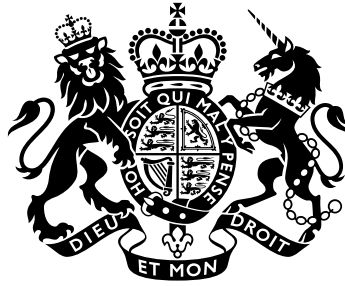




HM Treasury

Treasury Minutes

Government Response to the Committee of Public Accounts on the Eleventh, Twelfth and Seventeenth reports from Session 2022-23



Treasury Minutes

Government Response to the Committee of Public Accounts on the Eleventh, Twelfth and Seventeenth reports from Session 2022-23

Presented to Parliament
by the Exchequer Secretary to the Treasury
by Command of His Majesty

November 2022



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Government response to the Committee of Public Accounts Session 2022-23

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Eleventh Report of Session 2022-23

Department of Health and Social Care

The rollout of the COVID-19 vaccine programme in England

Introduction from the Committee

Since effective COVID-19 vaccines first became available at the end of 2020, vaccination has been central to the government's pandemic response. The UK was the first country in the world to approve a COVID-19 vaccine and begin rollout. It typically takes ten years to develop a vaccine, approve it for use and roll it out to the public, yet remarkably for COVID-19 vaccines, only eight months elapsed between setting up the Vaccine Taskforce to procure potential vaccines and the start of the NHS rollout. At the time of our evidence session at the end of March, five COVID-19 vaccines had been approved for use, of which three had been deployed in England. Government had UK contracts in place with six suppliers for over 450 million doses up to the end of 2023. The main rollout of first and second doses to adults had also taken place and, by the end of May 2022 nearly 40 million people, 90% of those aged 18 and over in England had received two doses of a COVID-19 vaccine. Rollouts were ongoing for first boosters to people aged 16 and over (and some 12- to 15-year-olds), and for first and second doses to 12- to 17- year olds. In the week before our session, the programme began rolling out second boosters to selected at-risk groups and, shortly after the session, launched vaccination for all 5- to 11-year-olds. The COVID-19 vaccine programme comprises many national and local bodies. The Department of Health & Social Care (the Department) is ultimately responsible for securing the supply of COVID-19 vaccines for the UK (since August 2021) and for planning how to deploy the vaccines in England. Created in April 2020, a dedicated Vaccine Taskforce (the Taskforce) works on behalf of the Department to procure and manage COVID-19 vaccine supplies for the UK. NHS England leads on operational delivery of COVID-19 vaccinations in England and works together with the UK Health Security Agency (UKHSA) on vaccine supply, storage and distribution (prior to October 2021, Public Health England (PHE) undertook UKHSA's responsibilities in this area). Local healthcare providers—NHS hospitals, GPs and community pharmacies—administer vaccines. In implementing the programme, the government follows clinical advice from the Joint Committee on Vaccination and Immunisation (JCVI) and the Chief Medical Officers. As with other vaccines, the Medicines and Healthcare products Regulatory Agency (MHRA) has to approve COVID-19 vaccines before they can be used and monitors safety thereafter.

Based on a report by the National Audit Office, the Committee took evidence on Monday 28 March 2022 from the Department for Business, Energy and Industrial Strategy, Department of Health and Social Care, UK Health Security Agency, NHS England and NHS Improvement. The Committee published its report on Wednesday 13 July 2022 This is the government's response to the Committee's report.

Relevant reports

- NAO report: [The rollout of the COVID-19 vaccination programme in England](#) – Session 2021-22 (HC 1106)
- PAC report: [Roll out of the COVID:19 vaccine programme](#) – Session 2022-23 (HC 258)

Government response to the Committee

1: PAC conclusion: Nearly 3 million adults in England remain unvaccinated and are therefore at greater risk of becoming hospitalised or dying because of COVID-19 than if they were vaccinated.

1: PAC recommendation: Both NHS England and its local partners, should redouble efforts to reach the unvaccinated and those not fully vaccinated. We recommend that the COVID-19 vaccine programme set itself a challenge to reduce the overall number of adults who are unvaccinated to 2.5 million, and achieve an 80% uptake for (first) boosters among adults, within four months of announcing the challenge.

1.1 The government disagrees with the Committee's recommendation.

1.2 NHS England (NHSE) and its local partners continue to focus on reaching out to and maintaining an offer of COVID-19 vaccination to the unvaccinated and the not fully vaccinated. Throughout the lifetime of the programme however, government has adopted an approach that it would learn from past immunisation programmes and move away from uptake targets and focus its efforts on making a credible offer to the population, providing accurate information, using trusted voices to help promote uptake and engaging with people at a local level. This principle will continue to be adopted for the COVID-19 vaccine programme going forward.

1.3 A convenient offer – including the use of walk-in and mobile vaccination clinics to enable easy access - continues to be an important way in which the government is working hard to reach people who are traditionally underserved and who remain unvaccinated for COVID-19.

1.4 Through these activities, there were considerable reductions in the unvaccinated during the spring booster campaign. As of the week ending 4 September 2022, using Office for National Statistics (ONS) population estimates, 2.9 million individuals remain unvaccinated in England.

1.5 An increase has been seen in booster dose uptake over the same period. As of 9 September 2022, 82.2% of adults eligible for a first booster/third dose had received their first booster/third dose. NHSE expects that both figures will continue to improve during the 2022 autumn/winter campaign, and it will continue to monitor progress against plans.

2: PAC conclusion: Comparatively low vaccination uptake persists in many vulnerable groups and, after the first booster campaign, has even dropped further for some.

2. PAC recommendation: Recognising that reasons for lower uptake will vary, NHS England and UKHSA should urgently evaluate which approaches are most effective for increasing uptake, communicate again with local areas about what works, and provide support to them to deploy the most effective approaches. This should include fresh approaches to tackling the persistent low uptake observed in some ethnic groups.

