

From the Permanent Secretary  
Sir Chris Wormald



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of Health &  
Social Care

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Dam 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 fourth quarterly update from the Department of Health and Social Care with the data requested in recommendation 1 in the above-named report. The recommendation asks for data across a range of different elements of the PPE programme, which are set out below.

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

Since 25 February 2020, 38.1 billion items of PPE have been ordered, of which 37.4 billion had been received by 27 June 2022. The Department is constantly reviewing and quality assuring its data on stock held. As part of this process, we have removed 0.45 billion testing products that are held in the same storage facilities as some of the PPE purchased by the Department but had been incorrectly added to the PPE inventory. These latest numbers have therefore been revised down to reflect this change.

The majority of the 0.7 billion outstanding items are those that have recently been ordered but have not yet arrived, including 561 million gloves, some of which have been purchased since the last TM13 update.



## Department of Health & Social Care

The Department continues to focus on resolving contracts with which there is some element of dissatisfaction and has committed to providing the Committee with regular updates on progress through Treasury Minute 6. The department is committed to transparency but, as the Committee is aware, the information requested is commercially sensitive and releasing it publicly at this stage could impact the department's ability to successfully pursue cases to completion. The department will write to the Committee in confidence soon to provide this information. The department is committed to making the information publicly available in due course.

Meanwhile, at a high level, by the end of June 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 145 contracts of 394 in total that the department made. The total value of these contracts is £3.2 billion with an estimated £2.4 billion at risk. Of the 145 contracts under review, commercial discussions were underway for 62 of them; 78 were under legal review; and 5 were subject to formal mediation.

Since the department [wrote to the Committee on 20 April 2022](#), the Dissolution Team's portfolio has expanded to include contracts awarded by Supply Chain Coordination Ltd (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.

**The amount of PPE that has 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.**

The PPE programme has a standard process for assessing and assuring the PPE products that have been purchased. By 30 June 2022, 98.9 per cent of stock had been quality assured; an increase of 6.2 per cent since the last update.



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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 distributing 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 Committee will note that the number of items not currently being distributed has increased for this reporting period. This is because the department has locked a Stock Keeping Units (SKU) of Type IIR masks whilst quality assurance work is ongoing to decipher if they meet the splash resistance standards for clinical use.

(All figures in millions)	All items ordered		All items received		Items used or distributed		Remaining stock	
	31 March 2022	30 June 2022	31 March 2022	30 June 2022	31 March 2022	30 June 2022	31 March 2022	30 June 2022
<b>Total</b>	<b>38,577</b>	<b>38,067</b>	<b>38,177</b>	<b>37,412</b>	<b>18,837</b>	<b>20,528</b>	<b>19,341</b>	<b>16,883</b>
Items marked for release - good to use	32,805	33,936	32,643	33,297	18,836	20,528	13,807	12,769
Assessment in progress or not started	2,958	403	2,732	403	-	-	2,732	403
Items not currently being distributed:	2,813	3,728 <sup>1</sup>	2,801	3,711 <sup>1</sup>	-	-	2,801	3,711
Cleared technical checks, but ongoing checks to assess useability in health and care	196	984	196	984	-	-	196	984
Potential use in other settings	1192	1,185	1182	1,175	-	-	1182	1,175

<sup>1</sup> These numbers are higher than previous quarter as some stock recorded in the assessment in progress or not started category in the previous quarter has subsequently been moved into the do not supply categories



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Waste - Not fit for any use	1053	1,187	1051	1,180	-	-	1051	1,180
Expired	1	34	1	34	-	-	1	34
Awaiting further assessment	0	0	0	0	-	-	0	0
Temp hold – allegations of modern day slavery	371	338	371	338	-	-	371	338

\*Numbers may not total due to rounding

\*\* Numbers may be lower than previously reported due to ongoing quality assurance work

### **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, we stood up a significant UK manufacturing capacity in response to COVID-19. This domestic capability has allowed us to ensure sufficient stocks of PPE on the frontline during a period of instability in international markets. 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 with UK manufacturers during this reporting period. As stock levels show that there are sufficient volumes of all categories of PPE to maintain central provision until March 2023, it is unlikely that further orders will be placed. The department will pause this element of this report, but it will be reinstated should further orders be placed.

