

*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

Sent via email to: pubaccom@parliament.uk

07 November 2023

Dear Chair,

Thirteenth Report of Sessions 2021-22, Initial Lessons from the Government's Response to the COVID-19 Pandemic.

I am writing to provide the Committee with the seventh quarterly update from the Department of Health and Social Care with the data requested in Recommendation 1 in the above-named report.

The number and cost of PPE items which, during the quarter have been received, have been cancelled with all relevant pre-payments recovered.

For this quarter, by the end of June 2023, the investigations into contracts where there was some degree of dissatisfaction related to 36 contracts (of 394 in total that the department made). The total value of these contracts is now £1.09 billion with an estimated £1.04 billion at risk. Of the 36 contracts under review, commercial discussions alongside legal review were underway for 35 of them and 1 was subject to litigation.

The PPE Contracts Dissolution Team's portfolio also includes contracts that were awarded by SCCL that are in dispute. It has been identified that 35 SCCL suppliers are under investigation for being in breach of their obligations, with an aggregate value at risk of £548 million. By the end of June 2023 this was all completed with no remaining suppliers in dispute.

The amount of PPE that has been quality assured; has been distributed; has failed the initial quality assurance and is not fit for use in medical settings; has failed the initial quality assurance and is not fit for any purpose

By 30 June 2023, 99.8% of stock had been quality assured; an increase of 0.1 percentage points 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 such items are subject to further checks. This is stock which we are not distributing to the NHS.

The table below shows the number of items ordered, received, used or distributed and the remaining stock levels.

Table 1

*Columns may not total exactly due to rounding

(All figures in millions)	(1) All items ordered		(2) All expected items received		(3) Items used or distributed		(4) Remaining stock	
	31 Mar 2023	30 June 2023	31 Mar 2023	30 June 2023	31 Mar 2023	30 June 2023	31 Mar 2023	30 June 2023
Total	38,943	38,638	38,853	38,638	26,251	26,884	8,844	7,238
Items marked for release - good to use	34,894	34,752	34,886	34,752	26,251	26,884	5,839	4,682
Assessment in progress or not started	110	77	105	77	-	-	89	60
Items not currently being distributed:	3,940	3,809	3,862	3,809	-	-	2,916	2,495
Of which:								
<i>Cleared technical checks, but ongoing checks to assess useability in health and care</i>	885	887	882	887	-	-	743	726
<i>Potential use in other settings</i>	928	880	866	880	-	-	713	555
<i>Waste - Not fit for any use</i>	1,300	1,375	1,288	1,375	-	-	796	749
<i>Expired</i>	108	99	108	99	-	-	101	79
<i>Awaiting further assessment</i>	0	0	0	0	-	-	0	0
<i>Temp hold – allegations of modern day slavery</i>	717	568	717	568	-	-	560	386

** Numbers in columns 3 and 4 do not sum to equal numbers in Column 2 due to stock disposed of.

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

The department has not placed any orders with UK manufacturers during this reporting period. This is because there were sufficient volumes to maintain the provision of free COVID-19 PPE across all categories until March 2023, after which responsibility for the ongoing provision of PPE transferred to the NHS Supply Chain.

The number of items of PPE currently held in central 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



The table below shows the stock position and remaining forecast monthly demand across all categories:

Table 2

	Remaining PPE stock at 30 Jun 2023 (excluding "do not supply") Items millions	Forecast monthly demand until end of March 2024 (estimated in July 2023) Items millions
Aprons	1,245	20.76
Body bags	0.071	0.006
Clinical waste bags	0.630	0.047
Eye protectors	204	0.23
FFP3	237	0.44
Type IIR	1,672	25.81
Gloves	969	5.98
Gowns	221	0.57
Hand hygiene	39	0.19

Figures are regularly reviewed in line with the monthly forecasting process and will change if demand levels, or 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.

As of 30 June 2023, 4.7 billion items of PPE in are held in pandemic stock (excluding "do not supply").

To provide ongoing resilience and ensure readiness for any future pandemic, the Department is working to secure a replenished pandemic preparedness stockpile which will be maintained and refreshed by SCCL at the direction of DHSC.

The total storage cost for each month of the first quarter 23/24 financial year is set out in the table below. Figures include all UK based warehousing and other storage associated charges. There has been and continues to be a steady decline in costs each quarter. The slight increase in June is a "one-off" due to the finalisation of all costs relating to PPE that was previously stored in China.

Table 3

	Apr-23	May-23	Jun-23
PPE storage cost (monthly)	15,786,415	13,310,787	13,711,626

The volume of PPE that has been disposed of and the associated costs and benefits.



Through recommendation 1 of Treasury Minute 6, the department committed to including an update of progress on disposal in this quarterly report.

As of 30 June 2023, 474.1k pallets have been disposed of. Based upon current storage costs it would have cost £61.3m to store this volume of stock each year.

Table 4

	Disposals (up to December 2022)	Disposals (January – March 2023)	Disposals (April - June 2023)	Cumulative total
Volume of pallets disposed of	208,232	123,300	142,555	474,087
Method of disposal:				
Recycling	109,323 pallets (53%)	18,125 pallets (15%)	15,526 pallets (11%)	142,974
EfW	98,909 pallets (47%)	105,175 pallets (85%)	127,029 pallets (89%)	331,113
Storage cost savings				
Annual storage cost saving	£27.0m per year	£16.0m per year	£18.3m per year	£61.3m / year
Environmental cost savings	£15.0m	£19.7m	£24.3m	£59.0m

*Disposals are counted in pallets, rather than numbers of items of PPE as in the first table, Table 1.

The department's excess PPE would replace the coal that would normally be burnt in these kilns, so would offset the burning of that fuel. The 89% disposed of as EfW this quarter will result in around a £24.3m environmental saving¹ through the switching of coal to plastic PPE to fuel the cement kilns.

I hope the Committee finds this update satisfactory.

Yours sincerely,

SIR CHRIS WORMALD
PERMANENT SECRETARY

¹ Environmental impacts are calculated by taking the carbon emissions per tonne of materials incinerated and multiplying this by the carbon values that are produced by BEIS ([Valuation of greenhouse gas emissions: for policy appraisal and evaluation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation))

