Committee of Public Accounts
House of Commons, London SW1A 0AA
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Sir Chris Wormald KCB
Permanent Secretary
Department for Health and Social Care

28 May 2021

Dear Sir Chris,

Following on from our report *COVID-19: Government procurement and supply of Personal Protective Equipment* (February 2021), on 24 May we held an evidence session with witnesses from four companies (Arco, Bunzl Healthcare, Full Support Healthcare and Uniserve). As you will know, these companies sold personal protective equipment (PPE) to government during the COVID-19 pandemic.

This evidence session raised concerns for the Committee in four main areas:

1. The amount and quality of PPE held in storage.
2. The risks to long-term resilience in the PPE supply chain.
3. The Department of Health & Social Care's collaboration with PPE suppliers.
4. How early warnings about the PPE supply chain were addressed.

The Committee plans to explore these areas further with the Department of Health & Social Care (the Department) and the Cabinet Office at the session on 10 June 2021 covering the initial learning from government's response to the COVID-19 pandemic.

Based on the four areas of concern, I am requesting a written response from the Department on the questions set out below which should be received by the Committee in time to inform the evidence session on **10 June 2021**. Given the short timeframe, we appreciate the Department's best endeavours in answering these questions with the information it has available. Where it does not have information currently available, the Department should indicate in its response a date by which it will provide this information to the Committee. It is our intention to publish this letter and your response.

1. We are concerned about the lack of transparency in the amount of PPE held in storage and whether this PPE has been quality assured.

The NAO report *The supply of personal protective equipment during the COVID-19 pandemic* (November 2020) found that the Department procured 32 billion items of PPE between February and July 2020, compared with 2.6 billion items which it distributed to front-line organisations. At the evidence session on 24 May 2021, the Managing Director of Uniserve told us that, in addition to the PPE held in the Department's distribution centres, there are around 9,500 40ft shipping containers, equivalent to 450,000 pallets, of PPE. Witnesses also told us that they recommended that expert quality control be carried out on PPE at source, (for example, in the factories in China) rather than at destination (i.e. in the UK) but that this advice was implemented only from August 2020. We also heard that during the pandemic the Department had bought "millions" of respirator mask with valves, which are not good for dealing with a virus because only the wearer is protected.

i) Has the Department completed a thorough assessment of the quality, and does it have a record of the use-by dates, of the PPE that it holds in container storage?

ii) What has been the cost to date of warehousing PPE during the pandemic, including storing the PPE held in containers, and what is the current monthly cost?

iii) *Does the Department have an estimate of the total amount, and types, of PPE that it currently holds and estimates of how long this supply will last at current rates of use? (This is in addition to the information requested by the Committee in its recommendation 7 in its February report).*

2. How is the Department managing the significant risks to resilience in the PPE supply chain?

The Department published its PPE Strategy (*Stabilise and build resilience*) in September 2020, stating its intention to increase the resilience of the PPE supply chain through a mix of UK manufacturing and stronger relationships with other overseas markets to reduce its reliance on manufacturers in China. Witnesses from the PPE suppliers told us of potential issues with manufacturing PPE in the UK, including the challenge presented by relatively high labour costs in the UK, leading to unrealistic expectations that UK manufacturers would produce high-volume low-margin PPE. The suppliers told us that they would need to be very confident of government's long-term commitment before they invested in new UK facilities for manufacturing routine items of PPE.

iv) *Has the Department assessed the impact of its excess PPE stock holdings on its long-term PPE strategy?*

v) *How does the Department plan to set up future frameworks or incentives for manufacturers to increase the resilience of the PPE supply chain?*

vi) *When is the Department planning to review its performance on PPE contracting during the pandemic and apply this learning to a future PPE strategy?*

3. We are concerned that the Department missed opportunities to collaborate early on in the pandemic with experienced suppliers of PPE.

Witnesses from the PPE suppliers told us that they had not been involved in any pandemic planning exercises. They also told us that product knowledge within the Department needs to be greatly improved, stating that, prior to the pandemic, the right expertise had not been involved in procurement decisions. The witnesses told us that the pandemic created a global situation of "finite supply for an infinite demand" and that most PPE would have to be imported from China. They considered that to respond quickly and effectively government needed to collaborate better with known and experienced suppliers, some of whom already had technical staff based in China.

vii) *What actions is the Department taking to ensure that commercial staff have the appropriate knowledge and skills, and that knowledge and skills its staff developed during the COVID-19 pandemic are retained and can be used to collaborate better with PPE suppliers in future?*

4. We are concerned that the Department might have missed early warning signs of stock issues in PPE supply chains.

Our report published in February 2021 found that demand for PPE had rocketed in March 2020 and, at the same time, global supply declined. Government started to release PPE from stockpiles from the end of February 2020. However, the CEO of Full Support Healthcare told us that her company had warned Supply Chain Coordination Limited (SCCL) about PPE stock issues in December 2019 when hospitals began to contact them due to shortages and that it had asked for the Brexit stockpile to be released. The CEO further stated that she had raised supply chain issues previously identified in Wuhan in December 2019 and passed this on to SCCL, recommending that SCCL buy as much PPE as it could as

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quickly as possible: “The person I was speaking to in inventory tried to escalate that within the organisation and was ignored.”

The CEO of Full Support Healthcare told us that SCCL was nervous to commit to buying additional PPE for the NHS at the beginning of 2020. She spoke of SCCL being unwilling to act without "direction from above". This meant that a supplier that foresaw the coming pandemic and wanted to buy up additional PPE could only do so at its own financial risk. She said that it wasn’t until the end of March that senior officials in the Department provided permission to spend the required money on PPE. The NAO report *The supply of personal protective equipment during the COVID-19 pandemic* notes that HM Treasury increased funding for PPE to £4 billion on 24 April 2020.

The witnesses also told us that they had certified PPE in UK warehouses at the start of the pandemic and that they had limited success in contacting the Department whereas new suppliers without a track record were able to secure contracts.

viii) *What alerts did SCCL and the Department receive of the increasing supply risks relating to PPE from China in December 2019 and January 2020? Please provide examples of such alerts.*

ix) *How did SCCL and the Department respond to these alerts? Please provide examples of your response.*

x) *Did the Department miss an opportunity to provide SCCL with additional funds before 31 March 2020 so that it could make advance purchases of PPE or make arrangements for air freight?*

xi) *What consideration has the Department since given on identifying and acting on early warning signals in supply chains for future emergencies, including on how to authorise emergency spending?*

I appreciate that the Department, its arm’s-length bodies and the NHS continue to work under immense pressure. For this reason, the Committee has kept these follow-up questions as focussed and brief as possible and your cooperation in responding to them speedily is appreciated. We will also share this correspondence with Alex Chisholm, Permanent Secretary at the Cabinet Office.

Yours sincerely,

Meg Hillier

MEG HILLIER MP
CHAIR OF THE COMMITTEE OF PUBLIC ACCOUNTS