to their BAU roles, learning is fully captured and handovers are fed into a centralised DIT crisis management function to ensure lessons learned from this pandemic strengthens DITs response in the future to similar crises.*

*4 (d) Consider what changes should be made to the One HMG MOU with regard to global crises.”*

16.21. DIT established a centralised resource system by HR reporting weekly against DIT priorities, and the BAU approach being informed by DIT’s workforce strategy. A high-level skills assessment of DIT’s Covid-19 activity was undertaken and considered, resulting in a DIT Career Pathways programme that was rolled out in 2021/2022. The findings were fed to the Department’s Business Continuity Coordinators to inform DIT’s future Business Continuity Planning. HR sought feedback from deployed staff and engaged with project leads about lessons learned. The need for possible changes to the One HMG MoU were to be fed into DIT’s input into the broader One HMG MoU review.

16.22. Under the ‘Security’ section, the Review noted that Security and Business Continuity were central in DIT’s response to the pandemic. The Department’s Security team had focussed on the security implications of the pandemic and remote working. Business continuity was a key consideration in the establishment of the DOC at the start of the pandemic. The DOC was the central hub for DIT’s pandemic response and then later focussed on departmental operations. The DOC established business continuity plans. A draft Incident Management Plan was developed to formalise and implement lessons learned from the pandemic.

16.23. Recommendation 5 on ‘Security’ (including business continuity) was to:

*“5 (a) Deliver a comprehensive and properly tested Incident Management Plan to ensure DIT has the tools to respond to future incidents or crises.”*

16.24. In December 2020, DIT expanded its Incident Management Plan to implement the Recommendations, provided at AM/568 INQ000494232. It was agreed that development and testing of the Incident Management Plan would continue to ensure it was fully optimised in advance of future incidents or crises. The plan was reviewed and updated every six months by the Business Continuity Manager.

16.25. In the 'Policy and Delivery' findings, the Review concluded that "*The department has broadly delivered on its assigned responsibilities, and in the case of GSSEP and Project DEFEND continues to do so.*" It found that the Department had developed structures during the pandemic to deliver coherent policy development and responses, including: daily Ministerial calls with key senior staff, 'Policy Huddles', a comprehensive cross-department commissions grid, and centralised briefing teams such as the C-19 Ministerial Support Hub. One of the concerns noted was that:

*"In the early stages of the COVID-19 response, as more asks were made of the department the project team noted feedback that suggested the urgency of the CO requests was not clearly understood. Many commissions were sent with exceptionally short timescales – some as little as 30 minutes – limiting the department's ability to invest appropriate time and consideration into responses. This was particularly challenging for smaller teams that did not have the ability to deprioritise, or the capacity to delegate."*

16.26. The Review also identified learning regarding:

- a) The Department's internal commissioning process (the need to ensure briefing requests were fit for purpose and had undergone a proper quality check);
- b) The level at which decisions were taken within the Department noting that "*Ministers and the centre understandably wanted their senior leaders to grip key issues and sufficiently understand the detail behind them, but many decisions that may not otherwise have been taken by Directors-General were pushed up to this level, which impacted bandwidth and increased workload*"; and
- c) The benefits of the clear command structures that were introduced.

16.27. Flowing from these findings, recommendation 6 on 'Policy and Delivery' was to:

*"6 (a) Draft a central document that learns from the COVID-19 response and sets out how the department can quickly stand up a function to deliver policy*

*expediently in crisis situations. This will be crucial in the event of a re-emergence of the pandemic or similar crises.*

*6 (b) As part of 6 (a), draft a list of departmental functions who should be consulted when standing up a crisis response team. These functions should be appropriately embedded in the crisis response team where necessary.”*

16.28. In November 2020, a lessons learned paper was shared with the Steering Group titled “Lessons learnt from the COVID-19 response and how the department can quickly stand up a function to deliver policy expediently in crisis situations”, which is provided at AM/569 INQ000489789. The paper noted that while support hubs were set up to assist the Department’s contributions to the central MIGs, the resourcing of these hubs had “*proved difficult due to numerous competing priorities across the department, all needing urgent resource*”. As recommended, the paper contained a list of functions to be consulted when standing up a crisis response team. It also noted that it would be beneficial in any future response for SCS1 officials (Deputy Director) with crisis management experience to lead the set up of response teams. In addition, weekly strategy meetings with ministers, Directors General and other key stakeholders were put in place to enable efficient decision making. The ‘Policy Huddles’ and commissions grid were implemented to ensure joined up working across the Department. These aimed to bring greater policy coherence to the Department.

16.29. The section on ‘The return to business as usual and COVID-19’ noted that BAU activities were temporarily suspended during the pandemic, and the challenge of returning to BAU activity while meeting ongoing Covid-19 response demands. As the focus shifted to economic recovery, the Department took steps to ensure Covid-19 response resources were maintained while returning to delivering BAU functions. Senior leaders established daily Ministerial calls (as mentioned at paragraph 16.25), and weekly strategy meetings with ministers, Directors-General and other key stakeholders.

16.30. Recommendation 7 on ‘Returning to BAU and Covid-19’ was to:

*“7 (a) Ensure robust plans remain in place to meet the continued efforts required for COVID-19 and priority BAU activities.”*

16.31. In response, DIT’s Security team, who led on business continuity, requested that all directorates update their Business Continuity Plans and Business Impact Assessments to identify and address any single points of failure in a potential second

spike of Covid-19. The weekly strategy meetings referred to at paragraph 16.28 were designed to implement Recommendation 7.