2.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

2.2 Throughout the COVID-19 vaccination roll-out, the government has captured learnings and conducted evaluation about which approaches work most effectively in reducing vaccine inequalities. For the 2022 autumn/winter campaign, NHSE will work in partnership and support local systems to continue evaluating different approaches to vaccine delivery. Supported by the UK Health Security Agency (UKHSA) vaccination evaluation framework, this will provide better understanding of the most effective ways to offer vaccination, especially for communities where uptake and confidence may be lower.

2.3 Continuous engagement at a local, regional and national level with partners and organisations, as well as greater understanding through insight and community conversations, allow NHSE to continue to build trust and confidence with communities, maximise convenience and minimise complacency in a way that works locally. NHSE intends to continue offering vaccinations through a range of flexible delivery models, supported by culturally tailored and community-led activity.

3: PAC conclusion: NHS England has started planning for a reduction in vaccine sites and staffing for the rest of 2022 in anticipation of lower overall demand, but it is not yet clear how its strategy will strike the right balance between maintaining high levels of vaccination uptake and ensuring that demands on healthcare staff are sustainable.

3a: PAC recommendation: By the end of October 2022, NHS England should write to the Committee with the results of its assurance of local plans – particularly with regard to whether these provide an efficient and effective basis for the programme to achieve its aims, while safeguarding staff welfare and aligning with other demands on the NHS. It should also set out any further central actions it will take to address areas of deficiency in the plans.

3.1 The government agrees with the Committee's recommendation.

Recommendation implemented

3.2 NHSE working through its regional and system teams will review and assure local COVID-19 vaccination plans throughout the summer and autumn of 2022 against optimal delivery as outlined by the Joint Committee on Vaccination and Immunisation (JCVI).

3.3 NHSE with regional and system partners is working to develop plans for the remainder of 2022 that determine the appropriate site and provider model composition. This will ensure appropriate capacity and service provision are in place aligned with JCVI advice, whilst recognising the wider demands on healthcare staff.

3.4 NHSE wrote to the Committee on 31 October 2022 to provide an update to the Committee on the outcome of assurance of local plans.

3b: PAC recommendation: During 2022–23, NHS England working with others should develop clear, costed options for how the programme will ensure both value for money and accessibility in its future approach to COVID-19 vaccination, including who it expects will primarily administer vaccinations and in what locations.

3.5 The government agrees with the Committee's recommendation.

Target implementation date: April 2023

3.6 These have also been key considerations throughout the lifespan of the programme and in the initial approach that was taken to vaccine deployment. The considerations outlined have been utilised in planning for the remainder of 2022 and for the future vaccination strategy.

3.7 During 2022-23, NHSE is transitioning to more standard financial mechanisms to pay for services; this is stimulating further development and expansion of delivery models which provide best value for money, with a clear focus on maintaining accessibility with specific funding to support. The learning from this work will form part of the long-term strategy

development, to ensure that NHSE continues to build on and improve the value it is able to achieve in delivery of vaccination services.

4: PAC conclusion: There is considerable learning from the COVID-19 vaccine programme that might apply elsewhere, both in the health sector, such as screening programmes and routine vaccinations, and across wider government.

4: PAC recommendation: The Department should carry out a systematic exercise to identify successes and other lessons from the programme and, within six months of this report, communicate to the Committee the main improvements it will make as a result in other health programmes, as well as any wider applications to emergency response planning or other government programmes.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2023

4.2 There are many important lessons to be learned from the COVID-19 vaccine roll-out which will have application across other public health programmes and beyond.

4.3 In practice, lessons learned to date are already influencing work across the health system. NHSE is leading development of an integrated immunisations strategy, aiming to align vaccination and immunisation services over the longer-term, drawing on the successes and lessons from the COVID-19 vaccine rollout, and with a focus on uptake and addressing health inequalities, data and technology, vaccine delivery models, and how vaccination services can support wider public health and prevention. Stakeholder engagement is being undertaken, with early recommendations expected to be produced by spring 2023.

4.4 The department is also committed to continually learning and developing pandemic preparedness planning, integrating new scientific information and learning from outbreaks, including COVID-19.

4.5 The department will continue to work across the health system to learn lessons from the pandemic response and identify opportunities for future innovation.

4.6 The department will write to the Committee setting out the main improvements being made as a result of this work as requested in the recommendation.

5: PAC conclusion: After starting with a portfolio of seven candidates, the UK's vaccine supply for 2022 and 2023 now relies primarily on just two, yet many of the risks that the 'portfolio' approach was intended to mitigate remain.

5: PAC recommendation: The Department and the Vaccine Taskforce should urgently review the future procurement strategy for COVID-19 vaccines, seeking all necessary clinical and commercial expertise, to ensure that future contracts are not let to too narrow a set of providers. It should report the results of the work in detail to the Committee.

5.1 The government disagrees with the Committee's recommendation.

5.2 The government took a portfolio approach to vaccine development and procurement. This was the right strategy in the early stages of the pandemic, recognising a high degree of uncertainty over which vaccines, if any, would prove safe and effective, and so receive regulatory approval.

5.3 Now, more information is available. The government has continued to learn more about the vaccines including through Vaccine Taskforce (VTF) sponsorship of clinical studies. The department continues to monitor such studies, as well as manufacturer data, to help inform procurement strategy.

5.4 Ability to adapt to new variants has also been important in considering which vaccines to procure. The government has ensured that agreements with the developers give access to updated vaccines. Bivalent vaccines, that target the original (wild type) and Omicron BA.1 strain, from both Moderna and Pfizer have received regulatory approval from the Medicines and Healthcare products Regulatory Agency (MHRA) on 15 August 2022 and 3 September 2022, respectively. The Joint Committee on Vaccination and Immunisation (JCVI) has recommended both for use in the 2022 Covid-19 autumn booster programme. Six licenced vaccines (from three developers) are currently available for the NHS under JCVI recommendations. Two further vaccines are likely to achieve MHRA approval shortly and could be deployed if JCVI recommend we do so.

