

From the Permanent Secretary
Sir Chris Wormald



Department
of Health &
Social Care

Meg Hiller MP
Chair
Public Accounts Committee
House of Commons
London
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39 Victoria Street
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Dear Chair,

25 October 2019

**Follow up of *Exiting the EU: supplying the health and social care sectors*
session on no-deal Brexit preparations**

I am writing further to the oral evidence session on 2 October and your letter of 7 October, about the supply of medicines and other provisions to the health and social care sectors in the event that the UK leaves the European Union without a deal.

Q23 - 26: capital funding for 40 new hospitals

In response to your question raised on capital funding:

You will have seen from the Government's recently published Health Infrastructure Plan (HIP) (<https://www.gov.uk/government/publications/health-infrastructure-plan>), which the Secretary of State outlined in his letter to Members of Parliament on 7 October 2019.

The package of funding for 40 new hospitals includes:

- £2.7bn for 6 new hospital projects to be delivered in our first phase of major hospital rebuilds (HIP1)
- £100m to give the go-ahead to 21 major projects, covering 34 hospitals to go to the next stage of developing their plans, to be delivered in the second phase of major hospital rebuilds, subject to business case approval.

This is additional funding from HM Treasury, and the Department of Health and Social Care's capital Departmental Expenditure Limits (CDEL) budget has been increased accordingly by these amounts. The Department will provide the vast majority of the funding in the form of Public Dividend Capital, apart from where schemes have related land disposals (in which case the proceeds will contribute to scheme funding)

The funding for HIP1 schemes will start from the next financial year (2020/21). The Department and NHS England are working with each to review how we best help them to finalise their proposals and move through a streamlined approvals process, as well as agreeing the scale and timing of capital investment.

HIP2 schemes are at an early stage of their planning, the next stage of funding for these schemes will be determined in due course, after they have carried out further work to develop their plans, determine their costs and confirm they deliver value for money. Settling this funding is a matter for future capital reviews, but HM Treasury support the strategic HIP approach and the creation of this pipeline of schemes that is associated with it.

The HIP also outlines our plans for a new system for ensuring funding reaches the frontline when and where it is needed, with national infrastructure to support this, and clear accountability for how it is spent. These plans include proposals for assisting Trusts, including allowing some access to early funding and streamlining the business case process.

I hope the information provided within this letter is helpful in response to the matters raised.

Redacted FOI

At the session on 2 Oct, you asked about a FOI that had been brought to your attention, and specifically why text on page 19 of the document had been redacted. Officials have been able to determine that the document did not originate in DHSC, and that it was not released under FOI by DHSC.

Supplying the health and social care sectors

I welcome the NAO's recognition of the significant work done in the face of an extraordinary challenge, and I was pleased to provide further detail to the Committee on 2 October. I have noted with interest your observations and the five areas that you have asked for further information on. I understand that Bernadette Kelly will be writing to provide you with further information on the Department for Transport's freight capacity procurement, the results of which were announced a few days ago. I have also asked NHS England and Improvement to provide you with information regarding your queries on the RAG rating of all NHS bodies and the impact of medicines shortages on patients. I am providing details below on the Department's preparations for the social care sector, and the readiness of suppliers of medicines and medical products.

Contingency planning for the social care sector

Our approach in respect to the adult social care sector does differ from the NHS. This is solely in recognition that provision is largely through an independent market mainly commissioned by 152 local authorities; with a significant proportion of the market (roughly a third in financial value) is funded by private individuals. In recognition of this, in the event of provider failure, it is the responsibility of local government in the first instance to ensure individuals are safe and that care remains in place. Given this, our approach has been largely focussed on gaining assurances from suppliers to the 24,000 adult social care providers.

In our efforts to engage with adult social care providers and their umbrella organisations, the Department has been working with local authorities through the Association of Directors of Social Services to communicate with every Director of a local authority with information they and providers need about the continuity of supply about the actions they need to take to prepare. We have been regularly running a series of roundtable sessions, webinars and testing workshops with provider umbrella organisations, as well as holding one-to-one calls with specific providers. In addition, the Department issued guidance to all adult social care providers on 8 October advising on practical steps they can take to get ready for Brexit. This has been cascaded via the Care Quality Commission, the Care Providers Alliance and the Association of Directors of Adult Social Services.

