



DEBATE PACK

Number CDP-2020-0103, 12 October 2020

Opposition Day debate: Covid-19 contracts and public procurement

Summary

An Opposition Day debate will be held on the subject of Covid-19 contracts and public procurement on Wednesday 14th October.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

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1. Background

Summary

In responding to the Covid-19 pandemic, the Government and other public sector bodies have outsourced many parts of their response to the private sector. Contracts range from supplies of personal protective equipment (PPE), laboratory testing, Test & trace services, to education spending and consultancy. Concerns have been raised about the performance of these outsourced services, and about lack of transparency of some procurement processes.

This debate pack gives a brief overview of the rules guiding public procurement and the exemptions available during the pandemic. It looks at several areas of government contracts in more detail: outsourcing in the testing & tracing programme in England, procurement of PPE, and the NHS England agreement with private hospitals to provide additional capacity during the pandemic. The pack also includes relevant press articles, parliamentary material and other sources.

1.1 Procurement during the pandemic

In responding to the Covid-19 pandemic, the Government and other public sector bodies have outsourced many parts of their response. Contracts have covered supplies of personal protective equipment (PPE), medical equipment such as ventilators, the organisation of Covid-19 testing, Test & Trace Service, and consultancy. There are also contracts relating to education sector initiatives, such as the Free School Meal Voucher Scheme.

Concerns have been raised about the performance of these outsourced services, and about lack of transparency of some procurement processes.

Background on the range of contracts involved in the Government's initial Covid-19 response can be found in the National Audit Office (NAO) report, [Overview of the UK government's response to the COVID-19 pandemic](#) (May 2020). This report noted the risk associated with changes to procurement rules during the pandemic:

Procurement and supply chains. Many departments are having to source products and services quickly in new or emerging markets, often with complex and varied supply chains. The health and social care supply chain has had to work with pharmaceutical companies, private sector health equipment companies and manufacturing and logistics companies, and must compete with many other purchasing entities from across the world. This increases the risk that there will be insufficient supply, such as the well-documented challenges with providing sufficient PPE and other medical equipment.

Covid-19 procurement and extreme urgency

The public sector's broad approach to public procurement is to seek value for money. This is [achieved through competition](#), unless there are compelling reasons to the contrary. Contracting authorities – from departments to local authorities and other public sector bodies – have to organise tenders according to government procurement rules (see Box 1).

Box 1: Public procurement rules

UK public authorities are bound by government procurement rules set out in UK law (and EU law during the transition period ending 31 December 2020). The aim of procurement is to seek value for money, best achieved through competition, unless there are compelling reasons not to do so.

Generally, the most strict procurement rules apply to government purchases of goods, services and works above a certain threshold (roughly £123,000 for goods and services purchased by central government bodies and £4.7 million for works contracts). Also, below that threshold public procurement is subject to general principles which follow from UK's international obligations. These include the principle of non-discrimination, equality of treatment, transparency and proportionality. There are also some UK-specific rules.

See the Library briefing on [public procurement and contracts](#) for further detail. The relevant rules are compiled on the Gov.uk website containing [public procurement rules and policy guidance](#).

Outsourcing

The Government has published an updated policy guidance on outsourcing – [The Outsourcing Playbook V.2.0](#) (June 2020). It recommends that a decision whether to deliver services 'in-house', with the support of a third party, or through a mixed model should be based on a thorough analysis of value for money.

An Institute for Government report [Carillion: two years](#) on (3 March 2020) provides a stocktake of whether changes proposed in the first edition of the government outsourcing playbook have been implemented.

Transparency

Under the public procurement transparency requirements, larger contract opportunities and notices of contract awards should in general be published on the [Contracts finder website](#) and the [EU Tenders Electronic Daily \(TED\) site](#). However, information in these databases can in practice be patchy.

In response to the Covid-19 pandemic, the Government published a [Procurement Policy Note 01/20](#), which sets out options available to contracting authorities within the procurement law. The Government noted that under the exceptional circumstances of the pandemic, authorities may need to procure goods, services and works with extreme urgency.¹ Thus, many contracting authorities have relied upon amended and expedited procurement procedures, such as direct awards without advertising the procurement via a prior notice. These amended procedures are available under the UK [Public Contracts Regulations 2015](#) in situations of extreme urgency.

Regulation 32(2)(c) of UK [Public Contracts Regulations 2015](#) provides that a contracting authority is allowed to negotiate with a contractor, without prior publication "insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with."