5.5 The vaccine procurement strategy is kept under constant review. It was last discussed with the VTF Steering Group, chaired independently by Sir Richard Sykes (former chair of GSK), in mid-September. That Steering Group included commercial and clinical experts, such as Sir Jonathan Van-Tam. This steering group stopped at the end of September when VTF transitioned into its new form. The COVID Vaccine Unit, in UKHSA, is in the process of setting up a suitable advisory group – which will continue to include clinical and commercial experts.

6: PAC conclusion: While vaccine wastage was well below assumptions in 2021, NHS England believes the level could increase in 2022, which would be regrettable.

6: PAC recommendation: As part of the Treasury Minute response, the Taskforce, NHS England and UKHSA should update the Committee on levels of wastage across the programme, the number of doses donated internationally, and the number of doses still to be supplied by the end of 2022.

6.1 The government agrees with the Committee's recommendation.

Recommendation implemented

6.2 The government has numerous safeguards and procedures in place to reduce the risk of dose wastage.

6.3 UKHSA manages the central storage and distribution of COVID-19 vaccines for the UK programme. As of 30 July 2022, 946,525 doses of COVID-19 vaccines were destroyed or identified for destruction, accounting for 0.46% of the total vaccine volumes delivered and brought under UKHSA management.

6.4 NHSE is responsible for any wastage once vaccines have left UKHSA's warehouses. As of 12 July 2022, the England programme had administered 125.9 million COVID-19 vaccinations. 5.04 million (4%) doses have been recorded as waste by vaccination sites and under 1 million (0.7%) doses reported as waste, expired or damaged by wholesale partners. These figures are significantly lower than the initial planning assumption of 15-20% total wastage.

6.5 Doses have been offered to other countries where not required by the UK domestic programme, though demand is now very low. The UK has offered the 100 million doses it committed to donate in 2021 and by 30 June 2022, the UK had donated over 84.4 million doses.

6.6 Recent procurements, targeting 2022 and 2023, have been against a reasonable worst-case scenario assumption. To date in 2022, it has not been necessary to extend the

campaigns in line with the reasonable worst-case scenario. This, along with other factors including global supply for vaccines outstripping demand, will likely lead to an increase in wastage.

6.7 To combat wastage, the government has implemented an integrated business planning process to ensure supply risks are accounted for, contingency measures identified, and forecast demand is met as closely as possible. Contractual options to reduce, defer, or cancel inventory are also employed where available.

6.8 Details of future supply are commercially sensitive and so will be shared in confidence with the Committee in a letter.

7: PAC conclusion: We were concerned that, in the week before the start of the new financial year, the Department had not finalised the allocation of its £9.6 billion Spending Review settlement for COVID-19 response activities, creating uncertainty for the vaccine programme.

7: PAC recommendation: Departments should always set out annual budgets and funding for their key bodies and programmes in good time, only using supplementary estimates to manage uncertainties as they arise later in the financial year. For the vaccine programme, the Department of Health and Social Care and the Department for Business, Energy and Industrial Strategy should, as part of the Treasury Minute response to this report, confirm the agreed funding for the main elements of the vaccine programme for 2022–23 and any subsequent financial years, alongside a clear statement of the aims and targets the programme needs to achieve with this funding.

7.1 The government agrees with the Committee's recommendation

Target implementation date: Spring 2023

7.2 Funding for the vaccine procurement and deployment programme is held within DHSC budgets. The delivery responsibility for procurement sits with the Vaccine Task Force joint unit, and for the deployment programme with the NHSE vaccine programme director as Senior Responsible Owner. The department recognises the importance of setting annual budgets and funding in good time. Ahead of the start of 2022-23, this process was unfortunately delayed in part due to the response to the Omicron variant, and while the Living with Covid strategy was being developed and agreed.

7.3 The department has currently set aside a minimum of around £2 billion of funding in the 2022-23 financial year for vaccine procurement and deployment against COVID-19.

7.4 For the 2022-23 financial year, the department is set to have delivered a spring booster to the most vulnerable adults, rolled out vaccinations to 5-11-year-old children, and deployed an autumn booster to adults aged 50 and over, clinical risk groups and frontline health and social care workers. This is as well as a continued offer to vaccinate those eligible from last year's campaigns and maintaining the capability to expand or accelerate the programme, similar to what was required following the emergence of the initial Omicron variant last FY. As the country learns to live with COVID it is a possibility that the programme will need to adjust its course throughout the year and deploy to further cohorts should that be needed, and in accordance with JCVI recommendations. Budget allocations are therefore subject to change in response to these modifications to the vaccine programme.

Twelfth Report of Session 2022-23

Department of Health and Social Care

Management of PPE contracts

Introduction from the Committee

In response to the COVID-19 pandemic, the Department for Health and Social Care (The Department) began an unprecedented programme of Personal Protective Equipment (PPE) procurement buying items such as gowns, gloves and masks. It eventually purchased 37.9 billion items at a cost of just over £13 billion. We have reported previously on that initial procurement phase and the timeliness and adequacy of the PPE provided to the frontline.

Two years on from that initial procurement activity the Department is still having to manage many of the contracts that it signed. It has now received nearly all of the PPE that it ordered but it is in dispute with many suppliers over the quality of the PPE that has been supplied and is also looking at whether fraud was committed on certain contracts. Much of the PPE still resides in storage locations, both around the UK and in China, and the Department is looking at options for how it might now dispose of some of the stock that it deems to be excess. Responsibility for management of the PPE programme has now largely been transferred back to Supply Chain Co-ordination Limited, the NHS's main procurement partner prior to the pandemic.

