

From the Permanent Secretary
Sir Chris Wormald



Department
of Health &
Social Care

Dame Meg Hillier MP
Chair of Public Accounts Committee
House of Commons
London
SW1A 9NA

39 Victoria Street
London
SW1H 0EU
permanent.secretary@dhsc.gov.uk

Sent via email to: pubaccom@parliament.uk

14 June 2022

Dear Chair

House of Commons Committee of Public Accounts Thirteenth Report of Session 2021-22, *Initial Lessons from the Government's Response to the COVID-19 Pandemic.*

I am writing to provide the Committee with the third quarterly update from the Department of Health and Social Care with the data requested in recommendation 1 in the above-named report, which includes:

- **The number and cost of PPE items which, during the quarter have been received, have been cancelled with all relevant pre-payments recovered; and have been quality assured; have been distributed; have failed the initial quality assurance and are not fit for use in medical settings; have failed the initial quality assurance and are not fit for any purpose.**

Since 25 February 2020, 38.6 billion items of PPE have been ordered, of which 38.2 billion had been received by 31 March 2022. This is an increase of 6.8bn items since the last update (6 December 2021). The majority of the outstanding items are those that have recently been ordered but have not yet arrived, including 325 million gloves, which will be used across the health and social care sectors.

No orders have been cancelled or reduced in volume during the quarter. As the majority of the contracts were established in the early months of the pandemic, there are no longer opportunities to cancel contracts. The Department is focused on resolving issues with contracts with which there is some element of dissatisfaction. In the letter sent to the



Committee on 20 April 2022, the Department committed to providing regular updates on contract disputes. By 7 March 2022, the investigations into contracts where there was some degree of dissatisfaction due to our high standards of quality control, or due to clear contractual breach related to 176 contracts of 394 in total that the Department made. The total value of these contracts is £3.9 billion with an estimated £2.7 billion at risk. Of the 176 contracts under review, commercial discussions were underway for 59 of them; 27 were under legal review; and 3 were subject to formal mediation. The remaining 87 contracts were at other stages of investigation, such as quality assurance checks, and document reviews.

The PPE programme has a standard process for assessing and assuring the PPE products that have been purchased. By 31 March 2022, 92.7 per cent of stock had been quality assured; an increase of 4.9 per cent since the last update. Where a product has been through the standard process and has been deemed not suitable for the original intended purpose this is categorised as 'do not supply' (DNS) and items are subject to further checks. This is stock which we are not actively pushing to the NHS. The Department works with regulators on quality assurance, which is an ongoing process and, therefore, the numbers are subject to constant revision.

The Department has committed to providing quarterly updates on the amount of stock that has been classified as DNS. In previous updates, the Department has provided a table that is intended to identify those items for which there are potential issues of suitability and it reports on all stock that has been ordered, not just items currently held in stock. However, in the letter of 19 April, the Department committed to making clearer the items that are categorised as DNS that remain in stock. This information is presented in the following table.



*Numbers may not total due to rounding

31 March 2022 (All figures in millions)	All items ordered	All items received	Items used or distributed	Remaining stock
Total	38,577	38,177	18,837	19,341
Items marked for release - good to use	32,805	32,643	18,836	13,807
Assessment in progress or not started	2,958	2,732	0	2,732
Items not currently being distributed:	2,813	2,801	0	2,801
<ul style="list-style-type: none"> <i>Cleared technical checks, but ongoing checks to assess useability in health and care</i> 	196	196		196
<ul style="list-style-type: none"> <i>Potential use in other settings</i> 	1192	1182		1182
<ul style="list-style-type: none"> <i>Wastage - Not fit for any use</i> 	1053	1051		1051
<ul style="list-style-type: none"> <i>Expired</i> 	1	1		1
<ul style="list-style-type: none"> <i>Awaiting further assessment</i> 	0	0		0
<ul style="list-style-type: none"> <i>Temp hold – allegations of modern day slavery</i> 	371	371		371

- **The percentage of the total items of PPE ordered in the last complete quarter which were manufactured in the UK;**

Over the course of the pandemic, the Department has established a resilient UK-based supply chain for all items of COVID-19 critical PPE, excluding gloves. Contracts have been signed with around 30 UK-based companies for 3.9billion units of PPE, all of which has now been delivered.