- 16.32. The 'Commercial and Finance' section related most directly to procurement issues so I will set the findings out in full:

*“Commercial and Finance played a key role in enabling the department to support the COVID-19 response, in particular work with DHSC and other government departments to procure PPE supplies. Feedback suggests the department reacted at pace and with flexibility to respond to an ever-changing environment, but lessons were learned as the response continued.*

*The rapid nature of the COVID-19 response meant certain decisions were more at risk of being taken without the same level of assurance as in normal times. Some examples included commercial and financial decisions, governance arrangements and the role of GSSEP (e.g. assurance around the responsibilities between DHSC and DIT). The department took actions to mitigate this risk, including through embedding SCS resource (e.g. embedding commercial SCS in the JACT and later GSSEP) and deploying Risk and Commercial team resources into different COVID-19 teams to provide specialist support and assurances tailored to the different projects' needs.*

*DIT supported DHSC in putting in place contracts at speed for PPE by providing overseas supplier leads and associated due diligence. This enabled DHSC, as the Accounting Officer, to make informed decisions about whether to place certain contracts and determine whether they were in line with the procurement regulations. In terms of DIT's own procurements, the department leveraged CO-owned consultancy agreements which allowed for quick mobilisation.*

*The Commercial team were engaged with JACT after the initial set up and sought to establish clarity of the process being followed and embed senior commercial resources in the team. This proved challenging to amend what was already in place both within DIT and ways or working that had been established with DHSC/CO. It therefore took greater time for the department to position its specific value-adding proposition of quickly identifying quality overseas suppliers and assessing / triaging them in order to provide high quality leads to DHSC at pace.*

*The Department has changed its approach to BAU work and there is the perception of a significant underspend in light of the constraints of COVID-19. Making this judgment three months into the financial year would not be prudent and risks behaviours relating to budgetary options which might not be available later on in the year. As such, the finance team have taken the approach of decision making around finance remaining as normal in the absence of concrete evidence of an underspend, as adopting any other approach risks an overspend by year end.”*

- 16.33. Against the background of these findings, Recommendation 8 on ‘Commercial and Finance’ was to:

*“8 (a) Ensure steps are taken to ensure rapid assurance options are in place in a future crisis context.*

*8 (b) Work should be carried out, overseen by the Commercial Director and DG Markets and Supply Chains, to detail how DIT established responsibilities with OGDs in respect of the various procurement and commercial exercises which have taken place.*

*8 (c) Ensure communications after the Q1 review are clear as to the position on the department’s finances, to manage staff expectations around the perception of a significant underspend.”*

- 16.34. As discussed above at paragraphs 9.33 and 9.34, the GSSEP Playbook was created to ensure that a unit could be set up at pace in future to assist with global sourcing. The GSSEP Playbook is provided at AM/123 INQ000507427. The GSSEP Playbook formed part of the suite of documents known as the GSSEP Remobilisation Suite and also included the International Sourcing Remobilisation Plan and International Sourcing Remobilisation Resourcing Strategy, which are provided at AM/570 INQ000494183 and AM/571 INQ000494182. The Recommendations tracker noted that the Commercial Approvals and Assurance Group’s weekly forum continued to assure DIT procurements. Additional assurances were put in place by DIT to respond to the requirements of teams which had been established during the pandemic, for example, by embedding commercial resource in the GSSEP and Project DEFEND. In addition, evidence gathering exercises such as Exercise Curveball, discussed further below at paragraph 16.46, and cross-Whitehall project, Exercise Fairlight were set up to document decision making through the pandemic.

- 16.35. Exercise Fairlight was run by MoD from 1 to 3 September 2020 to stress test the winter preparedness of all priority Covid-19 projects. I represented DIT during this exercise as the SRO for Project DEFEND. A readout from Exercise Fairlight noted the learning points for Project DEFEND and is provided at AM/572 INQ000494187.
- 16.36. The 'Implementation of lessons learned' section of the Review noted that the pandemic presented novel issues and challenges. It noted, however that the Department had learned lessons from other major government projects. For example, the previous lead of Operation Yellowhammer was embedded in the DOC and so the establishment of the DOC had taken into account lessons learned from that Operation. DIT teams established assurance of varying formality, and the GSSEP and Project DEFEND had codified those arrangements into a formal assurance strategy. The Review identified the need for "[...] a repository for crisis management institutional knowledge" which would be useful in informing future response activities.
- 16.37. Accordingly, Recommendation 9 'Implementation of Lessons Learned' was:
- "9 Using the lessons learned and recommendations from this report and other sources (for example the COVID-19 risk work), set up a centralised crisis response function to be the guardian of the knowledge and crisis management in the department. This should include the creation of a Standard Operating Manual/Incident Management Plan which articulates how the department should respond in crisis contexts covering people, policy and delivery among other things."*
- 16.38. As mentioned above at paragraph 16.24, DIT developed the Incident Management Plan in line with the Recommendations, and ensured DIT effectively captured the institutional learnings from the pandemic and enabled it to operate more effectively in a future crisis scenario. The Security team, responsible for the incident management function, owned the Incident Management Plan and Gold, Silver, Bronze command mechanisms. The Security team also owned the central departmental Business Continuity Plan. The DOC Standard Operating Procedures document was updated in July 2020, to be used in the event that the Department was required to set up another central Departmental response centre. This is provided at AM/573 INQ000489793.