Based on a report by the National Audit Office, the Committee took evidence on 20 April 2022 from the Department of Health and Social Care. The Committee published its report on 20 July 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Investigation into the management of PPE contracts](#) – Session 2021-22 (HC 1144)
- PAC report: [Management of PPE Contracts](#) – Session 2022-23 (HC 260)

Government response to the Committee

1: PAC conclusion: The Department has a significant challenge in reducing the estimated 3.9 billion items of excess stock it currently holds.

1: PAC Recommendation: The Department should set out in its Treasury Minute response to the Committee:

- **Where responsibilities will lie between itself and SCCL for the management of all excess stock;**
- **What its assessment is of the need to retain any of this excess stock as part of a future stockpile; and**
- **How much it intends to sell, donate, recycle and incinerate.**

1.1 The government agrees with the Committee's recommendation.

Target implementation date: April 2023

1.2 The Department of Health and Social Care (the department) retains responsibility for managing excess stock and expects the operational responsibility will transfer to the NHS Supply Chain on 1 April 2023, with the department retaining ownership of this stock for accounting purposes.

1.3 The government continues to learn from the pandemic, including how best to prepare for future pandemics. This includes ensuring there is the right mix of countermeasures stockpiled to protect against future pandemic threats. The department's current working assumption is that, subject to suitability, products held in excess will be transferred to a future stockpile. Discussions continue about how to ensure any stockpile is dynamic, thereby managing the risk that products expire before they are used.

1.4 The department's efforts to reduce its excess stock, and therefore reduce storage costs, are informed by a range of factors including the waste hierarchy where prevention of waste is prioritised over recycling, with energy from waste as the last resort. The department has approximately 6 billion items of excess PPE (including do not supply products); representing 16% of the total stock purchased. This includes 3,120 million items of excess PPE that is ready for disposal now; where every avenue has been exhausted to use or re-purpose the stock. The department will continue to assess products on a case-by-case basis to determine the most appropriate exit route.

2: PAC conclusion: The Department still lacks a stock management system that enables it to fully understand what PPE it has and where it is.

2: PAC recommendation: The Department should set out in its Treasury Minute response to the Committee how it intends to work with SCCL to build and maintain an effective stock management system that is complete and accurate in its data collection.

2.1 The government agrees with the Committee's recommendation.

Recommendation implemented

2.2 The priority at the outset of the pandemic was getting vital provisions to the frontline. Building an end-to-end management system would have taken too long. Instead, data systems were built that enabled effective management of the programme. There are now no large volumes of new transactions to assess and manage, so a new stock management system would not add to the existing processes.

2.3 The department has undertaken a systematic and far-reaching data improvement programme, working with third-party logistics contractors to systematically assess and evaluate our data, identifying issues and correcting data gaps at source.

2.4 Responsibility for managing existing and future stock is expected to transition to Supply Chain Coordination Ltd (SCCL) in the coming months to align more fully with business-as-usual inventory management systems within existing supply chain infrastructure.

2.5 For some product types, SCCL are expected to add items to their list of 'good to distribute' stock; items that form part of the ongoing supply chain offer. For those items, the scope to move items into existing end-to-end inventory management processes and systems will be explored so that PPE is fully integrated into existing systems and not managed separately.

2.6 For other product types – particularly where more items are held than front line services are likely to use – the focus is on using or disposing of the remaining items efficiently. A bespoke stock management system would not help with this process; the data held on those items already exists, and a new system could only be populated with data already held.

2.7 The department and SCCL have established management information data sources to monitor and manage stock held by the programme at national level, and separate contractual data has been used to manage financial receipting and to pursue contractual matters. Following the data improvement work, the department is well placed to hand over to SCCL a

single, coherent and joined up view of stock held. SCCL are putting in place plans to manage disposal or ongoing distribution and sale of those products.

3: PAC conclusion: The Department remains in dispute on 176 contracts for PPE with £2.7 billion of taxpayer money at risk and has made little progress in tackling potential fraudulent supplies of goods.

3a: PAC recommendation: The Department should explain in its Treasury Minute response to the Committee its progress in resolving these cases and provide as full an update as is possible on the status of those negotiations.

3.1 The government agrees with the Committee's recommendation

Target implementation date: August 2023

3.2 Much of this information is commercially sensitive and could impact the department's ability to successfully pursue cases to completion. Therefore, the department will provide a summary update on the progress of negotiations as a whole in confidence to the Committee.

3.3 Through [Treasury Minute 6](#) published in August 2022, the department already committed to providing regular updates on progress as part of the quarterly reporting cycle. The first update on progress was provided to the Committee in August as part of the Q4 report and included information about the amount that has been reclaimed against the 'value at risk'.

3.4 The department has established a Dissolution Team to work through the contracts in dispute to maximise the value obtained from taxpayer's money. The Dissolution Team has been commissioned until March 2023 with quarterly targets to achieve resolution of contractual matters.

3b: PAC recommendation: The Department should also update us on how it is working with relevant authorities in assessing and acting on any fraudulent cases.

3.5 The government agrees with the Committee's recommendation.

Recommendation implemented

3.6 The department takes all allegations of fraud extremely seriously and, where appropriate, allegations are thoroughly investigated and the strongest possible civil and criminal sanctions sought. There will be a lead time for COVID-19 fraud to be identified, this particularly applies for PPE procurement, as it's subject to ongoing contract management controls, active dispute resolution and recovery action.

3.7 Nevertheless, the department has proactively undertaken a significant amount of post event assurance (PEA) in relation to PPE procurement. This work deliberately focused on a subset of the overall population that had certain high-risk factors about them, e.g. those where 100% upfront payment was made. The subset made up over 28% of the overall population of contracts and the DHSC assessment showed that, of the subset¹:

- 4.8% is **identified** fraud and error **risk**² (not loss) with a value of £111.7 million

¹ All figures shown in this section are estimated and do not indicate an actual cash loss.

