National Audit Office

Departmental Overview 2020-21

Department of Health & Social Care

August 2022

This overview summarises the work of the Department of Health & Social Care including what it does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.

We are the UK's independent public spending watchdog

What this guide is about

This guide summarises the key information and insights that can be gained from our examinations of the Department of Health & Social Care (the Department), the NHS, and related bodies in the health sector in England over the two financial years since April 2020. The guide includes:

- how the Department is structured and where it spent its money in 2020-21;
- how the Department manages its money and its people;
- our assessments of the Department's work in response to the COVID-19 pandemic, including the impact on people, procurement and contract management, and the NHS and social care;
- the long-term challenges the Department faces in terms of the healthcare workforce and digital transformation; and
- a look ahead, including the key elements of the Health and Care Act 2022

This report updates our previous overview, *Departmental Overview: Department of Health & Social Care 2019*, published in October 2019.

How we have prepared this guide

The information in this guide draws on the findings and recommendations from our financial audit and value for money programme of work, and from publicly available sources, including the annual report and accounts of the Department and its bodies.

We have cited these sources throughout the guide to enable readers to seek further information if required. Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including the evaluative criteria and the evidence base used.

Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.

Other relevant publications

More information about our work on the health and care sector in England, as well as information about our other recent and upcoming reports can be found on the NAO website.

About the National Audit Office

The National Audit Office (NAO) is the UK's independent public spending watchdog. We scrutinise public spending for Parliament and are independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2021, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £874 million.

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About the Department

The Department of Health & Social Care supports ministers in leading England's health and social care services to help people live more independent, healthier lives for longer. It is responsible for health and adult social care policy in England, while responsibility for health and social care policy for the rest of the UK is devolved to the governments of Scotland, Wales and Northern Ireland.

It is a ministerial department supported by 24 partner organisations. The largest of these, NHS England, oversees the operational management of the NHS in England.
Adult social care is provided through a mixed economy of state, private sector and third sector bodies. It is funded partly by individuals paying for their own care and partly by local authorities. More information on our work on local government is available in our *Departmental Overview of the Department for Levelling Up, Housing & Communities* (November 2021).

The Department of Health & Social Care has three main areas of responsibility.

1. **Overseeing the health and care framework:** the Department is responsible for ensuring that the legislative, financial, administrative and policy frameworks are fit for purpose and work together.

2. **Setting direction**: the Department is responsible for deciding and setting the future direction of health and social care policy in England, and for the UK's international work on health.

3. **Accountability:** the Department oversees the delivery of health and adult social care and the work of its arm's-length bodies. It ensures that they deliver agreed plans and commitments. The Permanent Secretary is ultimately accountable to Parliament for all the funds spent by the Department and its arm's-length bodies. The Department may from time to time intervene in the day-to-day running of the system to resolve complex issues, for example regarding hospital mergers. quality and distinctive output and services.

In its Outcome Delivery Plan for 2021 to 2022 (July 2021) the Department set out five priority outcomes. These are to:

- protect the public's health through the health and social care system's response to COVID-19;
- improve healthcare outcomes by providing high-quality and sustainable care at the right time in the right place and by improving infrastructure and transforming technology;
- improve healthcare outcomes through a well-supported workforce;
- improve, protect and level up the nation's health, including reducing health disparities; and
- improve social care outcomes through an affordable, high-quality and sustainable adult social care system.

How the Department is structured in 2022

The Department of Health & Social Care (the Department)

provides support and administration across the group. Provides advice to ministers. Lead department for pandemic response.

The Department for Levelling Up, Housing & Communities (DLUHC)

provides funding to and has overall oversight of local government.

Specialist national bodies

Clinical, ethical and research bodies

- UK Health Security Agency – Public health and health security, COVID-19 testing and tracing.
- Care Quality Commission – Regulates and inspects health and social care providers.
- National Institute for Health and Care Excellence – Provides national guidance to improve healthcare.
- Medicines and Healthcare products Regulatory Agency – Regulates medicines, medical devices and blood components for transfusion in the UK.
- Human Fertilisation and Embryology Authority – Oversees the use of gametes and embryos in fertility treatment and research.
- NHS Blood and Transplant – Provides a blood and transplantation service to the NHS.

