

Statement on government procurement following this week's NAO report

On Wednesday the National Audit Office (NAO) published their report into government procurement during the COVID-19 pandemic.

At the height of the crisis in April, health services around the world faced an unprecedented urgent situation where demand for personal protective equipment (PPE) far exceeded supply, and global production and supply chains were under severe pressure. The British Medical Association rightly warned at the time that “no doctor should ever have to be in harm’s way when they go to work”. The government pledged to do whatever it took to protect the people who protect us, deploying hundreds of officials to work night and day to source as much PPE as quickly as possible to protect the NHS and care sector and save lives.

We welcome the NAO report which recognises that the government ‘needed to procure with extreme urgency’ and ‘secured unprecedented volumes of essential supplies necessary to protect front-line workers’. So far we have delivered over 4.4 billion items of PPE to the frontline with over 32 billion items on order to ensure a continuous supply over the next few months. We are proud of our response and pay tribute to the hard work of officials who have secured these supplies.

We also note the NAO’s recent investigation of the government’s efforts to increase NHS ventilator capacity, which found that we put in place effective programme management, controlled costs where we could and recovered some costs where appropriate.

The government has rigorous due diligence and robust processes in place for contracts. These processes are led by impartial officials with commercial expertise and as the NAO acknowledged, they found no evidence ministers were involved in procurement decisions.

The vast majority of the PPE procured by the government during the coronavirus crisis met the required clinical safety standards, which is especially impressive given the supply chain issues, the urgency of the situation and the need to explore novel routes. So far only 0.5% of products bought have not met our high clinical standards. We note that governments and public authorities across the UK and around the world faced similar pressures and equivalent challenges.

We thank the NAO for their work, which was based on an analysis of just 20 out of 8,600 contracts. We have always accepted that there are lessons to be learned from how we responded to this unprecedented global pandemic and the government is fully committed to doing so. We will address the report’s recommendations in due course.

Claim: The government 'ripped up' procurement rules

Response: This is untrue. All procurement has been done under existing procurement regulations, which predate the pandemic and explicitly allow for emergency procedures, as set out under paragraph 32 2.c of the Public Contract Regulation 2015. Many other [countries](#) including Japan, [New Zealand](#) and Finland, allow similar approaches to procurement, using direct awards to speed up the process of sourcing PPE to protect frontline workers. Direct awards were made by public authorities across the UK, with the Welsh Government adopting central government guidance on emergency procurement, including direct awards. We make no apology for doing everything to secure as much PPE as quickly as possible.

The shortest amount of time possible to run a competition is 25 days. Therefore in situations of genuine crisis, and extreme urgency, as presented by the COVID-19 pandemic, it was important that we acted quickly and decisively to secure the necessary PPE for front line medical and other services.

The NAO report itself recognises the need for urgency. In their report they say that "in responding to the COVID-19 pandemic, public bodies have needed to procure enormous volumes of goods, services and works with extreme urgency" (page 5), and our procurement activity "secured unprecedented volumes of essential supplies necessary to protect front line workers".

Claim: There was a 'secret referrals' inbox

Response: This is untrue, the inbox was available across government and with MPs.

The government received over 15,000 offers of support from businesses to help with PPE, and MPs were inundated with offers of help from their constituents. MPs rightly were keen to pass on offers.

The government remains hugely grateful for the outpouring of offers of help and the high priority mailbox allowed officials to more quickly assess offers from more credible sources, such as large companies with established contacts and more capable of supplying at speed. The government also ensured that offers of support raised by Opposition MPs, including in the letter of the shadow Chancellor of the Duchy of Lancaster of 22 April, were dealt with expeditiously.

As the NAO report notes, all PPE offers, no matter from where they came, went through the same eight step official assurance process, including quality checks, price controls and other due diligence. This eight step process has been published in the NAO's report.

Claim: There are ministerial conflicts of interest in the government's procurement

Response: We completely reject this. As the NAO makes clear "we found that the ministers had properly declared their interests, and we found no evidence

of their involvement in procurement decisions or contract management” (pg 10, parall).

Claim: There has been a lack of transparency in the government’s procurement efforts

Response: We publish all contracts as part our commitment to transparency. We regret that some contracts have not been uploaded in a timely fashion as a result of prioritising staff’s time on securing life saving PPE for the NHS. All will be published as soon as possible and significant information is already available online.

Claim: Work started before contracts were put in place

Response: In line with the rules for urgent procurement, and due to the urgency of the work required to respond to the unprecedented situation, in some cases work started before final contract details were put in place. All PPE procurement went through the same eight checks, including quality checks, price controls and other due diligence, and assessed against the same standards.

Claim: There was a lack of transparency on how contracts were awarded

Response: All offers were prioritised by officials based on volume, price, clinical acceptability and lead time. Suppliers were selected based on the product type, forecasted delivery dates, rigorous technical compliance and due diligence checks. These checks included company due diligence checks and systematic price benchmarking.

At the start of the pandemic, guidance was issued by Cabinet Office outlined that procuring with extreme urgency was permissible under the regulatory framework. The guidance referred to the need to keep proper records of decisions, transparency and publication requirements and the need to achieve value for money and use good commercial judgement during any direct award. This guidance is publicly available [here](#)