² Reflects real risks to the department which, based on the civil law test of balance of probability, are classified as fraud and error. However, because these contracts were identified as higher risk at an early stage we were able to identify and mitigate risks, therefore, no actual loss occurred.

- 1.7% is **risk of loss** from fraud and error³ with a value of £38.4 million

3.8 This action taken by DHSC, and the approach of focusing on high risk contracts, has already led to audited savings of £157 million in prevention/recovery. This includes preventing some opportunities from reaching contract stage which are therefore not included in the overall population of contracts. However, as the department's Anti Fraud Unit (AFU) subset focused specifically on high-risk contracts, it was not a completely random sample and therefore did not fully meet the Government Counter Fraud Function (which became the Public Sector Fraud Authority in August 2022) Fraud Measurement and Assurance standard.

3.9 To address this, the AFU is undertaking a small amount of further sampling for fraud detection (rather than measurement) purposes to provide additional insight into the non-high risk segment of the orderbook. The department continues to explore every available tool to bring those who commit fraud to account. Additionally, where action by the department and its partners have identified potential risk of irregularity relevant to other parts of government, appropriate information has been shared.

4: PAC conclusion: The Department had insufficient due diligence checks at the outset of the pandemic to prevent potential profiteering and to identify conflicts of interest.

4: PAC recommendation: The Department should set out in its Treasury Minute response how its commercial reset will ensure that sufficient processes are now in place to prevent such issues occurring again.

4.1 The government agrees with the Committee's recommendation

Recommendation implemented

4.2 In responding to COVID-19, government officials used legally compliant award procedures designed for use in emergencies. The department has well-established policies, processes and due diligence systems for use outside of emergencies. All tendering activities comply with the relevant standards, processes and criteria set out in the Public Contracts Regulations.

4.3 In May 2021 the Cabinet Office published [Procurement Policy Notice \(PPN\) 04/2021](#), covering the issue of conflicts of interest in awarding contracts and interpretation of the relevant exclusion provisions where contractors commit certain breaches. The department has completed implementation of this PPN, having introduced a clear process ensuring that conflicts of interest are considered throughout the procurement lifecycle.

4.4 Where additional procurement activity may be needed to meet future pandemic requirements, it will be conducted in accordance with departmental policy developed specifically for emergency responses. New PPE procurement will be undertaken by category experts in SCCL.

4.5 As part of the Commercial Reset, the department has taken steps to improve governance and support to policy teams when spending public money, especially in an emergency situation. In addition, in May 2021 Government published [The Sourcing Playbook](#), providing further enhanced guidance covering risk allocation, pricing approaches and assessing and monitoring the financial standing of suppliers to enable better understanding of cost-drivers and profit margins.

³ These reflect the same risks as 2 but it is estimated that a fraud or error loss **may** be occurring because DHSC were unable to identify and mitigate risks at an early stage.

4.6 Further information, including the department's commercial capability activity, is set out in a letter sent to the Committee in parallel to this Treasury Minute.

5: PAC conclusion: The Department has handed back responsibility for the PPE programme to Supply Chain Coordination Limited (SCCL) with many issues still to be resolved.

5: PAC recommendation: The Department should release its PPE strategy in full as soon as possible, setting out how it will work with SCCL and what the respective roles and responsibilities of each organisation will be in the ongoing management of contracts and future procurement activities. If the strategy is not available by the end of September, the Department should write to the Committee to explain the reason for the delay.

5.1 The government agrees with the Committee's recommendation

Target implementation date: Autumn 2022

5.2 The responsibility for the supply and distribution of Covid-19 PPE moved to the NHS Supply Chain in April 2022. The NHS Supply Chain will work to integrate the provision of PPE to acute settings through existing infrastructure to remove any duplication from the operation and will manage the PPE Portal and associated distribution network for other settings to ensure non-acute providers can continue to access free PPE. The [department wrote to the Committee on 19 April](#) setting out the split of roles and responsibilities between the two organisations.

5.3 The work on the updated Strategy is well developed. The department is committed to publishing the Strategy as soon as it is possible and will update the Committee on the plans for publication in due course.

6: PAC conclusion: The future of the UK-based supply chain for PPE is unclear.

6: PAC recommendation: The Department should explain in its Treasury Minute response what the role of UK based suppliers of PPE is expected to be going forward. This should include what role UK-based suppliers can expect to play in ongoing procurement activity and what the expectation is for capacity to be increased in the event of future pandemics.

6.1 The government agrees with the Committee's recommendation

Recommendation implemented

6.2 Over the course of the pandemic, the department has established a resilient UK-based supply chain for all items of COVID-19 critical PPE, excluding gloves. Contracts have been signed with around 30 UK-based companies for 3.9 billion units of PPE, all of which has now been delivered.

6.3 Current analysis of stock levels shows that there are sufficient volumes of all categories of PPE to maintain the central provision until the end of March 2023. If demand were to change, any new buying requirement would be undertaken through NHS Supply Chain framework contracts. The department is working with NHS Supply Chain to help offer UK manufactured products to the health and care sectors where possible. Whilst procurement will continue on the open market in compliance with the UK's international commitments, future exercises will include a focus on social value and environmental considerations, against which UK manufacturers should be well placed to compete.

6.4 A number of the companies that the department established contracts with continue to actively manufacture PPE. The department is continuing to work with NHS Supply Chain to help ensure UK manufactured products are marketable to the health and care sectors.

Seventeenth Report of Session 2022-23

Department of Health and Social Care

Government's contracts with Randox Laboratories Ltd

Introduction from the Committee

At the start of the COVID-19 pandemic, the government needed to act rapidly to create high-volume testing capacity in the UK. As part of these efforts, it awarded contracts for testing services and goods to various companies, including Randox. From March 2020 to December 2021, the Department of Health & Social Care (the Department) and Public Health England awarded 22 contracts to Randox, or its strategic partner Qnostics Ltd, with a maximum total value of £776.9 million. These contracts were for the supply of polymerase chain reaction (PCR) testing services and goods.

