

02/07/2020- PPE Board Meeting

Attendees

[REDACTED]

Melinda Johnson

[REDACTED]

Procurement Operations [REDACTED]

Summary

2 Orders approved

1. **Draeger Safety UK- FFP3:** [REDACTED], [REDACTED] [REDACTED] delivery costs, total value (incl delivery) £87,250,000
2. **Globus (Shetland) Ltd FFP3:** [REDACTED] H-Series- fold flat unvalved, [REDACTED] Cupped 3030v valved), total value £93,709,500

Make deal- Draegar Safety UK- [REDACTED]

This came to the board a few days ago- where the board asked if a clause on termination for convenience (compensation cap of up to 10% of contract value- this clause was also agreed with Medicare) could be added- **Termination for convenience clause agreed to**

Strong buy because

- Supplier financial position is green
- The supplier is big enough for this large order
- Payment on receiving lowers financial risk

Questions

[REDACTED] - How does the termination clause deal with profit? Will we be paying profit or just cost?

A ([REDACTED]) will take this away and get back to the board

- Melinda Johnson- potentially must consider how much profit would be made had they fulfilled the entire contract- and pay a proportion of the contract

[REDACTED] they didn't reveal profit margin- seems like a moderate cap.

Decision

Approved

- [REDACTED] - comfortable it will also go to the Treasury for approvals
- Melinda Johnson

Make Deal- Globus (Shetland) Ltd- [REDACTED]

The supplier provides a lot of NHS Scotland's masks- so well established, one of the few UK mask manufacturers.

They have been helpful supportive and informative re technical specifications for masks.

Cupped valvled FFP3 masks are important because it is able to fit more people's faces in the fit-test (fills a niche). This is one of the few suppliers who are still willing to make cupped masks. Potentially will be greater difficulty with importing from China due to political difficulties with Hong Kong.

They have **rejected willingness to enter an agreement of termination for convenience**

Questions

Melinda Johnson- do we need this?

██████████ - in terms of building inventory-

- All make deals tend to start in October 2020- these will build stable and reliable deliveries for autumn onwards (where most of the buy deals end)
- If we have a winter spike- we have onshore deals ready
- The volumes are higher than pre-Covid-demand, but they last for 3 years, and can build inventory
- Elective surgery hasn't ramped up yet- so current demand may stay stable due to these surgeries ramping up

Melinda Johnson- although termination deal would have been preferable, it is still good to work ahead

██████████ - no payment upfront, so this risk is mitigated, it has to go through Treasury anyway- content for it to go to treasury

██████████ agree with ██████████ slightly more expensive than Draeger

██████████ the Cupped version is more expensive- but it fits more people in the fit-test- so fits a niche.

A competition could not be run because the UK needs them urgently and it may be difficult to get some of the existing orders from China. Argument is that you can run an accelerated competition- but you need suppliers to be willing to compete- this costs money.

Decision

On balance- in agreement that it can go ahead.

AOB

Friday- PPE board will start at 1330

██████████ wants to present a China Deal- the highlights are

- Less than ██████████ ffp3 masks
- Include an option for DH let the production run to ██████████ masks- asking for approval for ██████████ with the option to extend to ██████████