Finance, legal and other specialist bodies

- NHS Resolution – Manages negligence and other claims against the NHS in England.
- NHS Counter Fraud Authority – Identifies and investigates economic crime within the NHS.
- NHS Business Services Authority – Provides central payment and administration services to the NHS.
- NHS Property Service Ltd – Manages the properties held across the NHS.
- Supply Chain Coordination Ltd – Sources and supplies medical products across the NHS.
- Health Education England – Plans, recruits, educates and trains the healthcare workforce.
- NHS Digital – Designs, develops and operates NHS national IT and data services.

Note: Some smaller bodies have been omitted.

NHS England

- Manages the NHS in England.
- Allocates funding to **Integrated Care Boards** and monitors their performance through its regional teams.
- Has enhanced role in directing the NHS system during crises including the pandemic.

Local government

- Provides local public health and community health services (funded by the Department).
- Responsible for ensuring care needs of local population are met. Oversees and funds some adult and children's social care services.
- Participates in new **Integrated Care Partnerships**.

Integrated Care Systems (ICSs)

- 42 ICSs across England are responsible for planning, commissioning, integrating and delivering **front-line health and care services** within their areas.
- Within each system:
  - The **Integrated Care Board (ICB)** is an NHS body.
  - The **Integrated Care Partnership (ICP)** combines NHS, local government and other stakeholders.

Front-line health and care services

NHS trusts

Hospitals, mental health services and ambulance services.

Community health

GPs, dentists, pharmacists and optometrists.

Public health

Childhood immunisations, health visitors, sexual health services, drug and alcohol treatment and other services.

Social care

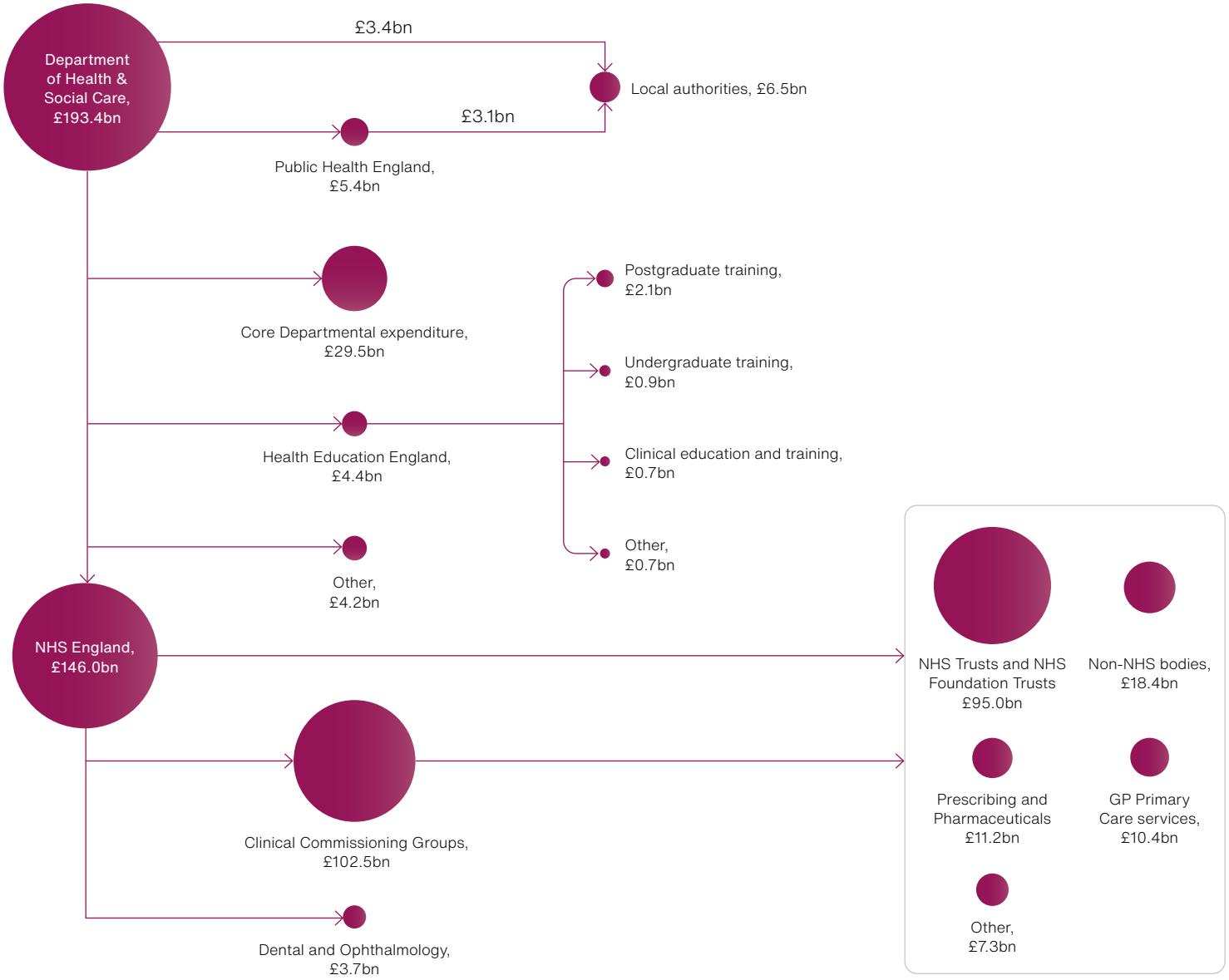
Funded by a mix of local government and private fees, delivered by a range of public, private and third sector provider models.