Randox's contracts for testing services included a £132.4 million contract awarded on 30 March 2020, and an extension to this contract worth £328.3 million awarded in October 2020. Both contracts were awarded without competition using emergency procurement rules that were called into force during the pandemic. By 18 October 2021, the latest data available to us, the Department had paid Randox £407.4 million for providing COVID-19 testing services and clinical goods.

Based on a report by the National Audit Office, the Committee took evidence on Wednesday 18 May 2022 from the Department of Health and Social Care and the UK Health Security Agency. The Committee published its report on 27 July 2022. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Investigation into the government's contracts with Randox Laboratories Ltd](#) – Session 2021-22 (HC 1018)
- PAC report: [Government's contracts with Randox Laboratories Ltd](#) – Session 2022-23 (HC 28)

Government response to the Committee

1: PAC conclusion: Woefully inadequate record-keeping by the Department makes it impossible to have confidence that all its contracts with Randox were awarded properly.

1: PAC recommendation: The Department should write to us within two months, setting out details of when and how its commercial refresh will bring record-keeping up to standard and ensure that this is the case under all circumstances.

1.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

1.2 The department has written to the Committee on 31 October 2022 with the details requested by the Committee.

2: PAC conclusion: The Department failed to meet basic requirements to report publicly ministers' meetings with external parties.

2. PAC recommendation: In its Treasury Minute response, the Department should set out how it intends to strengthen its transparency processes and ensure that it enforces requirements and takes action where they are not followed.

2.1 The government agrees with the Committee's recommendation.

Recommendation Implemented

2.2 The exponential increase in departmental activity and the urgency with which meetings were conducted at the height of the pandemic resulted in inadvertent omissions from the register of ministerial meetings. Many hundreds of meetings with external parties were routinely published in line with transparency requirements over this period. The department has undertaken a review of historic ministerial diaries and has, where necessary, updated the register in line with Cabinet Office requirements.

2.3 The department takes transparency requirements for ministerial teams extremely seriously and has strengthened both reporting and quality assurance processes. Minutes are taken for all meetings with external parties and are centrally held. The clearance requirements for quarterly transparency returns are in line with best practice across government, including PPS and ministerial clearance for each entry. Sessions led by the Cabinet Office on transparency returns are attended by those responsible for compiling ministerial returns. Corporate objectives, including transparency requirements, are reinforced across ministerial private offices and in all performance management conversations. Should there be a future failure to meet requirements, the department will correct the public record at the first available opportunity and will ensure that new employees are reminded of the importance of adhering to transparency obligations.

3: PAC conclusion: The Department did not deal with potential conflicts of interest, despite clear concerns about Radox's political connections.

3a: PAC recommendation: Alongside its Treasury Minute response, the Department should write to us to clarify the information it had on declared private interests and how it used this information to identify potential conflicts of interest in its procurement decisions.

3.1 The government agrees with the Committee's recommendation

Recommendation Implemented

3.2 The department has written to the Committee on 31 October 2022 setting out its response as requested.

3b: PAC recommendation: In addition to the expected new requirements to record conflicts of interest, government should strengthen its approach to ensure that conflicts of interest are not just documented, but also communicated and acted on by those awarding contracts.

3.3 The government agrees with the Committee's recommendation.

Recommendation Implemented

3.4 Specific legal duties in the Public Contracts Regulations require government departments to take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures, so as to avoid any distortion of competition and to ensure equal treatment of all bidders and suppliers. Companies may be

excluded from bidding for government contracts where a conflict cannot be effectively remedied.

3.5 The government recognises that the experience of COVID-19 shows it could be better at ensuring consistency in the management of conflicts of interest. Updated commercial guidance on the management of actual and perceived conflicts of interest was published in May 2021 ([PPN 04/21: Applying Exclusions in Public Procurement, Managing Conflicts of Interest and Whistleblowing](#))

3.6 The department has completed its implementation of this PPN, having introduced a clear process to ensure that conflicts of interest are considered at appropriate stages of the procurement lifecycle, including a review of the declaration forms in line with the PPN. The UK Health Security Agency (UKHSA) is in the process of updating its conflicts of interest policies in response to the PPN.

3.7 The department will ensure that all its contract managers (officials) routinely complete a conflicts of interest declaration during their involvement in managing contracts. All contractors working for the department are required to complete the conflicts of interest form.

3.8 The Procurement Bill currently going through Parliament continues to place legal duties on contracting authorities with respect to the prevention and remedy of conflicts of interest.

4: PAC conclusion: The award of the first Radox contract did not receive adequate scrutiny from senior officials and the role of ministers in signing it off was unclear.

4: PAC recommendation: Government should provide additional guidance to clarify the role of ministers in procurement processes, including contract discussions and approvals.

4.1 The government agrees with the Committee's recommendation

Recommendation Implemented

4.2 The Government Commercial Function published guidance for [Ministerial involvement in commercial activity and the contracting process](#) in July 2022.

4.3 Ministers have a vital role in setting commercial priorities, making sure that the right suppliers are chosen to address the right requirement and managing contracts to achieve the performance and value required. The guidance sets out in detail the expected role and involvement of Ministers from market engagement in the pre-procurement phase right through to approval and supplier management post contract signature.

4.4 The guidance sets out the parameters for Ministers, expected best practice and interactions with Department officials in fulfilling their respective roles. For example, Ministers should include a senior member of the Department's Commercial Directorate in a meeting with a supplier to ensure that a level playing field is maintained and that suppliers are not over-selling their capabilities or performance.

4.5 The guidance is clear that it is both desirable and important to maintain a clear separation of the Minister's role from that of the procurement team – officials - in the selection of suppliers for public contracts. It expressly states that Ministers should not seek to influence the procurement process so that for example the requirement, timing and choice of procedure favours one particular supplier over another; or express a preference for or against a particular supplier during the selection process based on anything other than the evaluation of a supplier's response against the published selection and award criteria.

