

Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/
Prif Weithredwr GIG Cymru
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/
NHS Wales Chief Executive
Health and Social Services Group



Llywodraeth Cymru
Welsh Government

NR

Auditor General for Wales
Audit Wales Head Office
24 Cathedral Road
Cardiff
CF11 9LG

8 June 2021

Dear NR

Procuring and Supplying PPE for the Covid-19 Pandemic

The Welsh Government (WG) and NHS Wales Shared Service Partnership (NWSSP) welcome the findings of the Audit Wales report on *Procuring and Supplying PPE for the Covid-19 Pandemic* and offer the following joint response to the recommendations. A table summarising the action plan and delivery progress is included at Annex A.

Recommendation 1 – *As part of a wider lessons learnt approach, the Welsh Government should work with other UK countries where possible to update plans for a pandemic stockpile to ensure that it is sufficiently flexible to meet the demands of a pandemic from different types of viruses.*

WG accept Recommendation 1 and agree the importance of continuing to work with other UK countries to update our plans for an appropriate and flexible pandemic stockpile. WG has recently attended the first meeting of the UK Review of Emergency Preparedness Advisory Board, chaired by Department for Health and Social Care. The remit of the group includes a PPE workstream which will provide advice on the types of PPE required for each case setting for infectious disease risk and will support procurement planning and Covid-19 PPE management. The workstream is dependent on epidemiological advice on likely pathogens and scenarios but is intended to be initiated early in 2021/22. WG will draw on the advice of this group along with the expertise within WG and NHS Wales Shared Services Partnership (NWSSP) to update pandemic preparedness plans, including on PPE. Whilst dependent on UK wide activity we expect to have updated our plans by December 2021.

In the interim, WG have advised NWSSP to continue to hold a stockpile of key PPE items and maintain a minimum stockpile holding of 24 weeks until 1st July 2021 and a 16 week minimum thereafter. The reduction from 24 weeks to 16 weeks reflects the reducing need to hold contingency for the end of the EU transition period (previously 8 weeks contingency). The 16 weeks stockpile includes contingency for BAU PPE requirements (4 weeks), Covid-19 requirements (8 weeks) and pandemic preparedness stock (4 weeks).

Recommendation 2 - *In updating its own plans for responding to a future pandemic, the Welsh Government should collaborate with other public bodies to articulate a set of pan-public sector governance arrangements for planning, procuring and supplying PPE so that these do not need to be developed from scratch.*

WG accept Recommendation 2 and will work with other public bodies to develop a clear framework for PPE governance arrangements based on the best practice and lessons learned during the Covid-19 pandemic.

As reflected in the AGW's report, working collaboratively with stakeholders has been at the heart of the WG and NWSSP's response on PPE procurement and supply. Best practice and lessons learnt on PPE have been collated throughout the pandemic and these included a recognition that, in some cases, governance and finance frameworks were designed as the pandemic progressed resulting in some duplication of effort. To address this WG will:

- 1) Review all the governance arrangements on PPE.
- 2) Ensure the decision-making and controls framework for PPE are agreed in advance as part of contingency planning.
- 3) The ToR will ensure there is clarity on accountability between governance groups and teams.
- 4) These arrangements will be kept under review, for example to ensure alignment with the broader Four Nations and Emergency Preparedness approach.

WG anticipate completing this work by 30th September 2021.

Recommendation 3 - *Shared Services should work with NHS and social care bodies to maintain an up-to date stock management information system that provides timely data on local and national stocks of PPE that can be quickly drawn upon in a future pandemic to support projections of demand and availability as well as providing a robust source of information for briefing stakeholders.*

NWSSP accept recommendation 3. Lesson learnt activity has already identified that two-way data and information sharing between policy, planners and frontline teams has been critical in ensuring procurement is aligned with demand and that there is confidence in the system. NWSSP will:

- 1) Continue to invest in and embed the Stockwatch system and roll-out to Social Care where possible.
- 2) Maintain the accuracy and timeliness of stock information within the NHS Oracle Finance & Procurement System.
- 3) Maintain the PPE supply and demand model so that this can be used again in future if need arises.
- 4) Enhance integrity of the NHS Oracle stock information through proposed rollout of Scan4Safety in health organisations.

NWSSP consider elements 1 to 3 above to represent on-going activity and element 4 is subject to the approval of the Scan4Safety business case.