- Department of Health & Social Care group bodies
- Department for Levelling Up, Housing & Communities
- Health and care services provided by NHS, local government and other bodies

How the Department spent its money in 2020-21

Revenue spending by the Department of Health & Social Care and its bodies, 2020-21.

- During 2020-21, the Department spent £193.4 billion, the vast majority of which was spent through its arm's-length bodies and other parts of the health sector.
- The largest recipient of Departmental funding was NHS England and, through it, NHS providers including hospital trusts. NHS England funded hospital services, primary care and medicine costs both directly and via Clinical Commissioning Groups.
- The Department also passed funding worth £6.5 billion to local authorities, both directly and via Public Health England. This does not include any funding local authorities received through the Better Care Fund, administered by NHS England.
- The resource expenditure shown in this diagram includes the Department's additional expenditure due to the of Health & Social Care pandemic. This is covered in more detail on the next page.
- Not visible in the diagram is the capital spending of the Department and its bodies, which amounted to an additional £12.7 billion during 2020-21, mainly spent on projects such as new equipment and the construction of new hospitals.



Notes

1 Totals do not sum due to rounding.

2 Public Health England was replaced in October 2021 by UK Health Security Agency, and the Office for Health Improvement and Disparities, which is part of the Department.

Source: National Audit Office analysis of the published accounts of the Department and its bodies