While there is no explicit limit to the length of a contract under this regulation, the law around this procedure must be interpreted strictly.² The negotiation without prior publication has to be seen as a [means to cover the gap](#) until more stable solutions can be found.³ The

¹ Cabinet Office, [Procurement Policy Note PPN 01/20 - Responding to COVID-19](#), March 2020

² Prof Sue Arrowsmith, *The Law of Public and Utilities Procurement: Regulation in the EU and UK: Volume 1* (Third Edition, 2014)

³ The European Commission's [Guidance from the European Commission on using the public procurement framework in the emergency situation related to the COVID-19 crisis](#), 1 April 2020

Government advice is to limit the requirements to only what is absolutely necessary both in terms of what is being procured and the length of contract.

During the pandemic, contracting authorities can also use other [procedures](#), for example, a call off from an existing framework agreement, where potential suppliers have been pre-selected in an earlier competition. Other options include accelerating the timescales of standard procedures or extending or modify existing contracts.

NAO reporting

The NAO has signaled its intention to report on government procurement during the COVID-19 pandemic, including the use of emergency procurement regulations more generally. The NAO will assess how the Government has managed this risk, and sample contracts, to consider who has bought what, from whom, and at what cost, during the pandemic. The report [Government procurement during the COVID-19 pandemic](#) is expected by the end of 2020.

This work will sit alongside the NAO's specific work on [supplying the NHS and adult social care sector with personal protective equipment \(PPE\)](#) and [increasing the number of ventilators available to the NHS in response to COVID-19](#).

Legal action

The [Good Law Project](#) (GLP), a not-for-profit organisation, has initiated [legal action](#) against the Government with regard to several Covid-19 related contracts. A cross-party group of MPs have signed a GLP pre-action letter which alleges that the Government is responsible for a "persistent and unlawful" failure to disclose details of huge sums of money spent on contracts for personal protective equipment.⁴

1.2 Testing and tracing programmes in England

Background

On 2 April 2020 the Health Secretary set out a new 5-pillar plan to increase testing to 100,000 a day across the UK.⁵ On 4 April 2020 the Government published a [policy paper](#) setting out how it intended to scale up testing programmes. The five pillars included Pillar 1 testing in PHE/NHS labs for those with clinical need and key workers and Pillar 2 commercial testing for the general population. Initial details of the test and trace system in England were also set out in the Government's [Covid-19 Recovery Strategy](#), published on 11 May 2020.

⁴ The Guardian, [Cross-party MPs to sue UK government for details of Covid PPE contracts](#), 23 August 2020; BMJ, [Covid-19: MPs launch legal action against government over failure to disclose details of PPE contracts](#), 25 August 2020

⁵ DHSC press release, [Health Secretary sets out plan to carry out 100,000 coronavirus tests a day](#), 2 April 2020

The test and trace programme in England was launched on 28 May 2020.⁶ There are separate systems in operation in [Northern Ireland](#), [Scotland](#) and [Wales](#).⁷

A weekly test and trace data bulletin is published by the Department of Health and Social Care. The most recently available data at the time of writing was for the week 19 – 23 September 2020.⁸

Questions about the performance of the test and trace system in England have been raised since its launch.⁹ There has also been an ongoing debate about the role of the private sector¹⁰, and the extent to which the test and trace programme should be centrally or locally managed. The 'Independent SAGE', a group of scientists overseen by the former Chief Scientific Adviser Sir David King (which has no formal role in advising the Government), states that contact tracing would normally:

be undertaken by local public health teams, for example in the event of an outbreak of meningitis in a school. The centralised system, in England at least, is untested and is being operated by companies with no previous experience in this area, albeit with input from trained public health staff.¹¹

On the 10 August 2020, the Department of Health and Social Care announced that the NHS Test and Trace service would “strengthen regional contact tracing” through developing a more integrated national and local system of contact tracing. Specifically, they would “provide local authorities with a dedicated team of contact tracers for local areas”.¹² Earlier in August, some Councils with high infection rates had launched their own contact tracing operations to supplement the national programme.¹³

Subsequently, it was announced by the Department of Health and Social Care that NHS Test and Trace, Public Health England and the Joint Biosecurity Centre would come together “under a single leadership team” thereby marking “the first step towards becoming a single organisation [to be known as the National Institute for Health

⁶ Further, detailed information about Test and Trace is available from the Department of Health and Social Care: [Guidance: NHS test and trace: how it works](#).

⁷ NI Direct Government Services, [Coronavirus \(COVID-19\): testing and contact tracing](#); Scottish Government, [Coronavirus \(COVID-19\): Test and Protect](#); Welsh Government, [Test Trace Protect](#).

