



A procurement system with a high corruption risk.

At the start of the pandemic the DH had told the NHS Supply Chain to ramp up the procurement of PPE . However they said they could not, at least according to an expert witness , Prof Sanchez-Graells of Bristol University.

They could not cope with the volumes involved, faced supply chain disruption, massive international competition and an IT system that could not adapt to the crisis.

We wait with interest the NHS Supply Chain evidence on this point.

The DH [working with the Cabinet Office] stepped in and created a Parallel Supply Chain [PSC] which would search for new suppliers.

The decision was also taken to make PSC the only organisation able to purchase PPE so as to avoid competition between NHS Trusts for the same products.

There would be a single point of procurement. In the view of our expert this was a sensible step although the system would have worked better if PSC and NHS Supplies, who had specialist expertise in PPE, had been able to work

more closely together. At its peak PSC had over 500 staff drawn mainly from other parts of Whitehall.

There were now four primary routes for suppliers to get a contract.

1. NHS supply under existing contracts.
2. An open-source route operated by PSC.
- 3 A VIP fast track route open only to MPs, Ministers and senior civil servants with a dedicated fast response communication system.
- 4 A China route working closely with the Foreign Office and its embassy in China.

It is now clear that contractors using the VIP route received more contracts than those using other routes.

Perhaps 50% more. Was this route legal and proper? We wait for the Inquiry to decide.

Record keeping was patchy or non-existent.

If the need for ventilators was so great why try to limit contracts to UK suppliers, Counsel asks. The design challenge could have been international with the manufacture UK based was the response.

There had been a recent Act of Parliament to update public procurement rules but in his view it did not have sufficient probity safeguards.

There should be a culture of integrity and a zero tolerance about declarations of interest.

Germany and Canada had taken a very different approach to PPE procurement. They had set out a specification and contract framework and said, *“if you can provide these products at the required specification you will get a contract”*.

The Chief Executive of the Transparency Institute [part of

an Anti-corruption Coalition] argued that there had been a collapse in the transparency regime during the pandemic.

Many of the contracts awarded in the UK would have had red flags that that should have led to contracts being paused.

The UK government had developed a system that had a high corruption risk.

The Government Chief Commercial Officer next with a staff of over 6000 staff based across Whitehall!

His staff were not involved in assessing demand.

“You did not tell the Ministry of Defence how many tanks they needed you just procured them to their specification as quickly and as economically as you could”.

At lot of evidence about the

use of Regulation 32 which reduced the procurement standards in emergency situations.

He had issued guidance to Ministers and civil servants about declarations of interest.

There had been a *“regrettable delay in publishing details about contract awards”*.

His teams had struggled to cope with 25.000 offers to supply PPE by 15.000 suppliers. [All presumably with different quality specifications!]

There had been a lot of pressure from ministers and the media.

At one point the Government had contemplated making the Department of International Trade the lead Department for PPE procurement rather than the DH.

Although much of the focus of this questioning had been on potential corruption we have to keep reminding ourselves of the exceptional circumstances the government had been facing...

... and the critical need to protect NHS and Care Home staff.

Some risks were inevitable. A more measured approach might have cost lives.

More evidence from those involved to come over the next few days.