5: PAC conclusion: The Department failed to hold Randox to account for its performance against its first contract and awarded it another £328 million extension without competition.

5: PAC recommendation: We expect clear and definitive assurance from the Department that even where contracts are awarded in exceptional circumstances, it will set performance indicators and use these to hold providers to account.

5.1 The government agrees with the Committee's recommendation

Recommendation Implemented

5.2 DHSC Commercial Policy outlines best practice methodology and processes which applies to all procurements and contracts, irrespective of the circumstances.

5.3 Contract performance begins from the outset of a procurement project where the business captures its requirements and success (performance) criteria. These requirements are further detailed within the procurement strategy and are developed to specify the exact Key Performance Indicator (KPI) deliverables the supplier is expected to achieve. Success criteria are included in award criteria and evaluated throughout the tendering processes. The commitments made by suppliers are ratified into the contract as obligations, alongside a clearly defined KPI and performance management schedule which provides the terms on which the relationship and performance will be governed.

5.4 All contracts (including those awarded in exceptional circumstances) are subject to DHSC's contract management operating standards; including a range of contract governance requirements such as ongoing monitoring and reporting of KPIs via a scorecard.

5.5 Each contract is assigned an Operational Contract Manager from the relevant business area and the OCM and Commercial review supplier performance against KPIs (frequency being determined by value and risk level of the contract). Where KPIs are not being achieved a performance management discussion is had with the supplier. Discussions may result in informal measures or more structured interventions resulting in a remedial action plan being implemented and monitored to ensure contractual obligations are met, and that providers can be held to account – particularly where there may be contractual service credits which impose financial penalties on suppliers who do not meet their contractual KPI obligations.

6: PAC conclusion: The Department did not do enough work to determine whether Randox was making excess profits from its contracts with Randox.

6: PAC recommendation: The government should strengthen its commercial guidance on ensuring that profits are not excessive, by including profit level expectations and obligations to benchmark in contract decision making.

6.1 The government agrees with the Committee's recommendation

Recommendation Implemented

6.2 The Government Commercial Function has published the [The Sourcing Playbook](#) which sets out the key commercial principles that underpin commercial activity across Government and provides commercial, finance, project delivery, policy and other professionals with comprehensive guidelines, rules and principles that will help them to get more projects right from the start.

6.3 The Sourcing Playbook describes the activities to be undertaken by commercial teams throughout the commercial lifecycle, with a series of supporting guidance notes covering delivery model assessments, bid evaluation and cost modelling tools.

6.4 There is further enhanced guidance covering risk allocation and pricing approaches and assessing and monitoring the economic and financial standing of suppliers to enable commercial teams to better understand cost-drivers and profit margins.

6.5 The standards to be achieved are specified within published Government Functional Standards:

- [GovS 008 Commercial](#)
- [GovS 002 Project Delivery](#)
- [GovS 006 Finance](#)

Treasury Minutes Archive⁴

Treasury Minutes are the government's response to reports from the Committee of Public Accounts. Treasury Minutes are Command Papers laid in Parliament.

Session 2022-23

Committee Recommendations: 111
Recommendations agreed: 101 (91%)
Recommendations disagreed: 10

Publication Date	PAC Reports	Ref Number
July 2022	Government response to PAC reports 1, 3 & 10	CP 722
August 2022	Government response to PAC reports 2, 4-8	CP 708
September 2022	Government response to PAC reports 9, 13-16	CP 745
November 2022	Government response to PAC reports 11, 12, 17	CP 755

Session 2021-22

Committee Recommendations: 362
Recommendations agreed: 333 (92%)
Recommendations disagreed: 29

Publication Date	PAC Reports	Ref Number
August 2021	Government response to PAC reports 1-6	CP 510
September 2021	Government response to PAC reports 8-11	CP 520
November 2021	Government response to PAC reports 7,13-16 (and TM2 BBC)	CP 550
December 2021	Government response to PAC reports 12, 17-21	CP 583
January 2022	Government response to PAC reports 22-26	CP 603
February 2022	Government response to PAC reports 27-31	CP 631
April 2022	Government response to PAC reports 32-35	CP 649
April 2022	Government response to PAC reports 36-42	CP 667
July 2022	Government response to PAC reports 49-52	CP 722

Session 2019-21

Committee Recommendations: 233
Recommendations agreed: 208 (89%)
Recommendations disagreed: 25

Publication Date	PAC Reports	Ref Number
July 2020	Government responses to PAC reports 1-6	CP 270
September 2020	Government responses to PAC reports 7-13	CP 291
November 2020	Government responses to PAC reports 14-17 and 19	CP 316
January 2021	Government responses to PAC reports 18, 20-24	CP 363
February 2021	Government responses to PAC reports 25-29	CP 376
February 2021	Government responses to PAC reports 30-34	CP 389
March 2021	Government responses to PAC reports 35-39	CP 409
April 2021	Government responses to PAC reports 40- 44	CP 420
May 2021	Government responses to PAC reports 45-51	CP 434

⁴ List of Treasury Minutes responses for Sessions 2010-15 are annexed in the government's response to PAC Report 52

Publication Date	PAC Reports	Ref Number
June 2021	Government responses to PAC reports 52-56	CP 456

Session 2019

Committee Recommendations: 11
Recommendations agreed: 11 (100%)
Recommendations disagreed: 0

Publication Date	PAC Reports	Ref Number
January 2020	Government response to PAC report [112-119] 1 and 2	CP 210

Session 2017-19

Committee Recommendations: 747
Recommendations agreed: 675 (90%)
Recommendations disagreed: 72 (10%)