The Department has not placed any orders during this reporting period. Current analysis of stock levels shows that there are sufficient volumes of all categories of PPE to maintain the central provision until the end of March 2023.

If demand were to change, any new buying requirement would be undertaken through CCS-compliant SCCL framework contracts. The Department is working with NHS Supply Chain to



help ensure UK manufactured products are marketable to the health and care sectors. Whilst procurement will continue on the open market in compliance with the UK's international commitments, future exercises will include a focus on social value and environmental considerations, against which UK manufacturers should be well placed to compete.

- **The number and cost of items of PPE currently held in central/pandemic stocks;**
- **Whether there are any types of PPE for which the central stocks do not contain at least 4-months' supply under the Department's current planning assumptions (if yes, describe);**

As of 31 March 2022, 15.2 billion items of PPE in are held in pandemic stock (excluding "do not supply"). The table below has been updated to provide the stock levels at the end of March broken down to category level together with forecast monthly demand:

PPE items, millions								
	Stock level				Monthly demand			
	7 June	13 Sept	6 Dec	31 Mar	7 June	13 Sept	6 Dec	31 March
Aprons	4,017	3,582	3,170	2,897	120	95	99	81
Body bags	0.265	0.247	0.068	0.187	0.006	0.006	0.005	0.006
Clinical waste bags	72	77	76	70	2	1.4	2.5	1.8
Eye protectors	896	768	854	773	6	4	4	4
FFP3	163	217	217	297	5	5	6	6
Type IIR	4,211	4,821	4,396	4,061	178	120	145	151
Gloves	4,087	2,685	2,280	3,706	641	509	592	551
Gowns	233	214	418	428	3	4	4	4
Hand hygiene (litres)	33	29	28	51	0.43	0.12	0.44	0.62

Figures are regularly reviewed and will change if planning assumptions change, for example if guidance changes were to recommend the use of a particular item of PPE in a greater range



of settings. Under current planning assumptions, the central stocks of PPE contain 4 months' supply of all items of PPE.

- **The weekly cost of storage of the central stocks of PPE (or, if preferred, the total running cost to date of PPE storage).**

The total costs for storage for the period from April 2020 and the end of March 2022 are £892.3 million. For the period between 1 December 2021 and 28 February 2022 it was £113.2 million. The following table sets out the breakdown. We are taking this opportunity to align the data point in this table with the others in this document and to align with the traditional quarterly reporting intervals. We have not adjusted the earlier intervals to avoid any confusion about what has previously been reported.

	1 Apr 2020 – 31 May 2021	1 June 2021 – 31 Aug 2021	1 Sept 2021 – 30 Nov 2021	1 Dec 2021 – 31 Mar 2022	Total (£m)
Warehousing	37.5	17.7	21.5	43.4	120.1
SCCL storage costs	127.6	41.2	29.2	47.1	245.0
China warehousing	16.0	5.8	5.8	8.1	35.7
Purchase of shipping containers	25.2	0.0	1.1	6.3	32.6
Storage total	206.3	64.7	57.6	104.9	433.4
Detention	214.4	45.6	16.5	23.7	300.2
Demurrage	111.5	0.0	0.1	0.0	111.6
Storage/shun ting/lifting	29.1	6.1	4.0	7.9	47.1
Charges total	354.9	51.7	20.6	31.6	458.9
TOTAL	561.2	116.4	78.2	136.5	892.3

In March 2022 the Department removed the last stock from containers that were attracting detention costs, which triggered the final calculation for detention. As a result, the costs for the four-month period to end of March 2022 are higher on average than the previous three-month

From the Permanent Secretary
Sir Chris Wormald



Department
of Health &
Social Care

period to 30 November 2021, as this table shows when the payments were made rather than the period over which the costs were accrued.

The figures shown within the table are on a cost basis rather than accruals basis for each period. The Department's service partners for containers and warehouses often reconcile and present their charges much later than when those charges were incurred. This is done by issuing credit notes or additional invoices charges. In March, the Department received and settled bills for detention and other one-off charges dating back to May 2021. exiting the last containers attracting detention costs in March 2022 gave rise to reconciliation dating back several months. The one-off charges included the settlement of disputes with suppliers for storage, which also included retrospective storage costs, and increased container delivery charges that have been experienced across the supply chain market.

Yours sincerely,

SIR CHRIS WORMALD
PERMANENT SECRETARY