⁸ Department of Health and Social Care, [Weekly statistics for NHS Test and Trace \(England\) and coronavirus testing \(UK\): 17 September to 23 September](#), published 1 October 2020

⁹ [The NHS test-and-trace system 'not fully operational until September'](#), The Guardian, 4 June 2020; [Test and trace failing to contact thousands in England's worst-hit areas](#), The Guardian, 23 July 2020

¹⁰ [Exclusive: NHS Labs Were Frozen Out Of Coronavirus Testing Programme, Says Top Scientist](#), Huffington Post, 14 May 2020

¹¹ The Independent Scientific Advisory Group for Emergencies (SAGE), [Towards an Integrated Find, Test, Trace, Isolate, Support \(FTTIS\) response to the Pandemic](#), The Independent SAGE Report 4, 9 June 2020

¹² [Press release: NHS Test and Trace service to strengthen regional contact tracing](#), Department of Health and Social Care, 10 August 2020

¹³ [English councils with highest Covid rates launch own test-and-trace systems](#), *The Guardian*, 4 August 2020

Protection], focused on tackling COVID-19 and protecting the nation's health."¹⁴

On 11 October 2020 the Sunday Times reported that regional Mayors are to be given more control over the test and trace system, to increase the use of local contract tracing staff, in the hope this will improve tracing and compliance.¹⁵ On 12 October, as part of the announcement of new Covid alert levels, the Prime Minister called on local leaders in the areas rated 'very high' to work with the Government on measures to tackle the pandemic, in return for more support for local test and trace, more funding for local enforcement, the offer of help from the armed services, and the job support scheme announced by the Chancellor.¹⁶

Further background can be found in the [Library briefing paper on testing for Covid-19](#) (August 2020).

Outsourcing within the test and trace system

As in other parts of the Government's response to the Covid-19 pandemic, the Government and other public sector bodies have outsourced many parts of management and delivery of testing and contact tracing.

The Health Foundation note that pillar 2 testing is delivered through a range of academic and commercial partnerships. Examples include operational delivery from the army and companies such as Deloitte and G4S, recruitment of testing staff using Sodexo, testing kits through Randox, logistics with Amazon, and processing involving university laboratories as well as companies such as AstraZeneca and GlaxoSmithKline.¹⁷

For example, the consultancy firm Deloitte, was contracted to set up and manage a network of 50 testing centres in England and Scotland. The firm has been responsible for managing logistics across these sites as well as booking tests, sending samples to laboratories and communicating test results. Deloitte further sub-contracted Serco, Sodexo, Mitie, G4S and Boots to staff and manage operations at the testing sites. A number of these outsourcing/facilities management companies have also been contracted to run contact tracing via call centres for pillar 2 tests (which are tests taken by [members of the public](#)).

In July the BMA published a report analysing the scale and impact of private outsourcing during the response to the pandemic, and the role of private companies in the running of testing centres and laboratories:

The UK government's approach to building up testing capacity from its initial low base appears to have relied substantially on the

¹⁴ [Press release: Government creates new National Institute for Health Protection](#), Department of Health and Social Care, 18 August 2020

¹⁵ [Town halls to take control of war on the coronavirus](#), the Sunday Times, 11 October 2020

¹⁶ Gov.uk press release, [Prime Minister announces new local COVID Alert Levels](#), 12 October 2020

¹⁷ The Health Foundation, [NHS Test and Trace: the journey so far](#), 23 September 2020

private sector. This primarily relates to the development of new labs and testing centres across England – a government decision that has, in part, affected the devolved nations. A contract of undisclosed value was secured by Deloitte, one of the ‘Big Four’ consultancy firms, to set up and manage a network of 50 off-site testing centres in England and Scotland. The firm has been responsible for managing logistics across these sites as well as booking tests, sending samples to laboratories and communicating test results. Deloitte further nominated Serco, Sodexo, Mitie, G4S and Boots to staff and manage operations at the testing sites. Those unable to access the testing sites were advised to request home testing kits that are produced and processed by diagnostics company Randox (which was awarded a contract worth £133m) and dispatched by Amazon. In July it emerged that the swabs in some batches of these home testing kits were not up to standard, and had to be withdrawn. A network of Lighthouse Laboratories was developed through a partnership with the DHSC, Medicines Discovery Catapult, UK Biocentre and the University of Glasgow. Deloitte was handed further responsibility for coordinating these labs, located in Milton Keynes, Glasgow, Cheshire and Cambridge.¹⁸

The BMA’s report, [COVID-19: the role of private outsourcing](#), has highlighted that the development of a parallel system of privately run centres has bypassed the existing network of NHS labs and encouraged competition for scarce testing supplies. The BMA also note initial difficulties in sharing test results with local authorities and GP practices, and ongoing performance issues with delayed results from Lighthouse laboratories.