Section Two

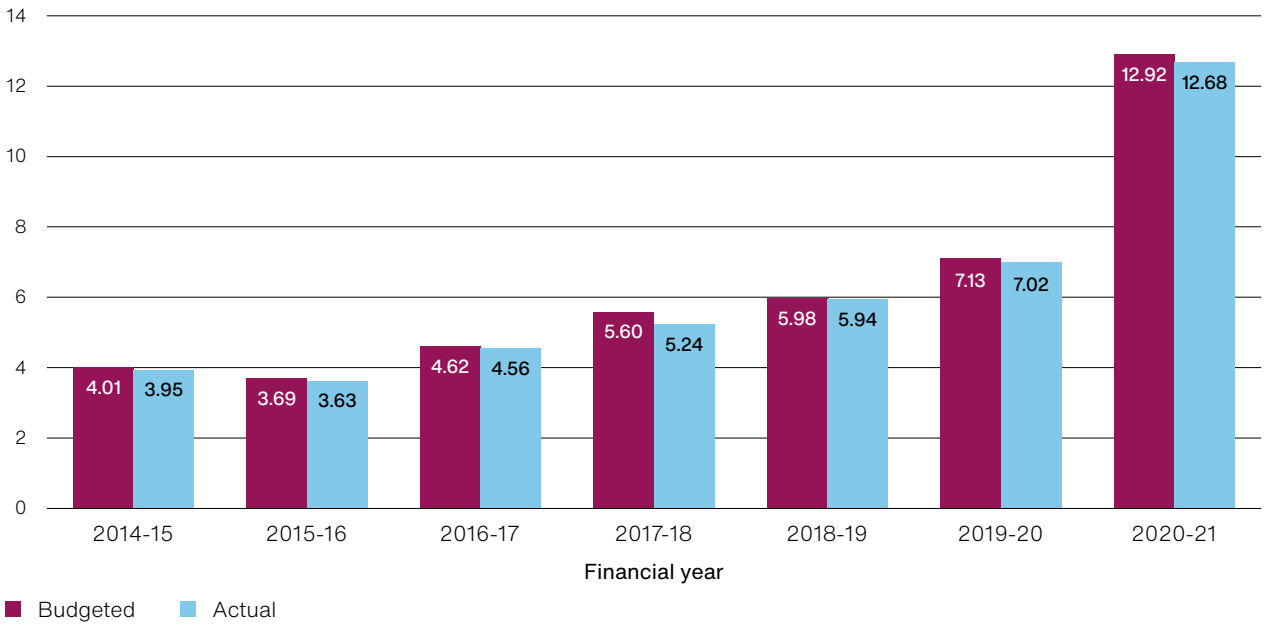
The Department's activities in 2020-21

Financial management

The Department's finances changed very significantly in 2020-21, with a large increase in its budget due to the pandemic and many changes in the pattern of its spending. Previously, the Department had passed the vast majority of its budget through to the NHS. But in 2020-21, it took direct responsibility for new areas of spending – particularly on the purchasing of increased PPE (personal protective equipment), the cost of COVID-19 testing and tracing and, from August 2021, vaccine procurement.

Spending against Capital budget (CDEL) since 2014-15

The Department's capital expenditure rose from £7.02 billion in 2019-20 to £12.68 billion in 2020-21



Source: National Audit Office analysis of Department of Health & Social Care financial statements

Principal new areas of spending in 2020-21 (resource and capital combined)

- The Department allocated £23.1 billion to NHS Test and Trace, of which it spent £13.5 billion.
- The PPE programme was allocated £14.8 billion, with £13.1 billion being spent on the procurement and supply of PPE.
- The NHS's COVID-19 response, including in-patient services, received an allocation of £18.6 billion, of which it spent £16.3 billion.
- There was a further £3.6 billion of spending (against a budget of £6.5 billion) on other COVID-related activities.
- Together these represented 24% of the Department's total spending in 2020-21.
- In addition, the Department received COVID-19 vaccines worth £594 million, which had originally been purchased by the Department for Business, Energy & Industrial Strategy.

Financial management continued

Qualification of accounts

The Comptroller and Auditor General (C&AG) qualified his opinion on the Department's 2020-21 accounts. This means that the C&AG concluded that there was insufficient evidence relating to the Department's inventory, contract provisions and associated transactions. He also qualified his opinion because:

- £1.3 billion of the Department's COVID-19 spending was spent either without the necessary HM Treasury approvals or in breach of conditions set by HM Treasury; and
- due to insufficient evidence to show that the Department's spending, particularly on COVID-19 procurement, was not subject to a material level of fraud.

Financial management challenges

The qualification and associated issues, as well as the ongoing consequences of the pandemic, represent a sizable financial management challenge for the Department. In particular:

- the Department had to establish quickly large commercial teams for the purposes of contract negotiation and management. These newly formed teams faced difficulties at times and now have responsibility for a large number of complex contracts; and
- it now owns and oversees a large inventory of PPE. The The Comptroller and Auditor General's report on the Department's Accounts (pages 190–205) detailed £8.7 billion of impairments (write-downs because of a drop in the fair market value of an asset) to PPE in 2020-21. This included £4.7 billion written down because the PPE was now worth less than the Department had paid for it, and £2.6 billion written down for items unsuitable for use in the NHS but which may find uses elsewhere. In addition, the Department estimated a further £1.2 billion reduction in the value of its PPE inventory in future due to PPE not delivered by 31 March 2021 but which the Department was still committed to purchase.