*Phase 2 of Project Rearview*

- 16.39. Phase 2 of Project Rearview (**the Phase 2 Report**) emerged following a request from departmental senior leadership to add targeted products to the work that had already

been done. Phase 2 started on 13 October 2020 and ran until 2 November 2020 when the Phase 2 Report was provided to the Permanent Secretary. It covered work completed by the Department up to and including 1 October 2020. Please see AM/565 INQ000489774 and AM/574 INQ000496140.

- 16.40. A chapter in the Phase 2 Report focussed on the JACT, the GSSEP and Project DEFEND, and addressed how each team established their respective responsibilities in the wider HMG pandemic response, as well as investigating the approaches to governance and assurance mechanisms, wider engagement across Whitehall, the impact of decisions taken, and preparations for future scenarios. The Phase 2 Report included extracts *“to highlight the relevant contributions and demonstrate the interconnectivity of JACT, GSSEP and DEFEND within the wider departmental, and government, response”*.
- 16.41. No additional recommendations were made. The publication of the Phase 2 Report in November 2020 updated and agreed the Recommendations for their December 2020 completion deadline.
- 16.42. The Phase 2 Report proposed the following as additional next steps:
- “Develop a full Q&A pack for a future public accounts committee (PAC) or similar session, building on the scrutiny Q&A section within this paper and ensuring all lines are converted and cleared for an external audience; and*
- Compile a full evidence library of the activities undertaken by the department in response to the COVID-19 pandemic.”*
- 16.43. On 23 November 2020, a Steering Group meeting was held. The annotated agenda for the meeting, provided at AM/575 INQ000489777, stated that the Rearview Report aimed to become a living document, to be updated at set points in time and based on business need. Each chapter was assigned to a senior official who would ‘own’ the chapter and be responsible for maintaining and updating the document into 2021. DIT’s Strategic Projects team led on work to complement the Phase 2 Report. This work included the development of:
- a) A full stakeholder list, by end of November 2020;
  - b) A full evidence library, covering activities undertaken by the Department in response to Covid-19;
  - c) A Report addendum; and

d) A full Q&A pack for a future PAC/scrutiny session.

16.44. An addendum to the Phase 2 Report was produced in December 2020 to cover the Department's actions in relation to the second national lockdown and incorporated a chapter on Project DEFEND. It is provided at AM/576 INQ000494224.

#### *Phase 3 of Project Rearview*

16.45. Phase 3 of Project Rearview was a continuation of the work delivered in Phases 1 and 2. The Terms of Reference are provided at AM/577 INQ000489797. The Phase 3 Report was the Phase 2 Report with an additional addendum covering the period January to June 2021. It was published on 6 September 2021 and is provided at AM/310 INQ000496142. There was some overlap with previous Phases as Phase 3 was intended to "*highlight lessons learned from the earlier stages of the C19 response and implemented after 1 October, and to draw out the comparative approach, processes and methods*". It noted that the Recommendations were completed in December 2020, and made no additional recommendations.

#### *Exercise Curveball*

16.46. In September 2020, I sent an email to SCS colleagues and suggested that the Department should conduct an additional stocktake of the JACT, the GSSEP and Project DEFEND. Please see AM/578 INQ000489766. In October, a scoping document for the project was created, and is provided at AM/579 INQ000494216. The work complemented and expanded on Project Rearview, as it had a clear focus on the JACT, the GSSEP and Project DEFEND. Lucy Buzzoni was appointed SRO, reporting to me.

16.47. The objective of Exercise Curveball was to consider the decisions made by the JACT, the GSSEP and Project DEFEND, between 17 February 2020 and 1 October 2020, structured under nine key lines of enquiry, including resourcing, governance, and decision making. These were set out in the scoping document, with an accompanying list of "*challenging questions*" to be answered for each line of enquiry. The Exercise commissioned input from the JACT, the GSSEP and Project DEFEND to respond to issues raised in the key lines of enquiry, and gathered and catalogued all the critical evidence relating to various activities and decisions made in one location. As this work was contemporaneous with the wider Rearview review, and as it risked duplicating the GSSEP-specific dimension of the work, Exercise Curveball was then wrapped into Project Rearview as part of a single, organisation-wide Project Rearview report.

*Current Emergency Response Measures within DBT*

16.48. As discussed above, on 7 February 2023, a MoG change took effect and incorporated DIT with parts of BEIS to form the Department in its current form as DBT. DBT has a standing emergency response function. The Department's current CONOPS is provided at AM/580 INQ000494250, and it addresses the Department's role in circumstances where it is the LGD, and where it is not but where a significant cross-departmental response would be required. DBT's current emergency response function is in development but aims to follow Cabinet Office best practice. A group of officials are trained for Gold command, and staff are prepared for responses at all grades. The CONOPS is standardised and an emergency response rota is in place.

*Reflections*

16.49. Stepping back from the detail of the Department's involvement in the relevant procurement issues, in conclusion, I would emphasise the following five areas.