The efforts that the Department has made alongside suppliers of medicines and medical products covers medicines and medical devices and clinical consumables regardless of whether they are destined for adult social care providers or the NHS. This means that our contingency arrangements, including freight services such as the Express Freight Channel, will help ensure the continuous of supply of medicines and medical products to social care providers as well as the NHS.

On the Committee's specific question relating to the use of the NHS Supply Chain by adult social care providers, the Department does not hold the information requested. We do know that social care suppliers and providers are registered to use NHS Supply Chain, but we do not have access to the exact numbers or the proportion of Supply Chain users who are involved in the provision of services and products to the social care sector. We are operating a 'short form' account registration for any independent sector providers that wish to establish accounts. This will allow for urgent consignments of product to be issued from NHS Supply Chain as required.

Readiness of suppliers of medicines and medical products

I am grateful to the Committee and the NAO for appreciating the significant work that my Department has undertaken to gather a full picture of the readiness of suppliers of medicines and medical products. I am pleased to update the Committee with the latest results of our assurance exercise across medicines and medical devices and clinical

consumables suppliers. As was confirmed to the Committee, this is an ongoing and dynamic assurance exercise, the results of which will continue to change regularly up until 31 October. These figures are accurate as of 18 October and demonstrate the high level of assurance the Department has regarding suppliers' contingency plans.

- 100% of medicines suppliers within scope of the programme have responded, which has increased from 69% as stated in the NAO report;
- 88% of medicine product lines within scope of the programme have a 6-week stockpile in place, which has increased from 72% as stated in the NAO report;
- Through working with the industry and the NHS the Department can also confirm that there is now a plan in place for **all** prescription medicines in scope of the programme;
- 100% of medical device suppliers targeted within scope of the programme have responded, this represents in excess 80% of the market; and
- 83% of these have confirmed they have in excess of 6-weeks stockpile in place, which is an increase from 58% as stated in the NAO report.

I can also confirm that the Department continues to work closely with Her Majesty's Revenue and Customs and the Border Delivery Group to try ensure a high level of supplier readiness to comply with new borders and customs checks. To support this, on 8 October the Department announced the establishment of a Trader Readiness Unit, dedicated to providing support and targeted interventions within the health and care sector to ensure supplier readiness.

Survey results of medicines suppliers confirm that 76% have all the information they require. Survey results of suppliers of medical devices and clinical consumables in scope of the programme, demonstrate that 77% have either a high or high-medium level of confidence in their trader readiness plans. Of these, only 11% describe their confidence in their trader readiness preparations as low or medium-low. Those suppliers without confidence in their plans or the information they require will be targeted by the Trader Readiness Unit as part of the Department's efforts to ensure the highest possible levels of trader readiness in the sector.

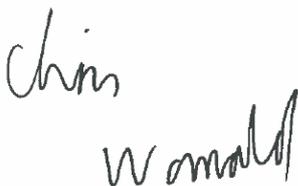
As the Committee is aware, the Department has also asked suppliers of medicines and medical products to reroute their supply chains away from the short straits. The expectation is that they would do this either through the Government Secured Freight Capacity, the routes for which were announced recently, or through separate arrangements with freight providers. Suppliers of medicines have confirmed to the Department that rerouting plans are already in place for ~25% of products. 46% of medical devices and clinical consumables suppliers in scope of the programme, have confirmed to the Department that they have rerouting plans in place. Following the

announcements on the Government Secured Freight Capacity, which we know are a crucial part of many suppliers' rerouting plans, we expect these numbers to increase.

I would like to take this opportunity to reiterate the statements I made to the Committee, and reassure you, the public and patients that the Department has been preparing extensively and has full plans in place for the supply of medical radioisotopes and other medicines and medical products after Brexit.

We have worked closely with our industry partners, the devolved administrations and the health and social care system to put in place robust plans through our multi-layered approach.

Yours Sincerely

A handwritten signature in black ink, consisting of the first name 'Chris' on the top line and the last name 'Wormald' on the bottom line, written in a cursive style.

**SIR CHRIS WORMALD
PERMANENT SECRETARY**