On 9 October 2020 Sky News reported the response to a Freedom of Information requests that stated there are currently 1,114 consultants from Deloitte working on the test and trace scheme.¹⁹ The FoI response noted that consultants from McKinsey, BCG, PWC, KPMG and EY have also been employed on a smaller scale - their combined numbers total 144. Sky quoted a Department of Health and Social Care spokesperson as saying: "We continue to work with a wide range of public and private sector partners as we respond to this unprecedented global pandemic. These organisations provide the specialist skills and experience we need to contain the spread of the virus and save lives." Tamzen Isacson, chief executive of the Management Consultancies Association (MCA), said that outsourcing had "enabled the government to work quickly and with intensity on major initiatives. It has been our industry's priority to strengthen the response and processes of clients and provide value for money."²⁰

Following the Secretary of State for Health’s 5 October update to the Commons on a failure in the automated transfer of files from labs to PHE’s data systems, Jonathan Ashworth called for outsourced services to be transferred to NHS labs and local public health teams:

¹⁸ The BMA, [COVID-19: the role of private outsourcing](#), 24 July 2020; see also BMA news article, [Outsourced and undermined: the COVID-19 windfall for private providers](#), 8 September 2020

¹⁹ [Coronavirus: More than 1,000 consultants from Deloitte on Test and Trace programme](#), Sky News, 9 October 2020

²⁰ Ibid.

It is a mess made up of fragmented systems passing data back and forth between his Department, PHE and outsourcing companies such as Serco and Deloitte, and it is costing us £12 billion. Surely now is the time not to renew Serco's contract and instead give responsibility and resources to NHS labs and local public health teams to deliver testing and tracing.²¹

The interim Executive Chair of the National Institute for Health Protection, Baroness Dido Harding, was questioned about the performance of outsourced contracts for contract tracing, and the contracts for Lighthouse laboratories during her evidence to the Commons Science and Technology Committee on 17 September 2020.²²

Information on the range of organisations involved in the Lighthouse laboratories, now in Milton Keynes, Glasgow, Alderley Park (Cheshire), Cambridge, Antrim, Newport and Charnwood (Leicestershire) can be found on the [Lighthouse Lab Network website](#).

In July the Department contracted for consultancy support to review NHS Test and Trace governance structures and advise on a permanent organisational model (see the [Gov.uk contracts finder website](#)). A PQ response noted that the contract was awarded to McKinsey and commenced on 18 May 2020. McKinsey was approached via the Crown Commercial service Management Consultancy Framework 2. The PQ response noted they were selected following the guidance on the framework due to its experience on working on similar requirements, its ability to deliver at pace and its ability to deliver at extremely short notice given the urgency of the COVID-19 situation.²³

The NHS Test and Trace App

Alongside a number of NHS organisations, Oxford University, and the Alan Turing Institute, a number of private companies including Accenture, have been involved in the creation of the [NHS Test and Trace app](#).

1.3 NHS procurement and PPE

How is PPE normally procured by the NHS in England?

An April 2020 article by the Institute for Government (an independent think tank) explains how goods²⁴ (including PPE) are procured for the NHS in England and the devolved administrations:

In England, most goods are bulk-purchased centrally and distributed to providers by NHS Supply Chain, a wholly-owned company accountable to the secretary of state for health, which

²¹ [Commons Hansard, Covid-19 update, 5 October 2020](#)

²² Commons Science and Technology Committee, [Formal meeting \(oral evidence session\): UK Science, Research and Technology Capability and Influence in Global Disease Outbreaks](#), 23 September 2020 Q1370-77

²³ PQ HL6985, [McKinsey and Company: Contact Tracing](#), 10 September 2020

²⁴ In this context, the main *goods* the NHS buys are equipment and medicines. In response to the pandemic, this equipment has included ventilators and personal protective equipment (PPE) – gloves, aprons, surgical masks, eye protection and protective gowns.

was established in 2016. Previously most goods were bought locally by hospitals and other health providers, but a government review found large inefficiencies as organisations paid variable prices for the same product. NHS Supply Chain now manages more than 4.5m orders a year – and aims to carry out 80% of all NHS purchases by volume by 2022. Medicines are procured through a separate system of regional pharmacy purchasing groups.

The devolved administrations each have their own procurement systems: NSS National Procurement in Scotland, NHS Shared Services System in Wales and the Procurement and Logistics Service in Northern Ireland.²⁵

The Institute for Government further explains the role of the Department of Health and Social Care (DHSC), NHS England and Public Health England (PHE)²⁶ in the procurement of goods and services:

DHSC is responsible for setting the budget and top-line objectives of the NHS and is ultimately accountable for NHS procurement. In relation to pandemics it determines what is included in the national pandemic stockpile.

NHS England, which is legally independent of DHSC, oversees the commissioning of NHS services and sets strategy.

Public Health England, an executive agency of DHSC, is responsible for dealing with public health emergencies. It issues guidance on who should wear PPE, jointly with DSHC and other bodies, and maintains the national pandemic stockpile.²⁷

NHS Supply Chain

NHS Supply Chain manages the sourcing, delivery and supply of healthcare products, services and food for NHS trusts and healthcare organisations across England and Wales. This includes the NHS's supply of PPE.