Staff and pay

The Department's staff in 2020-21

Staff numbers and cost

- According to its most recent annual report and accounts, in 2020-21 the core Department employed on average 5,888 people on a full-time equivalent (FTE) basis.
- This represented a 233% increase in staffing levels since 2019-20, when it employed 1,770 people (FTE).
- Overall, some 1.4 million people (FTE) were employed within the group of bodies the Department oversees. Of these, 95% worked in the NHS, about which detailed staffing data are published on a monthly basis.
- The total cost of staff within the groups of bodies the Department oversees rose by 12%, from £64.5 billion in 2019-20 to £72.3 billion in 2020-21.

Use of contractors

The Department has made increased use of off-payroll, temporary and consultancy staff:

- In 2020-21, the core Department's spending on temporary staff was more than 36 times higher than in 2019-20: £542.0 million compared with £14.8 million.
- Similarly, its spending on consultancy was more than 11 times higher: £171.6 million compared with £15.2 million.
- The Department said in its annual report, "these increases predominantly relate to the establishment of programme activity relating to the Department's COVID-19 response, much of which was stood up at pace and/or was temporary in nature".

The NHS's staff in England in January 2022

- In January 2022, the NHS in England employed 1,370,991 individuals across its hospital and community services, equivalent to 1,220,469 on a FTE basis.
- This represented an 8.1% increase since January 2020, just before the pandemic, when 1,128,525 people (FTE) were employed. The increase since January 2021 was 3.5%, when 1,179,008 people (FTE) were employed.
- Among this workforce 52.9% (645,309 FTE people) were professionally clinically qualified. This included all doctors, qualified nurses and health visitors, midwives, qualified scientific, therapeutic and technical staff, and qualified ambulance staff. The proportion was broadly the same as in January 2021.
- Professionally qualified NHS staff in January 2022 included:
  - 319,806 FTE nurses and health visitors – a 3.8% increase on a year earlier;
  - 128,016 FTE doctors – a 3.4% increase on a year earlier;
  - 157,245 FTE scientific, therapeutic and technical staff – a 3.1% increase on a year earlier;
  - 22,172 FTE midwives – a 1.6% decrease on a year earlier; and
  - 18,068 FTE ambulance staff – a 2.9% increase on a year earlier.
- In most cases the NHS does not directly employ GPs, although they are vital to the service it provides. In December 2021, there were 36,191 (FTE) GPs in England – a 2.8% increase on the number in December 2020.

Civil Service Annual People Survey

The annual Civil Service People Survey looks at civil servants' attitudes to, and experience of, working in government departments. The results of the 2021 survey were published in April 2022.

Theme	Result in 2021 (%)	Result in 2020 (%)	Change (Percentage points)	Civil service median in 2021 (%)
Employee engagement index	65	69	▼ -4	66
My work	80	83	▼ -3	79
Organisational objective and purpose	73	82	▼ -9	85
My manager	75	76	▼ -1	75
My team	88	89	▼ -1	84
Learning and development	54	56	▼ -2	56
Inclusion and fair treatment	83	85	▼ -2	82
Resources and workload	72	72	● 0	75
Pay and benefits	43	47	▼ -4	39
Leadership and managing change	56	62	▼ -6	58
Response rate	72	86	-14	75

Results for the Department include the views of staff in the core Department and Public Health England/the UK Health Security Agency. These results have fallen in all areas since 2020, except for 'Resources and workload' where there was no change.

The Department scored within five percentage points of the Civil Service Benchmark (the median score across all civil service organisations surveyed) in every area except one. On 'Organisational objective and purpose' the Department scored 12 percentage points lower than the benchmark.

▲ Increase
▼ Decrease
● No change

Source: Civil Service People Survey: 2021 results, available at: www.gov.uk/government/publications/civil-service-people-survey-2021-results

Section Three

Overview: The Department's response to COVID-19

The Department has been the lead UK government department responsible for responding to the COVID-19 pandemic. It has been at the heart of the government's efforts to reduce the health impact of the disease with responsibilities including:

- implementing legislation including the Coronavirus Act (2020) and subsequent Protection Regulations to seek to limit the spread and manage the impact of COVID-19;
- procuring and distributing PPE, medicines and other pandemic supplies;
- supporting the development of vaccines (alongside the Department for Business, Energy & Industrial Strategy) and overseeing the delivery of the COVID-19 vaccination programme;
- setting up the NHS Test and Trace service to provide mass testing and contact tracing;
- working with others in central government and with local government to support those deemed clinically extremely vulnerable (CEV);
- overseeing the continued provision of routine care, insofar as this proved possible, by NHS and social care providers; and
- reforming the national arrangements for public health by abolishing Public Health England, creating the UK Health Security Agency (UKHSA) and the Office for Health Improvement and Disparities, and merging the NHS Test and Trace service into UKHSA.

