



Dame Meg Hillier MP
Chair of Public Accounts Committee
House of Commons
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21 Jan 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 sixth quarterly update from the Department of Health and Social Care with the data requested in recommendation 1 in the above-named report.

You may wish to note that on 1 April 2023 operational responsibility for the management of all PPE, including that purchased during the Covid 19 pandemic, transferred from DHSC to Supply Chain Coordination Limited (SCCL), the management function for NHS Supply Chain.

The future receipt, storage and distribution of PPE now forms part of their business as usual activity on behalf of the Department.

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, 38.94 billion items of PPE have been ordered, of which 38.85 billion are confirmed as having been received by 31 March 2023.

The remaining 90 million items of those ordered include products that have been stored in China and are going through a disposal process. A small quantity of items from the commercial resolution activity are also identified as future inbound as they cannot be disposed of until resolution between the Department and the supplier we are in dispute with is complete.

For this quarter, by the end of March 2023, the investigations into contracts where there was some degree of dissatisfaction related to 53 contracts (of 394 in total that the department made). The total value of these contracts is now £1.5 billion with an estimated £1.43 billion at



risk. Of the 53 contracts under review, commercial discussions alongside legal review were underway for 43 of them and 1 was subject to litigation.

The dissolution team's portfolio includes contracts 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. At a high level, by the end of March 2023 this stood at 4 suppliers, with an aggregate value at risk of £98.7 million.

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 31 March 2023, 99.7% of stock had been quality assured; an increase of 1.0 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 items are subject to further checks. This is stock which we are not actively distributing to the NHS.

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

	All items ordered		All items received		Items used or distributed		Remaining stock	
	30 Dec 2022	31 Mar 2023	30 Dec 2022	31 Mar 2023	30 Dec 2022	31 Mar 2023	30 Dec 2022	31 Mar 2023
(All figures in millions)								
Total	39,200	38,943	38,527	38,853	24,622	26,251	11,282	8,844
Items marked for release - good to use	34,823	34,894	34,383	34,886	24,622	26,251	7,718	5,839
Assessment in progress or not started	492	110	487	105	-	-	366	89
Items not currently being distributed:	3,885	3,940	3,656	3,862	-	-	3,197	2,916
<i>Cleared technical checks, but ongoing checks to assess useability in health and care</i>	842	885	838	882	-	-	765	743
<i>Potential use in other settings</i>	958	928	894**	866	-	-	822**	713
<i>Waste - Not fit for any use</i>	1,308	1,300	1,147	1,288	-	-	969	796
<i>Expired</i>	96	108	96	108	-	-	95	101



Awaiting further assessment	0	0	0	0	-	-	0	0
Temp hold – allegations of modern day slavery	682	717	681	717	-	-	546	560

Table 1

*Numbers may not total due to rounding

**Figures have been corrected since last report (previously shown as 849 and 821).

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 the 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 31 Mar 2023 (excluding "do not supply") <i>Items millions</i>	Forecast monthly demand until end of March 2024 (estimated in April 2023) <i>Items millions</i>
Aprons	1,384	32.15
Body bags	0.084	0.007
Clinical waste bags	4	0.47
Eye protectors	395	0.84
FFP3	271	0.85
Type IIR	2,099	45.96
Gloves	1,280	56.62
Gowns	224	0.65
Hand hygiene	46	0.29



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 31 March 2023, 5.9 billion items of PPE in are held in pandemic stock (excluding “do not supply”). This stock is sufficient to meet remaining demand until the end of March 2024 across all categories of PPE.

Under current planning assumptions, the central stocks of PPE contain at least a 4 months’ supply of all items of PPE. However, this can vary based on individual category products, i.e., not all currently available Gowns sizes will be available all year due to stock levels.

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

The total running cost to date of PPE storage

The total storage cost from April 2020 to March 2023 is approximately £1,173 million. The total storage cost for each quarter during the 2022-23 financial year is set out in the table below. Figures include all UK based warehousing and container storage, China warehousing, purchase of containers, and other storage associated charges. There has been and continues to be a steady decline in costs each quarter.

Table 3

FY 22-23 Q1 (Apr - Jun)	FY 22-23 Q2 (Jul - Sep)	FY 22-23 Q3 (Oct - Dec)	FY 22-23 Q4 (Jan - Mar)
£69m	£68m	£62m	£62m

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 31 March 2023, 331.5k pallets have been disposed of. Based upon current storage costs it would have cost £42.9m to store this volume of stock each year.

	Disposals (up to December 2022)	Disposals (January – March 2023)
Volume of pallets disposed of	208,232	123,300
Method of disposal:		
Recycling	109,323 pallets (53%)	18,125 pallets (15%)
EfW	98,909 pallets (47%)	105,175 pallets (85%)
Storage cost savings	£27.0m per year	£16.0m per year



Annual storage cost saving		
Environmental cost savings	£15.0m	£19.7m

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 85% disposed of as EfW this quarter will result in around a £19.7m environmental saving¹ through the switching of coal to plastic PPE to fuel the cement kilns.

More detailed data on the volume of stock that has been disposed of via this route and sold or donated up to end February 2023 is available in a statistical publication here: [PPE disposals, donations and sales, up to 28 February 2023 \(England\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/ppe-disposals-donations-and-sales-up-to-28-february-2023-england)

I hope the Committee finds this update satisfactory.

Yours sincerely,

Personal Data

**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/statistics/valuation-of-greenhouse-gas-emissions-for-policy-appraisal-and-evaluation))