16.50. **Firstly**, I believe that Cabinet Office was right to task DIT to work with other departments to mobilise a lead generation function on behalf of DHSC as part of the crisis response. The significant and visible contribution that the China team was making to ventilator sourcing in the early stages of the crisis was sufficient evidence to suggest that seeking sources in other markets would be justified. In the circumstances at the time, potential new sources of medical supplies were of critical importance to the national pandemic response.

16.51. **Secondly**, while the DIT contribution – as part of the China effort, in mitigating supply chain vulnerabilities, in identifying new strategic suppliers – was significant, we did identify failings in our own response, particularly in the early stages. We should for example have identified the need for commercial expertise as part of the foundation work of the JACT team, which might have mitigated some of the issues with the proliferation of low quality leads channelled to DHSC.

16.52. Similarly, DIT did not at the outset of the crisis have established crisis response plans for this kind of pandemic emergency. The lessons were learned during the crisis as a result of the GIAA, Rearview, and GSSEP Project lessons learned reviews and structures adapted accordingly. DBT now has a standing emergency response function, and, in future, deployment of commercially-trained/experienced officials to emergency delivery teams would be treated as a high priority. DBT's Standing Grants Directorate, which has integrated finance and commercial expertise, helps ready the

Department on economic support. However, these gaps were a weakness at the onset of the crisis.

- 16.53. **Thirdly**, and in similar terms, Project DEFEND made a material contribution to supply chain resilience during the pandemic, working with OGDs to scrutinise supply chain vulnerabilities and enabling appropriate action to be taken. It worked to anticipate and protect against supply chain failures. This in turn led to the development, within HMG, of a permanent supply chain function in the form of what is now the ESSCR Directorate. This has helped to ensure that we are prepared and better able to mitigate these risks in the future. The extent of progress in this area is supported by the recently published Critical Imports and Supply Chain Strategy, provided at AM/449 INQ000494249. However, the absence of a standing supply chain resilience function, centrally coordinated on behalf of Government, was a further weakness at the outset of the crisis, leading to a lack of centralised or focussed oversight of supply chain resilience across all the UK's critical supply chains. This was a lesson learned by many partner governments.
- 16.54. **Fourthly**, the reviews have identified a lack of clarity concerning roles and responsibilities, both between government departments and within DIT. On the important issue of clarity between posts and the centre during a crisis, DBT's new CONOPS, discussed at paragraph 16.48, is aligned with the FCDO approach to crisis response to ensure continuity, reflecting the fact that staff in post remain a mixture of DBT and FCDO staff. As an example, the lead HMTCs were incorporated closely into the wider departmental response during the recent Red Sea disruption. DBT is looking to build on this through future exercises to test its capability to work with the international network in a crisis. However, again, a standing statement of these roles and responsibilities would have been of considerable assistance at the outset of the crisis.
- 16.55. **Fifthly**, as regards the 'High Priority' or 'VIP Fast Lane' set up by the cross-government PPE team and operated by DHSC, DIT's role was to identify and forward leads in line with the protocols set out for its use. My understanding was and is that such cases were then subject, within DHSC, to the agreed technical assurance processes applied to leads sourced through other routes. The system was set up at a time when many suppliers and individuals were passing on offers of support direct to MPs, healthcare professionals and government departments. Some mechanism was undoubtedly required to sift the high volume of offers of help. However, consistent with wider government learning and the outcome of the legal challenge, it

is right to recognise that the 'High Priority' or 'VIP Fast Lane' was not the right approach. In particular, the Court found that while offers from the 'High Priority' lane were not assessed against different benchmarks to those used in respect of other offers, such offers were likely to be subject to technical assurance within a shorter period of time, that being advantageous to the award of a contract and therefore in breach of the equal treatment requirements. Important lessons learned work has been undertaken by Cabinet Office and the wider GCF. New guidance was established in February 2021 for procurement in an emergency context with a view to future preparedness. This guidance is provided at AM/581 INQ000092624. The Department for Business and Trade wholeheartedly supports this work.

**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 PD \_\_\_\_\_

**Dated:** 11 December 2024

## Annex A: Acronyms Used within this Statement

Acronym	Description
<b>5-Eyes</b>	Five Eyes
<b>APAC</b>	Asia-Pacific
<b>ARAC</b>	Audit & Risk Assurance Committee
<b>BCG</b>	Boston Consulting Group
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>BERR</b>	Department for Business, Enterprise and Regulatory Reform
<b>BIS</b>	Department for Business, Innovation and Skills
<b>BTR</b>	Bilateral Trade Relations
<b>CCS</b>	Crown Commercial Service
<b>CIPS</b>	Chartered Institute of Purchasing and Supply
<b>CNI</b>	Critical national infrastructure
<b>CONOPS</b>	Central Government Response Concept of Operations
<b>Covid-O</b>	Covid Operations Committee
<b>Covid-S</b>	Covid Strategy Committee
<b>DBT</b>	Department for Business and Trade
<b>DECC</b>	Department of Energy and Climate Change
<b>DEFRA</b>	Department for Environment, Food and Rural Affairs
<b>DfE</b>	Department for Education
<b>DfID</b>	Department for International Development
<b>DfT</b>	Department for Transport
<b>DH</b>	Department of Health
<b>DHSC</b>	Department of Health and Social Care
<b>DIT</b>	Department for International Trade
<b>DIT DSO</b>	Department for International Trade Defence and Security Organisation
<b>DIUS</b>	Department for Innovation, Universities and Skills
<b>DOC</b>	Departmental Operations Centre
<b>DTI</b>	Department of Trade and Industry
<b>DWP</b>	Department for Work and Pensions
<b>EBRIG</b>	Economic and Business Response Implementation Group
<b>EECAN</b>	Eastern Europe and Central Asia Network
<b>ESSCR</b>	Economic Security and Supply Chain Resilience
<b>EU</b>	European Union
<b>EUEICU</b>	EU Exit Implementation Capability Unit
<b>ExCo</b>	Executive Committee
<b>EY</b>	Ernst & Young
<b>FCDO</b>	Foreign, Commonwealth and Development Office
<b>FCO</b>	Foreign and Commonwealth Office
<b>G2G</b>	Government to Government
<b>G7</b>	Group 7
<b>GCF</b>	Government Commercial Function
<b>GCO</b>	Government Commercial Organisation