The NAO published its first report on the Department's response to the pandemic on 12 June 2020, less than three months after the start of the first national lockdown. Since then, we have produced numerous reports to Parliament, using our statutory powers to provide transparency and assurance about how and how well the Department and its bodies have spent public money in response to the pandemic.

The rest of this overview brings together our findings in three major areas:

- the impact of the Department's COVID-19 response on citizens;
- the impact of the pandemic on health and social care services to date; and
- the Department's procurement, and contract and financial management functions.

We also draw out our observations about digital innovation and data and about the health and care workforce, two areas where the Department faces particular challenges in the immediate future. Finally, we provide an overview of the Health and Care Act 2022, which received Royal Assent on 28 April. Among other provisions, the Act introduces Integrated Care Systems as statutory bodies. These provisions took effect on 1 July 2022.

Overview: COVID-19, key dates and the Department's response

2020	31 Jan	First confirmed cases of COVID-19 in the UK.
	21 Mar	Government issues advice to clinically vulnerable people to shield from COVID-19.
	23 Mar	First lockdown in the UK. People ordered to stay at home.
	25 Mar	Coronavirus Act received Royal Assent and became law.
	17 Apr	Government announces the creation of the Vaccine Taskforce to accelerate and coordinate efforts to research and produce a COVID-19 vaccine and to make sure one is made available to the public as quickly as possible.
	28 May	NHS Test and Trace service launched.
	1 Jun	Phased reopening of schools. Rule of six outdoors announced.
	14 Aug	Announcement of lockdown restrictions easing with opening of some indoor entertainment venues.
	14–22 Sep	Gatherings above six are banned in England. Work from home reinstated.
	14 Oct	Three-tier system of COVID-19 restrictions begins.
	5 Nov	Four-week national lockdown announced.
	8 Dec	First person in the UK receives COVID-19 vaccine after the UK becomes the first country in the world to approve a COVID-19 vaccine and start mass vaccine rollout.
	14 Dec	Government announced the new Alpha variant, first identified in Kent, as a "variant of concern". It was first genome-sequenced in the UK in September 2020.
2021	4 Jan	New national lockdown announced.
	22 Feb	Roadmap out of lockdown announced.
	8 Mar	Primary and secondary school children to return to school.
	29 Mar	Stay at home rule ends. Rule of six for gatherings reintroduced.
	1 Apr	Government withdrew advice to clinically vulnerable people to shield.

Overview: COVID-19, key dates and the Department's response continued

2021	12 Apr	Outdoor hospitality and non-essential retail reopen.
	12 Apr	Government meets its target to offer COVID-19 vaccinations to those aged 50–69, those aged 16–64 with underlying health conditions and their carers. The target date was 15 April.
	7 May	World Health Organization identifies Delta variant as a "global concern".
	19 Jul	"Freedom Day" as all COVID-19 legal restrictions were ended. Government meets its target to offer the vaccine to all adults and administer two doses of the vaccine to two-thirds of adults by 19 July.
	Jul–Sep	Vaccine rollout extended to at risk 12–15 year olds (22 July 2021), all 16 and 17 year olds (5 August), and from September, all 12- to 15-year-olds.
	16 Sep	Rollout of first booster doses starts, initially for higher-risk groups and later extended to all adults, 16- and 17-year-olds and some 12- to 15-year-olds.
	27 Nov	First cases of Omicron variant identified in the UK.
	30 Nov	Vaccine booster programme accelerated, including target to offer all adults a booster by end of January 2022
	14 Dec	UK government moves to 'plan B', including face covering being required in most indoor venues and some events requiring a COVID passport to attend. From 12 December, the vaccine booster programme was further accelerated, with target to offer all adults a booster brought forward to end of December 2021.
	14 Dec	Change to the 10-day isolation period after a positive test: self-isolation for COVID-19 cases reduced from 10 days for all cases to seven days following two negative lateral flow tests.
2022	17 Jan	Change to the 7-day isolation period after a positive test: people in England can now end self-isolation after five full days following two negative lateral flow tests.
	27 Jan	UK government moves to 'plan A', with intention to remove all self-isolation requirements by 24 March at the latest.
	24 Feb	All COVID-19 rules in England removed, with an end to the legal requirement to self-isolate after a positive test. Government enacts its plans for "living with COVID".
	21 Mar	Rollout of spring boosters begins for selected high-risk groups, including those aged 75 and above, and those who are immunosuppressed.
	1 Apr	End to free universal symptomatic and asymptomatic testing in England.
	4 Apr	NHS starts offering COVID-19 vaccines to 5- to 11-year-olds.