Recommendation 4 - *In updating the strategic approach to PPE, Shared Services and the Welsh Government should work together to develop a clear direction in terms of:*

- *A return to competitive procurement and an end to emergency exemptions.*
- *Fuller consideration of the wider criteria usually applied to procurement, such as sustainable development and policies on modern slavery.*
- *The intentions and aspirations in relation to the domestic PPE market, including the balance between the potential benefits of resilience through local production capacity against the potentially increased costs compared to international manufacturers.*
- *The size and nature of the pandemic stockpile it intends to hold, considering the benefits and costs of holding and maintaining stock and the timing of purchases given the ongoing disruptions to the PPE market.*

NWSSP and WG accept Recommendation 4 and have started work to develop a longer-term, strategic approach to PPE procurement and supply. NWSSP will:

- 1) Develop a plan that provides a strategic approach to the procurement of PPE.
- 2) Go out to tender for a compliant framework contract for the future competitive procurement of PPE.
- 3) Ensure that the new framework covers supply chain resilience, foundation economy, modern slavery, the Wellbeing of Future Generations Act and Decarbonisation.
- 4) Build on the work already undertaken by CERET to review the respective merits of local production against international purchases.
- 5) Ensure that the longer-term plan for PPE analysis the optimum stock holdings and timings of purchases.

NWSSP anticipate completing these actions by 30th September 2021.

Recommendation 5 - *To increase confidence in stocks and supplies at the national level, Shared Services should work with the Welsh Government to publish details of the amount of stock it holds of each item alongside the regular publication of data on the numbers of items issued.*

WG accept that ensuring confidence in PPE stocks and supplies is a critical part of ensuring confidence in the Government's pandemic response and **accept Recommendation 5**.

WG currently publish a fortnightly statistical release on PPE items issued based on management information provide to the Welsh Government by NWSSP.

WG will work with NWSSP to consider what further management information can be provided on National stock levels to provide greater transparency. The information provided will show how WG and NWSSP are performing against the commitment to hold a minimum stockpile on PPE and will need to take into consideration the fluid nature of PPE supply and demand. It is also important to note that the information will be based on the National stock levels of PPE held by NWSSP and will not take into consideration the often large volumes of PPE items held locally by Health Boards and Local Government.

WG anticipate completing these actions by 30th September 2021

Recommendation 6 - Shared Services should: check that it has published contract award notices for all contracts where it is required to do so; review those that it has published to ensure they are accurate; and ensure that it publishes contract award notices within the required timeframe for future contracts.

NWSSP accept Recommendation 6 and have already completed reviewing existing contract awards and have taken corrective action where necessary to ensure contracts have been published as appropriate.

In addition NWSSP are reviewing and refreshing their internal operating procedures to ensure compliance with the requirements to publish notices for future contracts. NWSSP anticipate completing this work by 31st May 2021.

Recommendation 7 - The Welsh Government should review whether the Sell2Wales site needs updating to allow bodies to publish retrospective contract award notices more efficiently without relying on suppliers to sign-up.

WG accept Recommendation 7 to review whether the Sell2Wales site needs updating to allow bodies to publish retrospective contract award notices more efficiently without relying on suppliers to sign-up. WG anticipate completing the review by 30th June 2021.

Recommendation 8 Given public interest in the awarding of PPE contracts and to promote confidence in the procurement system, the Welsh Government and Shared Services should publish details of the contracts awarded under emergency exemptions in a single place that is easy to access

NWSSP and WG accept Recommendation 8 to publish a one-off list of the contracts awarded under emergency exceptions, the information will be held on NWSSP's website and will be completed by 30th June 2021. Future purchases will be managed through the new framework agreement.

I hope this information is helpful. Should further information be needed please contact Lisa Wise, lisa.wise@gov.wales.

Yours sincerely

Personal Data

Dr Andrew Goodall CBE

Annex A - Summary of Actions and Progress

Recommendation	Who?	Agreed Action	Date for Completion	Progress
R1 As part of a wider lessons learnt approach, the Welsh Government should work with other UK countries where possible to update plans for a pandemic stockpile to ensure that it is sufficiently flexible to meet the demands of a pandemic from different types of viruses.	WG	<p>The Welsh Government accept Recommendation 1 and agree the importance of continuing to work with other UK countries to update plans for an appropriate and flexible pandemic stockpile.</p> <ol style="list-style-type: none"> 1. WG will ensure appropriate representation on the DHSC led UK Review of Emergency Preparedness Advisory Board and PPE workstream. Please note the PPE workstream is dependent on epidemiological advice on likely pathogens and scenarios but DHSC have advised it is intended to be initiated early in 2021/22 to consider overlaps with Covid-19 and pandemic influenza PPE. 2. WG will draw on the advice of these groups along with the expertise within WG and NHS Wales Shared Services Partnership (NWSSP) to update pandemic preparedness plans, including on PPE. 	We anticipate completing work against this action by 31st December 2021 although this is dependent on UK Government progress.	<ol style="list-style-type: none"> 1. WG representatives recently attended the first meeting of the UK Review of Emergency Preparedness Advisory Board (chaired by DHSC). The PPE workstream has yet to be established. 2. WG have advised NWSSP to continue to hold a stockpile of key PPE items and maintain a minimum stockpile holding of 24 weeks until 1st July 2021 and a 16 week minimum thereafter. The reduction from 24 weeks to 16 weeks reflects the reducing need to hold contingency for the end of the EU transition period (8 weeks contingency). The 16 weeks stockpile includes contingency for BAU PPE requirements (4 weeks), Covid-19 requirements (8 weeks) and pandemic preparedness stock (4 weeks).
R2 In updating its own plans for responding to a future pandemic, the Welsh	WG	The Welsh Government accept Recommendation 2 and will work with other public bodies to develop	We anticipate completing this work by	<ol style="list-style-type: none"> 1. Best practice and lessons learnt on PPE have been collated and shared with the