<b>Acronym</b>	<b>Description</b>
<b>GIAA</b>	Government Internal Audit Agency
<b>GPSTMIG</b>	General Public Sector Ministerial Implementation Group
<b>GSC Directorate</b>	Global Supply Chains Directorate
<b>GSSEP</b>	Global Strategic and Sourcing Engagement Project
<b>GSSEP Ops</b>	Global Strategic and Sourcing Engagement Project Operations
<b>GTI</b>	Global Trade & Investment
<b>HLSB</b>	Healthcare, Life Sciences and Bioeconomy team
<b>HMA</b>	His Majesty's Ambassador
<b>HMG</b>	His Majesty's Government
<b>HMIG</b>	Health Ministerial Implementation Group
<b>HMRC</b>	HM Revenue & Customs
<b>HMT</b>	His Majesty's Treasury
<b>HMTC</b>	His Majesty's Trade Commissioner
<b>HoM</b>	Head of Mission
<b>ICU</b>	Intensive Care Unit
<b>IDA</b>	International Development Act (2002)
<b>IMIG</b>	International Ministerial Implementation Group
<b>INET</b>	International Networks Team
<b>IPI</b>	International Partnerships Initiative
<b>IPPV</b>	Intermittent Positive Pressure Ventilation
<b>IPROMS</b>	International Procurement of Medical Supplies
<b>ITA</b>	International Trade Advisor
<b>JACT</b>	Joint Assistance Coordination Team
<b>JIO</b>	Joint Intelligence Organisation
<b>LGD</b>	Lead Government Department
<b>MHCLG</b>	Ministry of Housing, Communities, and Local Government
<b>MIG</b>	Ministerial Implementation Groups
<b>MinCo</b>	Ministerial committee
<b>MoD</b>	Ministry of Defence
<b>MoG</b>	Machinery of Government change
<b>MoU</b>	Memorandum of Understanding
<b>MoJ</b>	Ministry of Justice
<b>MSH</b>	Ministerial Support Hub
<b>NAO</b>	National Audit Office
<b>NCSC</b>	National Cyber Security Centre
<b>NGOs</b>	Non-governmental organisations
<b>No 10</b>	Prime Minister's Office
<b>NSA</b>	National Security Advisor
<b>NSC</b>	National Security Council
<b>NHSE&amp;I</b>	NHS England and NHS Improvement
<b>ODA</b>	Official Development Assistance
<b>OPSS</b>	Office for Product Safety and Standards
<b>ORA</b>	Opportunity Risk Assessment

<b>Acronym</b>	<b>Description</b>
<b>OLS</b>	Office for Life Sciences
<b>ONS</b>	Office of National Statistics
<b>PAC</b>	Public Accounts Committee
<b>PCR</b>	Polymerase Chain Reaction
<b>PCR 2015</b>	Public Contracts Regulations 2015
<b>PFRC</b>	Performance, Finance and Risk Committee
<b>PMO</b>	Project/Programme Management Office
<b>PPE</b>	Personal protective equipment
<b>RAF</b>	Royal Air Force
<b>RFH</b>	Royal Free Hospital
<b>RoW</b>	Rest of World
<b>SCCL</b>	Supply Chain Coordination Limited
<b>SCS</b>	Senior civil servant
<b>SitRep</b>	Situation Report
<b>SLT</b>	Senior leadership team
<b>SME</b>	Small and medium enterprises
<b>SOE</b>	State-owned enterprise
<b>SoGS</b>	Statement of Good Standing
<b>SRO</b>	Senior responsible owner
<b>TAPI</b>	Trade Against Pandemics Initiative
<b>UKTI</b>	UK Trade & Investment
<b>UKVI</b>	UK Visas and Immigration
<b>VTF</b>	Vaccine Taskforce
<b>VTT</b>	Vaccine and Therapeutics Taskforce

## Annex B: Key Officials and Decision Makers

Where an individual is listed as still in post, their role transitioned from DIT to DBT in February 2023.