The impact of the Department's COVID-19 response on citizens

Vaccinations

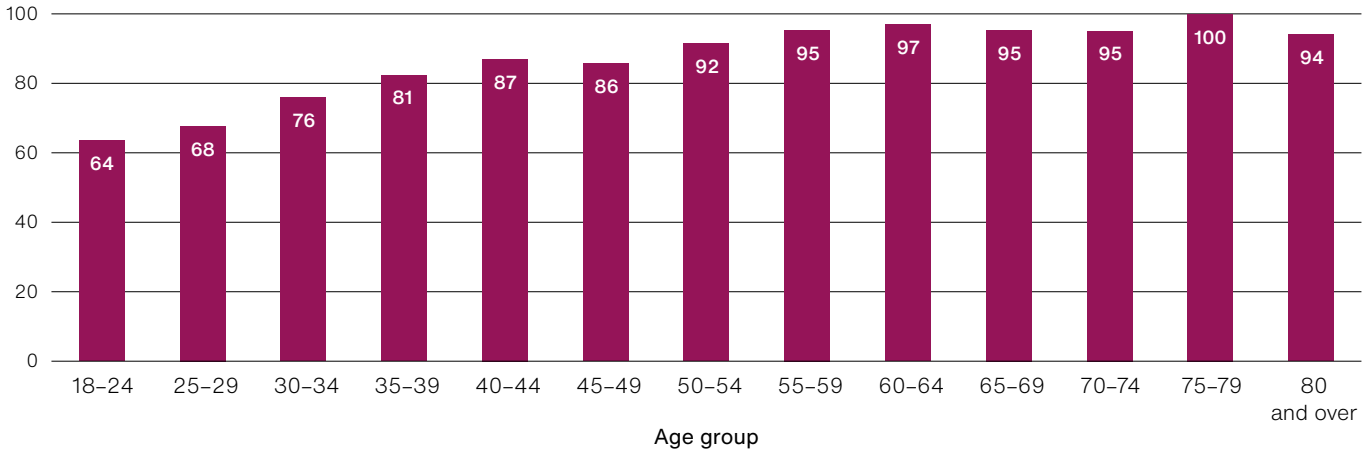
The development of effective COVID-19 vaccines at the end of 2020 marked a new stage for the pandemic. The UK was the first country in the world to approve and roll out a COVID-19 vaccine, with the first dose given in December 2020.

We reported on *The rollout of the COVID-19 vaccination programme in England* in February 2022. We concluded that the vaccine rollout had been value for money up to the end of October. Up to July 2021, the NHS achieved all its major deployment targets to offer vaccines to the population. By October 2021, 85% of eligible adults in England had received two doses of an approved vaccine. This was higher than NHS England's planning assumption that 75% of adults would take two doses. By the end of October 2021, the NHS and its partners had administered a total of 87 million doses in less than a year and the vaccine programme overall had spent £5.6 billion. We also highlighted a number of risks to the continued success of the programme. In particular, despite efforts to address inequalities, the number of adults receiving two doses was comparatively low for younger age groups (see chart below), certain ethnic minority groups and for pregnant women, meaning that people in these groups were at higher risk of serious illness or death from COVID-19 than if they were vaccinated.

