



CABINET OFFICE
LONDON SW1A 2AS

Meg Hillier MP
Chair, Public Accounts Committee
By email

1 September 2020

Dear Meg,

Response to recommendations in the PAC report: Whole of Government Response to COVID-19

Following the publication of the Public Accounts Committee report on 'Whole of Government Response to COVID-19' on 16 July 2020, I am writing, as requested by the Committee, to respond more fully to recommendations 2, 4 and 6.

Recommendation 2

Recommendation: The Cabinet Office should review its contingency planning for the most serious risks and ensure that these consider whole-of-government impacts, including economic modelling. It should report back to the Committee on what action has been taken by September 2020.

The Government already has planning systems in place to consider the economic impacts of risks. The National Security Risk Assessment assesses all risks, including pandemics, against a set of seven impact criteria; 'economic impacts' is one of these criteria.

The Government has been building its capacity for monitoring and responding to economic shocks - at a local, national, and sectoral level - for some time. A number of departments, including HMT, BEIS and Cabinet Office, have a role in monitoring emerging economic risks, and in ensuring the public finances are resilient to those risks. HM Treasury has procedures in place to monitor the UK economy continually, including identifying and preparing for emerging economic risks, as well as to ensure the public finances are resilient to those risks. BEIS regularly conducts desktop exercises on large company failures (circa two per annum) to build departmental capability in responding to economic shocks, and both HMT and BEIS took part in Exercise Cygnus. Examples of recent large company failures that have been managed across several Government departments include Thomas Cook (2019), Carillion (2018) and Monarch Airlines (2017). In addition to these experiences, departments have also been driven by lessons learned in 2008, and measures taken in advance of a potential no deal EU exit late last year.

The particular scenario used for Exercise Cygnus was predominantly focussed on the effect of an influenza pandemic on public services, rather than economic disruption. Due to the different nature of COVID-19, response actions were taken that were not part of the influenza pandemic planning, including a national level lockdown. The existing monitoring systems and economic impact plans enabled the Government to understand the scale and nature of the challenge of COVID-19 to the economy as a whole and to act quickly. HM Treasury has announced unprecedented policy packages to keep as many people as possible in their existing jobs, support viable businesses to stay afloat and protect the incomes of the most vulnerable – including the Coronavirus Job Retention Scheme (CJRS) and Business Interruption Loan Schemes (CBILS).

The Integrated Review (IR), amongst other objectives, is comprehensively assessing the UK's strategic approach to improving UK resilience. This includes consideration of our economic resilience to a wide range of malicious and non-malicious risks and reviewing our capabilities to ensure we can anticipate, mitigate, respond to and recover from the economic impacts of events. The IR will draw upon the best available data on the UK risk and capability landscape, whether internal or external to Government, to inform its thinking and develop our ability to handle economic impacts in the future, irrespective of the cause.

Recommendation 4

Recommendation: The Cabinet Office should review crisis command structures to ensure that longer-term decision making, as well as the immediate operational response, is properly informed and coordinated effectively across government. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.

The Government has been proactive in implementing lessons learned around pandemic preparedness, including from Exercise Cygnus. This includes being ready with legislative proposals, planning for recruitment and deployment of retired staff and volunteers, and improving plans to flex systems and expand beyond normal capacity levels. Additionally, as is typical with all responses, the Cabinet Office is capturing new insights from the COVID-19 pandemic and incorporating these into capability improvements within COBR alongside preparations for other risks that may occur concurrently to COVID-19, such as severe flooding or a terrorist attack.

COBR meetings focus on the collective Government response to an actual or potential emergency, bringing together relevant departments, experts from within Government, external agencies, and local responders as necessary. COBR can meet in a variety of formats and at different levels, has a clear relationship with local emergency responders, and the structure and ways of working are designed to adapt to the specific circumstances of an individual emergency. COBR is sometimes activated early to try and prevent emergencies from developing or mitigating its potential impact. It operates on a common understanding of the unfolding situation supported by the best available specialist advice and modelling.

The governance structures of the response to COVID-19 evolved over the last seven months, as we discussed in our evidence session in June, to reflect the nature of the decisions needed, and to coordinate a widening of the response to the coronavirus pandemic across Government. At the appropriate time, the Government will review this approach, and incorporate any learning into future response planning.

The Government undertakes a lessons learned process following any civil emergency. In July the Prime Minister committed to a public inquiry, and details of this will be announced in due course. In the meantime we welcome the work of your committee in making recommendations to improve the management of a future spike in the virus.

Recommendation 6

Recommendation: In line with our previous recommendation from our 2020 report on NHS capital expenditure and financial management, the Cabinet Office should review the lessons learned in relation to the government's procurement of PPE and how far it was able to deliver and distribute essential equipment to where it was needed in good time. The Cabinet Office should update the Committee on the outcome of its review by 1 September 2020.

The procurement of PPE and its distribution and delivery to health and social care settings is a DHSC responsibility. Cabinet Office staff, as part of the Government Commercial Function, contributed to the formation, management and operation of a procurement task force, the PPE Sourcing Cell. The PPE Sourcing Cell worked with colleagues from DHSC and the military. They set up a logistics function that at the peak was bringing billions of items of PPE per month from across the globe to a UK distribution hub and from there sent PPE to 58,000 separate ordering points across the UK. As a result of HMG's prompt action in establishing the PPE Sourcing Cell, no NHS Trust ran out of essential PPE between March 22 and June 26. Furthermore, the Government believes that the Sourcing Cell has secured a sufficient flow of stock to protect the UK should a surge in demand materialise over the next few months. Lessons learnt from this can be applied to any future spike in demand and we can make use of the reconstituted supply network.

Since the beginning of the outbreak, the Government has strengthened and diversified the UK's supply chains of PPE – and has now procured over 31 billion units of PPE through suppliers abroad as well through UK manufacture, ensuring that appropriate due diligence is undertaken on all contracts. The Government is now confident in the stocks and sources of supply of PPE to meet the needs of health and social care over the next 7 and 90 days and is increasingly looking further ahead.

To ensure that PPE reaches those who need it, DHSC scaled up their distribution network at the start of April. Having begun with a supply chain designed to accommodate delivery to 226 NHS Trusts, DHSC is now providing critical PPE to respond to COVID-19 to 58,000 different settings, including care homes, hospices and community care organisations. This is an unprecedented shift in scale. The

Government has now delivered over 2.8 billion units of PPE since 25 February 2020; including the release of over 157 million units to local resilience forums (LRFs) and 220 million units to designated wholesalers for onward sale.

Furthermore, DHSC has established an online PPE portal to enable primary, social and community care providers to purchase critical PPE. It has also ensured that organisations that have an urgent clinical need for PPE but cannot get it through the usual channels can contact the National Supply Disruption Response 24 hour helpline, to access emergency deliveries of PPE.

I hope this letter satisfies your requests.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Alex Chisholm', written in a cursive style.

Alex Chisholm

Civil Service Chief Operating Officer & Cabinet Office Permanent Secretary