NAME	ROLE	PERIOD IN POST
<b>Ministers</b>		
<i>The Rt Hon Boris Johnson Government</i>		
The Rt Hon Elizabeth Truss	Secretary of State	July 2019 – September 2021
The Rt Hon Anne-Marie Trevelyan	Secretary of State	September 2021 – September 2022
The Rt Hon Conor Burns	Minister of State for Trade Policy	July 2019 – May 2020
The Rt Hon Greg Hands	Minister of State for Trade Policy	February 2020 – September 2021
The Rt Hon Penny Mordaunt	Minister of State for Trade Policy	September 2021 – September 2022
Lord Grimstone of Boscobel Kt	Minister of State for Investment	March 2020 – July 2022
The Rt Hon Ranil Jayawardena	Parliamentary Under-Secretary of State for International Trade	May 2020 – September 2022
The Rt Hon Graham Stuart MP	Parliamentary Under-Secretary of State (Minister for Exports)	January 2018 – September 2021
Mike Freer	Parliamentary Under-Secretary of State (Minister for Exports)	September 2021 – July 2022
Andrew Griffith MP	Parliamentary Under-Secretary of State (Minister for Exports)	July 2022 – September 2022
<b>Permanent Secretaries</b>		
Dame Antonia Romeo	Permanent Secretary to the Department for International Trade	March 2017 – January 2021

John Alty	Permanent Secretary to the Department for International Trade (Interim)	January 2021 – August 2021
James Bowler	Permanent Secretary to the Department for International Trade	August 2021 – October 2022
Crawford Falconer	Permanent Secretary to the Department for International Trade (Interim)	October 2022 – January 2023
Gareth Davies	Permanent Secretary to the Department for International Trade	January 2023 – Present
<b>Directors General</b>		
John Mahon	Exports	April 2018 – July 2020
Catherine Vaughan	Chief Operating Officer	September 2017 – October 2022
Andrew Mitchell	Exports and UK Trade	May 2020 – February 2023
<b>Directors</b>		
Paul Kellett	Commercial Director	March 2018 – Present
Bidesh Sarkar	Chief Financial Officer	January 2019 – January 2023
Harjinder Kang	Healthcare, Life Sciences and Bio Economy Policy and Chief Negotiator for UK-India Free Trade Agreement	September 2019 – September 2021 September 2021 – May 2023
Rodney Berkeley	Energy and Infrastructure Involved in: Project DEFEND	September 2019 – July 2023
Martin Kent	Global Trade and Investment Involved in: GSSEP (from late April 2020)	October 2019 – June 2023
Crispin Simon	International, GSSEP HM Trade Commissioner, South Asia	April 2020 – August 2020 October 2017 – April 2020
John Edwards	HM Trade Commissioner for China	May 2020 – August 2023

Becks Buckingham	Project DEFEND and Global Strategy	July 2020 – December 2020
Philippa Makepeace	Global Supply Chains and Economic Security	November 2020 – Present
Lucy Buzzoni	Global Strategy	December 2020 – November 2021
<b>Deputy Directors</b>		
Ceri Owen-Bradley	Deputy Commercial Director	January 2017 – December 2022
John Edwards	HM Deputy Trade Commissioner for China	July 2019 – May 2020
Mark Williams	Head of Business Services	September 2019 – Present
Lawrence Hobbs	Senior Security Adviser	December 2019 – December 2020
Ruth Lyon	Head of Export Delivery Involved in International, GSSEP	January 2020 – February 2022
Frank Clifford	Regional Directorate, Americas and Asia Pacific Involved in: JACT (April 2020 only)	February 2020 – Present
Fred Perry	Global Supply Chains/Ministerial Strategy Directorate	March 2020 – December 2020
Aphrodite Spanou	Healthcare, Life Sciences and Bioeconomy	March 2020 – Present
Danny Dunne	Clean Growth and Energy Transition Involved in: Project DEFEND	March 2020 – Present
Martin Fitches	Australia, New Zealand & Comprehensive and Progressive Agreement for Trans-Pacific Partnership Involved in: JACT	March 2020 – May 2020
Tony Simms	Briefing and Communications, GSSEP	April 2020 – May 2020
Lucy Buzzoni	Business Environment and Global Supply Chain Resilience	April 2020 – December 2020

Tom Duke	Minister Counsellor, China HM Deputy Trade Commissioner for China	March 2019 – May 2020 May 2020 – July 2023
Alexandra Moore	Global Supply Chains	July 2020 – February 2024
Kam Roopra	Strategic Communications and Briefings	August 2020 – September 2021
<b>Special Advisers</b>		
Sophie Jarvis		July 2019 – September 2021
Nerissa Chesterfield		August 2019 – February 2020
Adam Jones		May 2020 – September 2021
Jamie Hope		September 2019 – September 2021
William Holloway		September 2021 – September 2022
William Sweet		September 2021 – September 2022
Rhiannon Padley		October 2021 – September 2022