### **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 27 June 2022, 13.3 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 June broken down to category level together with forecast monthly demand:



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PPE items, millions								
	Stock level (does not include DNS stock)				Monthly demand			
	13 Sept 2021	6 Dec 2021	31 Mar 2022	27 June 2022	13 Sept 2021	6 Dec 2021	31 March 2022	30 June 2022
Aprons	3,582	3,170	2,897	3,027	95	99	81	92
Body bags	0.247	0.068	0.187	0.120	0.006	0.005	0.006	0.006
Clinical waste bags	77	76	70	65	1.4	2.5	1.8	1.3
Eye protectors	768	854	773	659	4	4	4	3
FFP3	217	217	297	304	5	6	6	3.2
Type IIR	4,821	4,396	4,061	2,934	120	145	151	150
Gloves	2,685	2,280	3,706	4,869	509	592	551	542
Gowns	214	418	428	443	4	4	4	2
Hand hygiene (litres)	29	28	51	51	0.12	0.44	0.62	1.8

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 at least a 4 months' supply of all items of PPE.

The Committee will note that the reported stock of aprons has increased since the previous update. This is because some items had not previously been in a placed in a product category but have now as part of the ongoing quality assurance of the data provided by storage sites.

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

Between 2020 and the end of March 2022 were £892.4 million was spent on storage. For the period between 1 April 2022 and 30 June 2022 it was £83.1 million. The first phase of the network rationalisation is in progress, focussing on exiting supplier storage warehousing



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(forecast to conclude October 2022) and relocating containers to accessible and cheaper storage (forecast to conclude Q1 2023). The following table sets out the breakdown.

	1 Apr 2020 – 31 May 2021	1 June 2021 – 31 Aug 2021	1 Sept 2021 – 30 Nov 2021	1 Dec 2021 – 31 Mar 2022*	1 Apr 2022 - 30 Jun 2022	Total (£m)
Warehousing	37.5	17.7	21.5	43.4	41.0	161.1
SCCL storage costs	127.6	41.2	29.2	47.1	34.6	279.7
China warehousing	16.0	5.8	5.8	8.1	7.4	43.1
Purchase of shipping containers	25.2	0.0	1.1	6.3	0.0	32.6
<b>Storage total</b>	<b>206.3</b>	<b>64.7</b>	<b>57.6</b>	<b>104.9</b>	<b>83.1</b>	<b>516.5</b>
Detention	214.4	45.6	16.5	23.7	0.1	300.3
Demurrage	111.5	0.0	0.1	0.0	0.0	111.6
Storage/shun ting/lifting	29.1	6.1	4.0	7.9	-0.1	47.0
<b>Charges total</b>	<b>355.0</b>	<b>51.7</b>	<b>20.6</b>	<b>31.6</b>	<b>0.0</b>	<b>458.9</b>
<b>TOTAL</b>	<b>561.3</b>	<b>116.4</b>	<b>78.2</b>	<b>136.5</b>	<b>83.1</b>	<b>975.5</b>

\*To note, this covered the extended period of December – March to align the report cycle with the rest of the data provided in this report.

### 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 writing to the Committee setting out the approach to disposals. A letter setting out the detail of the proposed approach has been sent to the Committee in parallel to this report.

In addition, the department committed to including an update of progress on disposal in this quarterly report.

The Lead Waste Partners appointed in March 2022 have been assessing the products in our recovery pipeline to identify recovery options (focusing on recycling and energy recovery). Operational data provided by lead waste providers as of 30 June, 59.3k pallets have been disposed of. The first recovery commenced in May and included facemasks, eye protectors, gowns and hand hygiene:



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	Disposals (March- June 2022)
Volume of pallets disposed of	59,371
Method of disposal: <ul style="list-style-type: none"><li>- Recycling</li><li>- EfW</li></ul>	56,344 pallets (94.9%) 3,027 pallets (5.1)
Storage cost savings	£8.3m per year
Environmental cost savings <sup>2</sup>	£290k

The department's excess PPE would replace the coal that would normally be burnt in cement kilns, so would offset the burning of the fossil fuel. The 5 per cent disposed of as EfW this quarter will result in around a £290k environmental saving<sup>2</sup> through the switching of coal to plastic PPE to fuel the cement kilns.

Yours sincerely,

**SIR CHRIS WORMALD  
PERMANENT SECRETARY**

<sup>2</sup> Environmental impacts are calculated by taking the carbon emissions per tonne of waste incinerated and multiplying this by the carbon values that are produced by BEIS ([Valuation of greenhouse gas emissions: for policy appraisal and evaluation](https://www.gov.uk/government/publications/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation) - GOV.UK ([www.gov.uk](https://www.gov.uk)))