NHS Supply Chain was set up by the DHSC in response to variation in procurement and operational inefficiency across the NHS.²⁸ The NHS Supply Chain website explains that it aims to “leverage the buying power of the NHS to negotiate the best deals from suppliers and deliver savings of £2.4 billion back into NHS frontline services by the end of the financial year 2022/23”.²⁹

NHS Supply Chain identifies a number of benefits for NHS Trusts and Suppliers including savings being redirected to frontline services and a single route into the national market.³⁰

The NHS Supply Chain website explains that Supply Chain Coordination Limited, formed in 2018, acts as the management function of the NHS Supply Chain:

²⁵ [NHS procurement](#), Institute for Government, 27 Apr 2020

²⁶ The government has announced that a new organisation, the National Institute for Health Protection will bring together PHE, NHS Test and Trace and the Joint Biosecurity Centre under a single leadership team. See: Gov.uk press release, [Government creates new National Institute for Health Protection](#), 18 Aug 2020

²⁷ [NHS procurement](#), Institute for Government, 27 Apr 2020

²⁸ [About us](#), NHS Supply Chain, [accessed 9 Oct 2020]

²⁹ [About us](#), NHS Supply Chain, [accessed 9 Oct 2020]

³⁰ [About us](#), NHS Supply Chain, [accessed 9 Oct 2020]

On 1 April 2018, a new commercially astute management function called Supply Chain Coordination Limited (SCCL) went 'live'. A limited company, wholly owned by the Secretary of State for Health and Social Care, SCCL is part of the NHS family. The management function is responsible for driving commercial objectives, managing the category towers and enabling services whilst overseeing continuous improvement.

Further information about the company is available on an [NHS webpage](#).³¹

PPE Procurement during the Covid-19 pandemic

In May 2020, the DHSC [wrote to](#) chief financial officers and regional directors in the NHS to provide an update on how the DHSC and cross-government colleagues were seeking to distribute supplies, including PPE, throughout the country.³² The letter stated that the UK Government would procure and distribute items nationally, rather than allow individual NHS organisations to compete with each other for supplies.

There had been [some reports](#) that PPE suppliers had been asked to prioritise supply to England over Scotland during the early stages of the Covid-19 pandemic.³³ The Health Secretary subsequently said that this was not the case.³⁴

From 30 June, the DHSC is publishing experimental statistics which show the [latest and the total number of PPE items distributed](#) to health and social care services in England.

Challenging the lawfulness of some of the awards, [Good Law Project](#), initiated [a judicial review](#) against the Department for Health and Social Care regarding PPE procurement in June/ July 2020.

Box 2: PPE Dedicated Supply Channel

A PPE Dedicated Supply Channel was established in response to the pandemic in order to ensure that PPE supplies were maintained. An [FAQs webpage](#) on the PPE Dedicated Supply Channel website explains how the channel would be managed:

This new supply chain channel incorporates teams from NHS Supply Chain's management function, Supply Chain Coordination Ltd (SCCL), Defence Equipment and Supply (DE&S) and the Clipper logistics team.

The ongoing availability of PPE products will be managed by a new Central Procurement Cell team consisting of members of the Cabinet Office, NHS Supply Chain, NHS England and NHS Improvement, and drawing on the expertise of trust procurement colleagues from across the UK.³⁵

The webpage states that "Community Healthcare Providers" would be invited by the DHSC register to join a portal, through which they may place orders for PPE items.

³¹ [About SSCL](#), NHS Supply Chain, Supply Chain Coordination Limited, [accessed 12 Oct 2020]

³² [Letter to trust procurement directors](#), Jonathan Marron & Emily Lawson, DHSC, 1 May 2020,

³³ [Coronavirus: Suppliers 'not asked' to divert PPE to England](#), BBC News, 14 Apr 2020

³⁴ [Coronavirus: Suppliers 'not asked' to divert PPE to England](#), BBC News, 14 Apr 2020

³⁵ [FAQs](#), PPE Dedicated Supply Channel, accessed 12 Oct 2020

[Guidance](#) issued by the DHSC sets out which organisations may use the portal, order PPE, and provides information about how much PPE may be ordered.³⁶

1.4 Private sector contracts and health service capacity

NHS England agreement with private hospitals to provide additional capacity during the pandemic

An agreement between NHS England and the independent sector was announced on 21 March 2020, which was said to have “added” around 8,000 beds, 20,000 clinical staff and nearly 1200 more ventilators to NHS capacity.³⁷ The Government has stated that the NHS is accessing these facilities “at cost”, with those costs judged by an independent auditor. A PQ response on 13 July 2020 noted that the latest collected information showed that over 215,000 patient contacts had taken place under the contract but that “it is not currently possible to estimate the cost to the public purse”.³⁸ The NAO report [Readying the NHS and adult social care in England for COVID-19](#) (10 June 2020) also noted that the total cost of these arrangements with private hospitals is not yet clear.