Recommendation	Who?	Agreed Action	Date for Completion	Progress
Government should collaborate with other public bodies to articulate a set of pan-public sector governance arrangements for planning, procuring and supplying PPE so that these do not need to be developed from scratch.		<p>a clear framework for PPE governance arrangements based on the best practice and lessons learned during the Covid-19 pandemic. WG will:</p> <ol style="list-style-type: none"> 5) Review all the governance arrangements on PPE. 6) Ensure the decision-making and controls framework for PPE are agreed in advance as part of contingency planning. 7) Ensure the ToR provide a clear RACI between governance groups and teams. 8) These arrangements will be kept under review, for example to ensure alignment with the broader 4N approach. 	[30th September 2021].	<p>PPE Procurement and Supply Group – these include a recognition that governance and finance frameworks were designed as the pandemic progressed resulting in some duplication of effort across groups.</p> <ol style="list-style-type: none"> 2. WG have collated ToR for all PPE-related governance groups that were stood up during the Covid-19 pandemic.
R3 Shared Services should work with NHS and social care bodies to maintain an up-to date stock management information system that provides timely data on local and national stocks of PPE that can be quickly drawn upon in a future pandemic to support projections of demand and availability as well as providing a robust source of information for briefing stakeholders.	NWSSP/ WG	<p>NWSSP and WG accept this recommendation and lesson learnt activity has already identified that two-way data and information sharing between policy, planners and frontline team has been critical in ensuring procurement meets demand and that there is confidence in the system.</p> <ol style="list-style-type: none"> 1. Continue to invest in and embed the Stockwatch system and roll-out to Social Care where possible. 	On-going.	<ol style="list-style-type: none"> 1. NWSSP have purchased and embedded the Stockwatch system across Covid stores in the NHS and Social Care. 2. As we return to BAU NWSSP stock information is captured within Oracle Inventory plus the additional rollout of Scan 4 Safety will capture stockholdings within the health organisations. 3. As above. 4. The Deloitte demand model will be maintained for future

Recommendation	Who?	Agreed Action	Date for Completion	Progress
		2. Ensure accuracy and timeliness of stock information within Oracle. 3. Enhance integrity of Oracle stock information through rollout of Scan4Safety. 4. Maintain Deloitte demand model so that this can be used again in future if need arises.		use if required.
R4 In updating the strategic approach to PPE, Shared Services and the Welsh Government should work together to develop a clear direction in terms of: <ul style="list-style-type: none"> • a return to competitive procurement and an end to emergency exemptions. • fuller consideration of the wider criteria usually applied to procurement, such as sustainable development and policies on modern slavery. • the intentions and aspirations in relation to the domestic PPE market, including the balance between the potential benefits of resilience through local production capacity against the potentially increased costs compared to international manufacturers. • the size and nature of the 	NWSSP	1. Develop a plan that provides a strategic approach to the procurement of PPE. 2. Go out to tender for a compliant framework contract for the future competitive procurement of PPE. 3. Ensure that the new framework covers supply chain resilience, foundation economy, modern slavery, the Wellbeing of Future Generations Act and decarbonisation. 4. Build on the work already undertaken by CERET and prospective ESNR PPE pilots to review the respective merits of local production against more economic international purchases. 5. Ensure that the longer-term plan for PPE analyses the optimum stock holdings and timings of purchases.	1. 31/08/2021 2. 01/07/2021 3. 01/07/2021 4. 30/09/2021 5. 31/08/2021	1. An interim plan is in place but a longer-term strategy is being developed with a planned implementation date of 1 September 2021. 2. Fully compliant framework contract for future competitive procurement currently out to tender and will be in place by 1 st July 2021 3. The new framework contract fully considers the points raised including supply chain resilience, foundation economy, modern slavery, wellbeing of future generations act and decarbonisation. 4. Work is on-going to further develop the work already undertaken by CERET and any ESNR PPE Pilot. 5. The plan will include this analysis with WG providing