### Annex C: DIT Offices Overseas in 2020

City	Location	DIT HMTC Region
Kabul	Afghanistan	Middle East, Afghanistan and Pakistan
Algiers	Algeria	Africa
Luanda	Angola	Africa
Buenos Aires	Argentina	Latin America and Caribbean
Sydney	Australia	Asia Pacific
Brisbane	Australia	Asia Pacific
Perth	Australia	Asia Pacific
Canberra	Australia	Asia Pacific
Melbourne	Australia	Asia Pacific
Vienna	Austria	Europe
Baku	Azerbaijan	Eastern Europe and Central Asia
Manama	Bahrain	Middle East, Afghanistan and Pakistan
Dhaka	Bangladesh	South Asia
Bridgetown	Barbados	Latin America and Caribbean
Minsk	Belarus	Eastern Europe and Central Asia
Brussels	Belgium	Europe
Sarajevo	Bosnia and Herzegovina	Europe
Sao Paulo	Brazil	Latin America and Caribbean
Rio de Janeiro	Brazil	Latin America and Caribbean
Recife	Brazil	Latin America and Caribbean
Sofia	Bulgaria	Europe
Phnom Penh	Cambodia	Asia Pacific
Yaounde	Cameroon	Africa
Vancouver	Canada	North America
Toronto	Canada	North America
Ottawa	Canada	North America
Calgary	Canada	North America
Montreal	Canada	North America
Santiago	Chile	Latin America and Caribbean
Beijing	China	China and Hong Kong
Shanghai	China	China and Hong Kong
Guangzhou	China	China and Hong Kong
Hong Kong	China	China and Hong Kong
Wuhan	China	China and Hong Kong
Chongqing	China	China and Hong Kong
Bogota	Colombia	Latin America and Caribbean
San Jose	Costa Rica	Latin America and Caribbean
Zagreb	Croatia	Europe
Havana	Cuba	Latin America and Caribbean

<b>City</b>	<b>Location</b>	<b>DIT HMTC Region</b>
Nicosia	Cyprus	Europe
Prague	Czech Republic	Europe
Copenhagen	Denmark	Europe
Santo Domingo	Dominican Republic	Latin America and Caribbean
Quito	Ecuador	Latin America and Caribbean
Cairo	Egypt	Africa
Tallinn	Estonia	Europe
Addis Ababa	Ethiopia	Africa
Helsinki	Finland	Europe
Paris	France	Europe
Lyon	France	Europe
Bordeaux	France	Europe
Tbilisi	Georgia	Eastern Europe and Central Asia
Dusseldorf	Germany	Europe
Berlin	Germany	Europe
Munich	Germany	Europe
Accra	Ghana	Africa
Athens	Greece	Europe
Guatemala City	Guatemala	Latin America and Caribbean
Georgetown	Guyana	Latin America and Caribbean
Budapest	Hungary	Europe
Reykjavik	Iceland	Europe
Ahmedabad	India	South Asia
New Delhi	India	South Asia
Chennai	India	South Asia
Hyderabad	India	South Asia
Mumbai	India	South Asia
Chandigarh	India	South Asia
Bangalore	India	South Asia
Kolkata	India	South Asia
Pune	India	South Asia
Jakarta	Indonesia	Asia Pacific
Tehran	Iran	Middle East, Afghanistan and Pakistan
Baghdad	Iraq	Middle East, Afghanistan and Pakistan
Erbil	Iraq	Middle East, Afghanistan and Pakistan
Dublin	Ireland	Europe
Tel Aviv	Israel	Europe
Milan	Italy	Europe
Rome	Italy	Europe
Abidjan	Ivory Coast	Africa

<b>City</b>	<b>Location</b>	<b>DIT HMTC Region</b>
Kingston	Jamaica	Latin America and Caribbean
Tokyo	Japan	Asia Pacific
Osaka	Japan	Asia Pacific
Amman	Jordan	Middle East, Afghanistan and Pakistan
Nursultan	Kazakhstan	Eastern Europe and Central Asia
Atyrau	Kazakhstan	Eastern Europe and Central Asia
Nairobi	Kenya	Africa
Kuwait	Kuwait	Middle East, Afghanistan and Pakistan
Riga	Latvia	Europe
Beirut	Lebanon	Middle East, Afghanistan and Pakistan
Tripoli	Libya	Africa
Vilnius	Lithuania	Europe
Luxembourg	Luxembourg	Europe
Kuala Lumpur	Malaysia	Asia Pacific
Nouakchott	Mauritania	Africa
Port Louis	Mauritius	Africa
Mexico City	Mexico	Latin America and Caribbean
Monterrey	Mexico	Latin America and Caribbean
Guadalajara	Mexico	Latin America and Caribbean
Ulaanbaatar	Mongolia	Eastern Europe and Central Asia
Casablanca	Morocco	Africa
Rabat	Morocco	Africa
Maputo	Mozambique	Africa
Yangon	Myanmar (Burma)	Asia Pacific
Kathmandu	Nepal	South Asia
The Hague	Netherlands	Europe
Auckland	New Zealand	Asia Pacific
Lagos	Nigeria	Africa
Oslo	Norway	Europe
Jerusalem	Occupied Palestinian Territories	Middle East, Afghanistan and Pakistan
Muscat	Oman	Middle East, Afghanistan and Pakistan
Karachi	Pakistan	Middle East, Afghanistan and Pakistan
Islamabad	Pakistan	Middle East, Afghanistan and Pakistan
Panama City	Panama	Latin America and Caribbean
Asuncion	Paraguay	Latin America and Caribbean
Lima	Peru	Latin America and Caribbean
Manila	Philippines	Asia Pacific
Warsaw	Poland	Europe
Lisbon	Portugal	Europe
Doha	Qatar	Middle East, Afghanistan and Pakistan