The Government has also said that additional funding is being provided to the NHS to allow them to continue to use additional hospital capacity from the independent sector until the end of March 2021 (see PQ63335, [Independent Healthcare Providers Network: Contracts](#), 28 July 2020, for example).

Some estimates of current and possible future costs of contracts with the private sector can be found in the following news coverage:

- BBC News, [Coronavirus: NHS England scales back private sector deal](#), 7 August 2020
- Independent, [NHS prepares to spend up to £10 billion on private hospital treatments](#), 17 August 2020

For context, the [DHSC Annual Report and Accounts for 2018-19](#) (the most recent available) shows that in 2018/19 11% of NHS resource expenditure was spent on purchase of healthcare from all non NHS providers (including voluntary sector providers and local authorities). 7.3% of overall NHS resource expenditure in 2018/19 was spent on private sector providers – around £9 billion. Further information on private sector involvement in the NHS is available in section 8 of the Library briefing on [The Structure of the NHS in England](#).

On 4 May 2020, the Financial Times reported that NHS England hired a team of about 60 consultants at KPMG to assist with the setting up of seven temporary Nightingale hospitals.³⁹

³⁶ [PPE portal: how to order COVID-19 personal protective equipment \(PPE\)](#), Gov.uk, last updated 6 Oct 2020

³⁷ NHS England, [NHS strikes major deal to expand hospital capacity to battle coronavirus](#), 21 March 2020

³⁸ PQ 61553, [Hospital Beds: Coronavirus](#), 13 July 2020

³⁹ [Consultants in line of fire over projects to tackle coronavirus](#), Financial Times, 4 May 2020

1.5 Data on contracts

We do not know how much government is spending on coronavirus contracts in total. Some figures are available, often based on published contract awards, but not all contract awards have been published.⁴⁰

Tussell, a data provider that monitors public contracts, has a live tracker of [government Covid-19 related contracts and spending](#) which includes analysis and access to underlying data. According to Tussell, the total value of contracts awarded by the UK government in response to Covid-19 is £12.2 billion as of October 2020. The central government has awarded 89% of the contracts by value.

Areas of spending include:

- **PPE** – in England, “over 1,000” contracts have been awarded, and 3.7 billion items of PPE have been supplied (1.5 billion excluding gloves).⁴¹ By the end of July, £7.25 billion had been spent, out “over £15 billion” approved by the Treasury.⁴²
- **Ventilators** – the UK government spent £569 million on ventilators (including some programme costs, some spending on other oxygen therapy devices, and some spending on ventilator development for ventilators that the government did not buy).⁴³
- **Testing** – UK government contracts include contracts worth £151 million and £133 million to Hologic Ltd and Radox Laboratories for testing and testing supplies / support.⁴⁴
- **Test and trace** – contracts include a £108 million contract to Serco apparently to run a track and trace contact centre.⁴⁵
- **Education spending** – contracts include a £234 million contract to Edenred to provide free school meal vouchers⁴⁶ and a £60 million contract to provide computers to disadvantaged children.⁴⁷
- **Consultancy** – consultancy firms have been awarded at least £100 million in contracts.⁴⁸

⁴⁰ For figures based on published contracts analysed by Tussell, see Mail Online, [PPE providers, the firm behind school meal vouchers and the NHS locum medic bank among big winners making millions as Government pays private firms £6.5 billion during covid crisis](#), 20 August 2020

⁴¹ Number of contracts from PQ [74427](#), answered 5 August
Number of items of PPE is from Department of Health and Social Care, [Experimental statistics – personal protective equipment distributed for use by health and social care services in England: 21 September to 27 September 2020](#), 29 September 2020
- figures give are totals for 25 Feb to 27 Sept 2020, and are for PPE distributed for use by health and social care services in England by the Department of Health and Social Care.