Publication Date	PAC Reports	Ref Number
December 2017	Government response to PAC report 1	Cm 9549
January 2018	Government responses to PAC reports 2 and 3	Cm 9565
March 2018	Government responses to PAC reports 4-11	Cm 9575
March 2018	Government responses to PAC reports 12-19	Cm 9596
May 2018	Government responses to PAC reports 20-30	Cm 9618
June 2018	Government responses to PAC reports 31-37	Cm 9643
July 2018	Government responses to PAC reports 38-42	Cm 9667
October 2018	Government responses to PAC reports 43-58	Cm 9702
December 2018	Government responses to PAC reports 59-63	Cm 9740
January 2019	Government responses to PAC reports 64-68	CP 18
March 2019	Government responses to PAC reports 69-71	CP 56
April 2019	Government responses to PAC reports 72-77	CP 79
May 2019	Government responses to PAC reports 78-81 and 83-85	CP 97
June 2019	Government responses to PAC reports 82, 86-92	CP 113
July 2019	Government responses to PAC reports 93-94 and 96-98	CP 151
October 2019	Government responses to PAC reports 95, 99-111	CP 176
January 2020	Government response to PAC reports 112-119 [1 and 2]	CP 210

Session 2016-17

Committee Recommendations: 393
Recommendations agreed: 356 (91%)
Recommendations disagreed: 37 (9%)

Publication Date	PAC Reports	Ref Number
November 2016	Government responses to PAC reports 1-13	Cm 9351
December 2016	Government responses to PAC reports 14-21	Cm 9389
February 2017	Government responses to PAC reports 22-25 and 28	Cm 9413
March 2017	Government responses to PAC reports 26-27 and 29-34	Cm 9429
March 2017	Government responses to PAC reports 35-41	Cm 9433
October 2017	Government responses to PAC reports 42-44 and 46-64	Cm 9505

Session 2015-16

Committee Recommendations: 262
Recommendations agreed: 225 (86%)
Recommendations disagreed: 37 (14%)

Publication Date	PAC Reports	Ref Number
December 2015	Government responses to PAC reports 1 to 3	Cm 9170
January 2016	Government responses to PAC reports 4 to 8	Cm 9190
March 2016	Government responses to PAC reports 9 to 14	Cm 9220
March 2016	Government responses to PAC reports 15-20	Cm 9237
April 2016	Government responses to PAC reports 21-26	Cm 9260
May 2016	Government responses to PAC reports 27-33	Cm 9270
July 2016	Government responses to PAC reports 34-36; 38; and 40-42	Cm 9323
November 2016	Government responses to PAC reports 37 and 39 (part 1)	Cm 9351
December 2016	Government response to PAC report 39 (part 2)	Cm 9389

Treasury Minutes Progress Reports Archive

Treasury Minutes Progress Reports provide updates on the implementation of recommendations from the Committee of Public Accounts. These reports are Command Papers laid in Parliament.

Publication Date	PAC Reports	Ref Number
June 2022	Session 2013-14: updates on 1 PAC report Session 2017-19: updates on 27 PAC reports Session 2019-21: updates on 34 PAC reports Session 2021-22: updates on 30 PAC reports	CP 691
November 2021	Session 2013-14: updates on 1 PAC report Session 2016-17: updates on 3 PAC reports Session 2017-19: updates on 33 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 47 PAC reports Session 2021-22: updates on 5 PAC reports	CP 549
May 2021	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 4 PAC reports Session 2017-19: updates on 47 PAC reports Session 2019: updates on 2 PAC reports Session 2019-21: updates on 28 PAC reports	CP 424
November 2020	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 0 PAC reports Session 2016-17: updates on 7 PAC reports Session 2017-19: updates on 73 PAC reports Session 2019: updates on 2 reports	CP 313
February 2020	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 1 PAC report Session 2015-16: updates on 3 PAC reports Session 2016-17: updates on 14 PAC reports Session 2017-19: updates on 71 PAC reports	CP 221
March 2019	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 7 PAC reports Session 2016-17: updates on 22 PAC reports Session 2017-19: updates on 46 PAC reports	CP 70
July 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 4 PAC reports Session 2014-15: updates on 2 PAC reports Session 2015-16: updates on 9 PAC reports Session 2016-17: updates on 38 PAC reports Session 2017-19: updates on 17 PAC reports	Cm 9668

Publication Date	PAC Reports	Ref Number
January 2018	Session 2010-12: updates on 2 PAC reports Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 4 PAC reports Session 2015-16: updates on 14 PAC reports Session 2016-17: updates on 52 PAC reports	Cm 9566
October 2017	Session 2010-12: updates on 3 PAC reports Session 2013-14: updates on 7 PAC reports Session 2014-15: updates on 12 PAC reports Session 2015-16: updates on 26 PAC reports Session 2016-17: updates on 39 PAC reports	Cm 9506
January 2017	Session 2010-12: updates on 1 PAC report Session 2013-14: updates on 5 PAC reports Session 2014-15: updates on 7 PAC reports Session 2015-16: updates on 18 PAC reports	Cm 9407
July 2016	Session 2010-12: updates on 6 PAC reports Session 2012-13: updates on 2 PAC reports Session 2013-14: updates on 15 PAC reports Session 2014-15: updates on 22 PAC reports Session 2015-16: updates on 6 PAC reports	Cm 9320
February 2016	Session 2010-12: updates on 8 PAC reports Session 2012-13: updates on 7 PAC reports Session 2013-14: updates on 22 PAC reports Session 2014-15: updates on 27 PAC reports	Cm 9202
March 2015	Session 2010-12: updates on 26 PAC reports Session 2012-13: updates on 17 PAC reports Session 2013-14: updates on 43 PAC reports	Cm 9034
July 2014	Session 2010-12: updates on 60 PAC reports Session 2012-13: updates on 37 PAC reports	Cm 8899
February 2013	Session 2010-12: updates on 31 PAC reports	Cm 8539

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