Response to Public Accounts Committee (PAC)

I am writing further to the questions raised at the oral evidence hearing on 9th September on the investigation into NHS Property Services Ltd.

Adult Social Care Funding

During the hearing I was asked how much of the new funding for social care outlined in the 2019 Spending Round will derive from “new government cash”, and how much will be made available through precepts being raised.

Section 2.3 (page 9) of the Spending Round 2019 document\(^1\) shows the sources of funding for social care. In terms of new money, the Government is providing an additional £1 billion of grant funding for adult and children’s social care. These new funds are in addition to £2.5 billion of existing social care grants.

The Government will also consult on a 2 per cent precept that will enable councils to access a further £500 million for adult social care. The Ministry of Housing, Communities, and Local Government will shortly set out further details on the distribution of resources in a technical consultation on the local government finance settlement 2020-21.

The Department of Health and Social Care has been involved in extensive discussions with the Ministry of Housing, Communities, and Local Government and with Her Majesty’s Treasury to come to this arrangement.

NHS Property Services Ltd

In addition, following the hearing and on the subject matter of its investigation into NHS Property Services Ltd, the Public Accounts Committee requested a follow up response to the following questions:

The NAO report para 3.6 states that the Secretary of State must approve remuneration of all directors and any uplifts are approved by the Remuneration Committee, where the shareholder director must be present for the committee to be quorate.

How regularly does the Committee meet?

The NHS Property Services Ltd Remuneration Committee formally meet as frequently as it may determine to be necessary to discharge its duties.

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In 2018, the Committee met 2 times, 13 March 2018 and 6 June 2018.  
As of 13 September 2019, the Committee has met 3 times; 21 May, 25 May and 6 June 2019.

There are a further two meetings scheduled this year; 26 September and 5 December.

How are members appointed to the Remuneration Committee?

Members of the Committee shall be a majority of independent non-executive directors, one of whom will be appointed Committee Chair. The current chair is Ian Ellis.

The Shareholder Director can nominate a representative to attend on their behalf.

The Chief Executive is a member although does not attend for matters concerning their own remuneration.

Can you provide the Public Accounts Committee the attendance figures for the Remuneration Committee for the last two years?

13 March 2018 – 100% attendance. Meeting was quorate.
6 June 2018 – 60% attendance. 2 members sent apologies, however the meeting was quorate.
21 May 2019 – 100% attendance. Meeting was quorate.
25 May 2019 – 80% attendance. 1 member sent apologies, however the meeting was quorate.
6 June 2019 – 80% attendance. 1 member sent apologies, however the meeting was quorate.

How many members need to be present for the Committee to be quorate?

A quorum is two members, including the Shareholder Director or their representative.

Tariffs

The Committee also asked some questions around tariffs, so I thought I would clarify the position.

In the event of a No Deal exit, the UK will have a temporary tariff regime for imports for a period of up to 12 months that will eliminate tariffs across the majority of goods imported into the UK from the EU and ROW. Under the regime, medical devices, pharmaceuticals, and most associated raw materials will have zero tariffs applied to them. At the end of this 12-month period the Government will introduce a permanent tariff regime and this will be developed over the course of the coming months following a full public consultation process. The application of a zero tariff to imports under the temporary regime is not so different from how it is now; most medical devices and pharmaceuticals and some associated raw materials are covered by the Information Technology Agreement or Pharmaceutical Tariff Elimination Agreement. These are international tariff elimination agreements at the WTO, which the UK is a part of through the EU, by which major global economies agree to zero tariffs on imports of medicines and devices to all global trading partners.

SIR CHRIS Wormall