⁴² Spending so far from National Audit Office, [COVID-19 cost tracker](#). The figure contains a combination of spend initially incurred by Supply Chain Coordination Limited and spend incurred by the Department of Health & Social Care.
HM Treasury, [Plan for Jobs](#), 8 July 2020

⁴³ National Audit Office, [Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19](#), Sept 2020

⁴⁴ Contracts Finder, [Provision of goods and services to support the UK COVID-19 Testing Strategy](#), 18 May 2020 and Contracts Finder, Radox Laboratories - [Contract for the Delivery of Covid-19 Testing](#); 18 May 2020

⁴⁵ Contracts Finder, [Serco- Contact Centre DHSC](#), 24 July 2020

⁴⁶ Contracts Finder, [Free School Meal Voucher Scheme](#), 1 May 2020

⁴⁷ Contracts Finder, [Hardware - Education & Pupil Devices](#), 30 April 2020

⁴⁸ Financial Times, [UK spending on coronavirus consultants tops £100m](#), 31 August 2020

2. Press Articles

[£10bn Covid contracts without competitive tender come under scrutiny](#)

The Financial Times, 12 October 2020

[MPs launch legal action against UK government over Covid contracts: The government has failed to account for £3bn spent on private contracts since the start of lockdown, new figures show](#)

Gill Plimmer

The Guardian, 11 October 2020

[The wrong kind of pandemic: Britain was supposed to be the most prepared country in the world. Then an unexpected enemy arrived](#)

Chris Cook

Tortoise, 6 October 2020

[Here's Who Is Actually Running NHS Test And Trace: One expert says the UK was better prepared for a pandemic in the '90s when the NHS ran the labs](#)

Chris York

Huffington Post, 18 September 2020

[Watchdog warns over UK furlough fraud and government contracts: National Audit Office says it will investigate procurement amid concern over level of furlough scheme abuse](#)

Rajeev Syal

The Guardian, 16 September 2020

[Sercos tops UK outsourcers for Covid-19 contracts: Research shows pandemic did not bring a 'bonanza' of work](#)

Gill Pilmmer

Financial Times, 14 September 2020

[Outsourced and undermined: the COVID-19 windfall for private providers: The private sector has been the winner in the Government's response to COVID-19 in England – but why, given the growing and predictable litany of mistakes it has made?](#)

Peter Blackburn

BMA, 8 September 2020

[Concern over 'opaque' Covid-related contracts awarded around world](#)

Rob Davies

Guardian, 1 September 2020

[Big Four Firms Win \\$49.3 Million in U.K. for Pandemic Advice](#)

Bloomberg, 31 August 2020

[Cross-party MPs to sue UK government for details of Covid PPE contracts: Legal letter accuses ministers of breaching transparency rules over non-disclosure of contracts worth over £5bn](#)

Michael Savage

The Observer, 23 August 2020

[UK's record spending on PPE comes under growing scrutiny](#)

Gill Plimmer

Financial Times, 26 July 2020

[Britain's £5.5bn bill for procuring emergency PPE brings scrutiny: Scramble for health workers' protective kit forced search beyond normal suppliers](#)

Tabby Kinder, Jim Pickard and Gill Plimmer

Financial Times, 8 July 2020

[Firms given £1bn of state contracts without tender in Covid-19 crisis: Ministers told not to use coronavirus as 'blank cheque' to evade accountability](#)

Rob Evans, Juliette Garside, Joseph Smith and Pamela Duncan

The Guardian, 15 May 2020

[Government awarded school meal voucher contract without tender](#)

Rob Davies

The Guardian, 7 May 2020

[How poor planning left the UK without enough PPE: Procurement problems and contradictory guidance left frontline staff fearful and suspicious](#)

Peter Foster and Sarah Neville

Financial Times, 1 May 2020

[Coronavirus: UK failed to stockpile crucial PPE](#)

BBC, 28 April 2020

3. Parliamentary material

3.1 Written questions

[Coronavirus: Contact Tracing: Question for Department of Health and Social Care: UIN 81548](#)

Asked by Sir Mark Hendrick

Asked on 28 August 2020

To ask the Secretary of State for Health and Social Care, how many companies tendered for the Covid-19 contact-tracing system contract for England.

Answered by Helen Whately

Answered on 28 September 2020

Guidance on how contracting authorities should respond to COVID-19 was published on 18 March at the following link:

<https://www.gov.uk/government/publications/procurement-policy-note-0120-responding-to-covid-19>

Authorities are allowed to procure goods, services and works with extreme urgency in exceptional circumstances using regulation 32(2)(c) under the Public Contract Regulations 2015. These include a direct award due to extreme urgency or the absence of competition. Under the regulation contracting authorities may enter into contracts without competing or advertising the requirement.

Over 1,000 purchase orders have been raised with suppliers for COVID-19 related work, the majority through a direct award, this includes the contracts for the contact tracing system.

[Protective Clothing: Contracts: Question for Department of Health and Social Care: UIN 82307](#)

Asked by Christine Jardine

Asked on 28 August 2020

To ask the Secretary of State for Health and Social Care, for what reasons Government contracts for the procurement of personal protective equipment (PPE) were awarded to companies with (a) no prior expertise in producing PPE and (b) limited financial capability; and what steps the Government has taken to ensure that it demonstrated appropriate competitive tendering for PPE.

