From the Permanent Secretary
Sir Chris Wormald

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Rt Hon Dame Meg Hillier MP
Chair of Public Accounts Committee
House of Commons
London
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Sent via email to: *pubaccom@parliament.uk*

30 November 2021

Dear Chair

Re: PAC Hearing – NHS Supply Chain Finance

I am writing in response to requests for further information from the Department, made at the Public Accounts Committee hearing held on 15 November 2021 on NHS Supply Chain Finance:

1. In response to queries from the Chair on the Department's PAC Accountability processes in relation to Treasury Minutes and Contingent Liabilities, I committed to providing the Committee with an update on our reforms and improvements.

The Department takes its accountability and reporting responsibilities to Parliament and the Committee seriously and is committed to ensuring that the matter is addressed promptly to improve future practice as detailed in the hearing. I will write separately to the Committee on this.

2. Following a question from Nick Smith, I agreed to confirm whether I have been in contact with Bill Crothers since he was appointed as a Director for Greensill Capital.

My office has checked my diary which contains no references to meetings with Mr Crothers in his capacity at Greensill Capital and to the best of my knowledge I did not meet with Mr Crothers in his capacity at Greensill Capital. For completeness, I should note that other senior DHSC officials have met Bill Crothers in his capacity as a Greensill Capital employee.

3. In response to questions from Richard Holden and the Chair, I agreed to confirm what loans the Department offers to its staff - e.g., for travel season ticket loans or cycle to work schemes.

The Department offers the following advance payment schemes:

- Loans to purchase a season ticket – Employees can apply for a loan to purchase a season ticket to commute to work.
- Loan to purchase a bicycle – Employees can apply for a loan to purchase a bicycle for home to work use.
- Rental Deposit Scheme – Employees can apply for an advance of salary to meet the costs of deposits for privately rented homes they intend to live in.

For all of the above advance schemes, advances will be paid into the employee's account with their salary and monthly instalments will then be deducted direct from their salary over a period of no more than 12 months.

We also offer an advance of salary when an employee has been relocated to enable them to purchase a home at the new location similar to that which they had in their previous location. The maximum advance is 6 months gross salary, although this can be up to 12 months in case of financial hardship. Repayment would be deducted direct from salary and the period would be a maximum of 5 years (increased to 20 years if 12 months' salary has been advanced for hardship reasons).

The Department also offers the following salary sacrifice scheme:

- Cycle to work Scheme – This scheme allows employees to trade part of their salary for a loan to buy a bicycle and benefit from savings in National Insurance. The Department purchases the bicycle and then deducts monthly instalments direct from employee salaries, before National Insurance deductions are taken, over a period of no more than 12 months.

The Department also offers salary advances on an exceptional basis in cases of financial difficulty. A new member of staff can apply for an advance of salary where they have missed the payroll cut-off date when joining and therefore would have to wait 6 weeks for their first salary. This amount is deducted from the employees first salary.

4. In response to the Chair, I agreed to confirm whether there were other areas of departmental remit that were considered for supply chain finance.

The Department can confirm that when Taulia and its subcontractor Greensill Capital took over the Pharmacy Earlier Payment Scheme (PEPS) in 2018, the emphasis was to make the transition from Citibank (previous PEPS provider) to Taulia / Greensill Capital for PEPS pharmacy contractors as smoothly as possible.

The Department can confirm that although Greensill Capital were interested in extending the supply chain finance proposal to GP payments, dentists and opticians (as referenced in the Boardman 2 report (Review into the development and use of supply chain finance (and associated schemes) in government), published in July 2021), DHSC and NHSE&I did not engage on discussions with Greensill Capital about these, and such proposals were not progressed.

5. Nick Smith requested confirmation as to whether any other NHS organisations involved in the Greensill Capital EARND scheme, lost money when it collapsed.

As already detailed in the NAO report, seven NHS Trusts had used the EARND / Greensill Capital scheme and two of those Trusts lost money totalling £21k. NHSE&I are not aware of any other NHS Trusts losing money through the EARND / Greensill Capital scheme.

6. In response to the Chair, I agreed to check whether the current rules on NHS branding allow individual NHS staff to make product endorsements for commercial companies that are providing services to the NHS?

The NHS Identity Guidelines do provide protection in this area by preventing a supplier from being endorsed by the NHS, including by an NHS staff member.[1] Adherence to the NHS Identity Guidelines is a requirement under the NHS Standard Contract.

NHSE&I have advised the Department that rules relating to staff endorsement of private companies whilst working for the NHS should be set out by the individual NHS organisations employing the staff, however the Department would not have oversight of the NHS organisations' internal policies and not be able to validate this directly.

Yours sincerely,

Chris Wormald

SIR CHRIS WORMALD

PERMANENT SECRETARY

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[1] *https://www.england.nhs.uk/nhsidentity/identity-guidelines/who-cannot-use-the-nhs-identity/*