<b>City</b>	<b>Location</b>	<b>DIT HMTC Region</b>
Bucharest	Romania	Europe
Moscow	Russia	Eastern Europe and Central Asia
Yekaterinburg	Russia	Eastern Europe and Central Asia
Kigali	Rwanda	Africa
Riyadh	Saudi Arabia	Middle East, Afghanistan and Pakistan
Jedda	Saudi Arabia	Middle East, Afghanistan and Pakistan
Al Khobar	Saudi Arabia	Middle East, Afghanistan and Pakistan
Dakar	Senegal	Africa
Belgrade	Serbia	Europe
Singapore	Singapore	Asia Pacific
Bratislava	Slovakia	Europe
Johannesburg	South Africa	Africa
Pretoria	South Africa	Africa
Cape Town	South Africa	Africa
Seoul	South Korea	Asia Pacific
Madrid	Spain	Europe
Bilbao	Spain	Europe
Barcelona	Spain	Europe
Colombo	Sri Lanka	South Asia
Khartoum	Sudan	Africa
Stockholm	Sweden	Europe
Berne	Switzerland	Europe
Geneva	Switzerland	Europe
Taipei	Taiwan	Asia Pacific
Dar es Salaam	Tanzania	Africa
Bangkok	Thailand	Asia Pacific
Port of Spain	Trinidad and Tobago	Latin America and Caribbean
Tunis	Tunisia	Africa
Ankara	Turkey	Eastern Europe and Central Asia
Istanbul	Turkey	Eastern Europe and Central Asia
Izmir	Turkey	Eastern Europe and Central Asia
Ashgabat	Turkmenistan	Eastern Europe and Central Asia
Kampala	Uganda	Africa
Kyiv	Ukraine	Eastern Europe and Central Asia
Dubai	United Arab Emirates	Middle East, Afghanistan and Pakistan
Abu Dhabi	United Arab Emirates	Middle East, Afghanistan and Pakistan
New York	United States	North America
Boston	United States	North America
Chicago	United States	North America
San Francisco	United States	North America

<b>City</b>	<b>Location</b>	<b>DIT HMTC Region</b>
Los Angeles	United States	North America
Houston	United States	North America
Atlanta	United States	North America
Washington	United States	North America
Miami	United States	North America
Montevideo	Uruguay	Latin America and Caribbean
Tashkent	Uzbekistan	Eastern Europe and Central Asia
Caracas	Venezuela	Latin America and Caribbean
Hanoi	Vietnam	Asia Pacific
Ho Chi Minh	Vietnam	Asia Pacific
Lusaka	Zambia	Africa
Harare	Zimbabwe	Africa

## Annex D: Project DEFEND List of Supply Chains

The relevant supply chains, with their numbers throughout Project DEFEND are provided at AM/582 INQ000492598:

### From Phase 1:

1	PPE*
2	Covid-19 Testing*
3	Diabetes Care – insulin pumps, strips
4	Home care products (e.g. oximeters)*
5	ICU Consumables*
6	Other ICU and life saving devices*
7	Influenza vaccines
8	Adult preventative*
9	Paediatric vaccinations (e.g. BCG, 6-in-1)
10	ICU meds (e.g. analgesics, sedatives)*
11	RRT and other fluids e.g. saline solution*
12	Anti-microbials (antibiotics, anti-fungal)*
13	End of life medicines*
14	Primary care (e.g. respiratory)*
15	Blood products (e.g. clotting factors)
16	Critical Blood Components (e.g. plasma)
17	Life critical nutrition feeds (e.g. enteral/parental/step-down)
18	Production animal and zoonotic medicines
19	Drinking water treatment – consumables (e.g. chemicals)
20	Waste water treatment – consumables (e.g. chemicals)
21	Water treatment plant parts/equipment
22	Refining – Catalysts
23	Refining – Chemicals: Hydrofluoric acid
24	Refining – Chemicals: sodium hydroxide
25	Distribution – North Sea Pipeline rotating equipment spare parts
26	T&D – HV/MV Transformers
27	Nuclear – Consumables: CO2
28	Thermal – Consumables: Hydrazine
29	Broadband network equipment

30	Mobile network equipment
31	Data centres (private cloud)

**From Phase 2:**

32	Clinical Waste*
33	Hand sanitiser*
34	Glucose monitoring
35	Renal Intensive Care
36	Insulin and Insulin delivery
37	Antipsychotics
38	Low cost antibiotics
39	Cell and Gene Therapy
40	Organs
41	Critical tissue and cells
42	Clinical trial products
43	Infant FSMP
44	Fuel Additives
45	North Sea – Instrumentation
46	North Sea – Chemicals
47	Interconnectors
48	Thermal Generators
49	Broadband optical fibre
50	Civil microtrenching – Aggregates
51	Civil microtrenching – Equipment
52	Rare early metals
53	Cobalt
54	Niobium
55	Lithium
56	Graphite
57	Aluminium
58	Carbon Fibre
59	CEDs
60	Body armour
61	Ceramics

62	CBRN Respirator Carbon
63	CBRN Activated Carbon Cloth
64	Train Rolling Stock Brake Pads
65	Aircraft de-icing fluid

\*Supply chains that are relevant to Module 5 of the UK Covid-19 Inquiry.

**Annex E: Exhibit Schedule**

*Please see attached.*