Answered by Jo Churchill

Answered on 21 September 2020

Guidance on how contracting authorities should respond to COVID-19 was published on 18 March at the following link:

<https://www.gov.uk/government/publications/procurement-policy-note-0120-responding-to-covid-19>

Authorities are allowed to procure goods, services and works with extreme urgency in exceptional circumstances using regulation 32(2)(c) under the Public Contract Regulations 2015. These include a direct award due to extreme urgency or the absence of competition. Over 1,000 purchase orders have been raised with suppliers for COVID-19 related work, the majority through a direct award.

The Government issued a public call to action to support the increased requirements of personal protective equipment (PPE). The aim was to reach suppliers who had experience of supplying PPE and also those who had no prior experience but who had access to sources of PPE through their business contacts. To date this has resulted in 15,000 suppliers offering their help and support. All offers were prioritised based on volume, price, clinical acceptability and lead time – this is the time from an offer being accepted by the Department to the supplier delivering those items. Many suppliers with no previous experience of PPE repurposed their production lines and/or their supply routes in order to begin or increase production or the supply of PPE items. These were often established private businesses whose net asset position is only one factor in evaluating their offer.

Coronavirus: Contact Tracing: Question for Department of Health and Social Care: UIN 81524

Asked by Mr David Davis

Answered on 28 August 2020

To ask the Secretary of State for Health and Social Care, what assessment his Department made of the performance of bidders for the covid-19 test and trace contact tracing contract on previous Government contracts.

Answered by Helen Whately

Answered on 16 September 2020

The contracts awarded to Serco and Sitel to provide call handling services for the contact tracing initiative were made using direct awards under Lot 2 of Crown Commercial Service's Contact Centre Services framework which was varied under Public Contract Regulations (PCR) 2015 Regulation 72 to allow for direct awards for COVID-19 related procurements.

Crown Commercial Service undertook a pre-procurement exercise engaging with all suppliers on Lot 2 to understand which could establish the contract centre in the volumes required and the timescales needed. All suppliers on Lot 2 were engaged with, in order to ascertain capabilities to meet the contract output specifications.

Serco and Sitel are approved suppliers on the Crown Commercial Service contact centre framework. They gained their places through fair and open competition via an Official Journal of the European Union

procurement. Value for money and capability were part of the assessment criteria. The Department has put in place arrangements to ensure robust contract management in terms of performance and quality standards in line with relevant guidance.

[Public Sector: Contracts: Question for Department of Health and Social Care: UIN 81561](#)

Asked by Sir Mark Hendrick

Asked on 28 August 2020

To ask the Secretary of State for Health and Social Care, with reference to regulation 32(2)(c) of the Public Contract Regulations 2015, what assessment the Government makes when procuring (a) goods (b) services and (c) works of the ability of successful bidding companies to produce the items ordered.

Answered by Edward Argar

Answered on 14 September 2020

Using regulation 32(2)(c) under the Public Contract Regulations 2015 suppliers will be evaluated by Departmental officials on their financial standing, compliance with minimum product, service and technical specifications and ability to perform the contract. Contracts are awarded by the appropriate Departmental accounting officer in line with Departmental terms and conditions.

Over 1,000 purchase orders have been raised with suppliers for COVID-19 related work under regulation 32(2)(c), the majority through a direct award. Contracts are awarded by the appropriate Departmental accounting officer in line with Departmental terms and conditions which contract management clauses to assess performance and value for money throughout the lifetime of the contract.

[Drugs and Medical Equipment: Procurement: Question for Department of Health and Social Care: UIN HL6499](#)

Baroness Masham of Ilton

Answered on 6 July 2020

To ask Her Majesty's Government what steps they are taking to rebuild UK stockpiles of medicines and other health products used during the COVID-19 pandemic, and which were initially procured as part of their preparations for the end of the transition period for the UK's departure from the EU.

Answered by Lord Bethell

Answered on 7 September 2020

The stockpiles that were used during the initial COVID-19 response were either 'business as usual' stockpiles, stockpiles procured in

preparation for a potential 'no-deal' exit from the European Union, or stockpiles procured specifically for pandemic response.

The Department has been procuring medicines and medical products in preparation for future cases of COVID-19 and as part of its preparations for the end of the transition period.

3.2 Oral questions

Government Contracts: Covid-19

[HC Deb 1 Oct 2020, c 489-90](#)

Government Procurement: Covid-19

[HC Deb 21 Sept 2020, c 614](#)

Small and Medium-sized Enterprises: Public Procurement Contracts

[HL Deb 7 Sept 2020, c 528-31](#)

4. Further reading

[Getting back on track: control of covid-19 outbreaks in the community](#)

Peter Roderick, Alison Macfarlane, Allyson M Pollock

25 June 2020

BMJ

[Stocktaking report on immediate public procurement and infrastructure responses to COVID-19](#)

OECD

24 June 2020

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