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pandemic stockpile it intends to hold, considering the benefits and costs of holding and maintaining stock and the timing of purchases given the ongoing disruptions to the PPE market.				policy steer and NWSSP providing expertise on improving resilience.
R5 To increase confidence in stocks and supplies at the national level, Shared Services should work with the Welsh Government to publish details of the amount of stock it holds of each item alongside the regular publication of data on the numbers of items issued.	WG/ NWSSP	<p>WG accept that ensuring confidence in PPE stocks and supplies is a critical part of ensuring confidence in the Government's pandemic response and accept Recommendation 5.</p> <p>WG currently publish a fortnightly statistical release on PPE items issued based on management information provide to the Welsh Government by NWSSP. In addition:</p> <ol style="list-style-type: none"> 1. WG will consider what further management information can be provided on National stock levels to provide even greater transparency. 2. The information provided will show how WG and NWSSP are performing against the commitment to hold a minimum stockpile on PPE and will need to take into consideration the fluid nature of PPE supply and 	30/09/2021	<ol style="list-style-type: none"> 1. Initial view is to provide a RAG rating rather than detailed stock levels based on issues during the 16 highest weeks in the pandemic. NWSSP will provide this data weekly to WG subject to agreement with WG around parameters. 2. An initial draft of the data table is being shared with the PPE Procurement and Supply Group for comment 19 May 2021.

Recommendation	Who?	Agreed Action	Date for Completion	Progress
		<p>demand.</p> <p>It is also important to note that the information will be based on the National stock levels of PPE held by NWSSP and will not take into consideration the often large volumes of PPE items held locally by Health Boards and Local Government.</p> <p>3. WG will liaise with NWSSP on provision of data on weekly basis.</p>		
R6 Shared Services should: check that it has published contract award notices for all contracts where it is required to do so; review those that it has published to ensure they are accurate; and ensure that it publishes contract award notices within the required timeframe for future contracts.	NWSSP	<p>1. Review existing contract awards and take corrective action where necessary in terms of publication.</p> <p>2. Review and refresh internal operating procedures to ensure compliance with the requirements to publish notices for future contracts.</p>	<p>1. Complete</p> <p>2. 31/05/2021</p>	<p>1. NWSSP have undertaken checks and corrective action has been taken for contracts awarded.</p> <p>2. Review of internal operating procedures is underway to ensure that any future contract awards are compliant with publishing requirements.</p>
R7 The Welsh Government should review whether the Sell2Wales site needs updating to allow bodies to publish retrospective contract award notices more efficiently without relying on suppliers to sign-up.	WG	WG accept the recommendation to review the Sell2Wales site to publish retrospective contract award notices without relying on suppliers to sign-up.	30/06/2021	<p>1. Initial conversations have been held with the WG Sell2Wales team who have set out that there are a number of reasons why it isn't possible or desirable to implement the recommendation:</p>

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				<ul style="list-style-type: none"> • There are numerous fields which need adding in order to complete the contract award notice in line with FTS schema requirements (individual name, business name, address, contact details etc) and by allowing a buyer to add these manually introduces data quality issues and it's also an onerous task for the buyer. • Risk regarding GDPR consent, as the manual approach would not record PN consent on Sell2Wales for audit purposes and provides an issue in relation to future challenge. • Diminished Sell2Wales reporting, S2W would be unable to properly report on Suppliers being awarded contracts as this is driven by the full supplier registration profile. • It sets a precedence and could impact on the number of suppliers

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				<p>registered which is a key selling point to encouraging buying org's to utilise Sell2Wales.</p> <p>3. The Sell2Wales team have suggested that an alternative approach could involve the buyer (NWSSP) inviting the supplier to register through the Sell2Wales site. Once the supplier has registered the buyer can make the award at a later date. This functionality already exists in Sell2Wales but requires administrative effort from both the buyer and supplier.</p> <p>4. Sell2Wales has also suggested that the Sell2Wales site could publish the listing created by NWSSP under recommendation 8.</p>
R8 Given public interest in the awarding of PPE contracts and to promote confidence in the procurement system, the Welsh Government and Shared Services should publish details of the contracts awarded under emergency exemptions in a single place that is easy to access.	NWSSP	Ensure that all current and future PPE contract awards are appropriately publicised.	30/06/2021	<p>1. For already awarded PPE contracts a full listing will be provided on NWSSP's website.</p> <p>2. Future purchases will be managed through the new framework agreement.</p>