Variations in COVID-19 vaccination uptake for adults by age, deprivation and ethnicity in England, as at 31 October 2021

Uptake is lower for younger people, those in more deprived areas and some ethnic groups

COVID-19 vaccination uptake by age group, 31 October 2021



Source: Comptroller and Audit General, *The rollout of the COVID-19 vaccination programme in England*, Session 2021-22, HC 1106, National Audit Office, February 2022, Figure 21

Clinically Extremely Vulnerable citizens

Early in the pandemic, the government identified a category of people who would be Clinically Extremely Vulnerable (CEV) to COVID-19 and who should therefore stay at home to shield themselves. On 9 March 2020, it started to develop a support package for them, which included food and medicine deliveries, basic care, and a contact centre for advice. On 22 March 2020, the government announced the start of shielding. Initially, central government took responsibility for the programme, including the supply of emergency bulk food deliveries, but over time local authorities gained more control. Those devising the programme at first assumed there would be around 1.5 million people but by 7 May 2020 there were 2.2 million people designated as CEV. The support package offered to CEV people had cost £308 million by August 2020.

Our report on *Protecting and supporting the clinically extremely vulnerable during lockdown* (February 2021) found that many people had benefited from the programme and that it had been a "swift government-wide response" to protect those most at risk. However, some local authorities criticised the quality of early emergency bulk food supplies funded by the Department for Environment, Food & Rural Affairs (Defra). Separating the impact of shielding from other factors, such as the impact of general lockdown, is extremely difficult, and the Department of Health & Social Care was unable to say to what extent measures to support shielding had led to fewer deaths or less serious illness among CEV people. Departments involved in the first shielding effort had learned lessons before the second national lockdown in November 2020. The shielding programme was paused on 1 April 2021, and formally closed on 15 September 2021.

The impact of the Department's COVID-19 response on citizens continued

People in receipt of social care

Early in the pandemic many care homes experienced outbreaks of COVID-19 with many residents dying as a result. Our first report on the Department's response to the pandemic, *Readying the NHS and adult social care in England for COVID-19* (June 2020), found that between 9 March and 17 May 2020, around 5,900 (38%) of care homes across England reported an outbreak. We also reported how, between 17 March and 15 April 2020, around 25,000 people were discharged from hospitals into care homes and that it was not known how many of them had COVID-19 at the point of discharge.

Before the pandemic, social care provision was insufficient to meet need and there were many other problems with the system. Our report on *The adult social care market in England* (March 2021) found that the Department lacked a long-term vision for care despite high levels of unpaid care, too many adults with unmet care needs, and forecasts of growing demand. Subsequently, in the second half of 2021, the government announced plans to reform social care over the next few years, and the Department brought forward detailed proposals in a white paper, *People at the Heart of Care: adult social care reform white paper* (December 2021).

Testing and contact tracing

Tests for COVID-19 became available to anyone with symptoms from 18 May 2020, and on 28 May the government launched the NHS Test and Trace Service (NHST&T) to lead the national test and trace system, with its overall aim being to help break chains of COVID-19 transmission and enable people to return to a more normal way of life.

We published audits of the progress of the Test and Trace service in December 2020 and in June 2021. We found that it had quickly built up national testing capacity from a low base and set up a national contact tracing service from scratch. However, people still sometimes struggled to access tests, for example, in September 2020, when school and university terms started. NHS Test and Trace did not initially meet its target of providing people with their test results within 24 hours, although this later improved (see chart on page 16). We also found that NHST&T had done little to decipher whether differences in access to testing existed for vulnerable groups.

It was hard to tell to what extent efforts to get positive cases and their contacts to isolate were working, even though this was central to the success of the service overall. In February 2021, NHST&T published research on its impact on the R number (the number of new infections from each person infected). This estimated that, in October 2020, the combination of testing, tracing and self-isolation resulted in a reduction in the R number of 18%–33%, with most of the reduction accounted for by self-isolation upon onset of symptoms by individuals, that is, before they had engaged with NHST&T. Our review highlighted a number of uncertainties in these estimates, including elements that could overstate the estimated contribution of NHST&T's activities.

In 2020-21, the Test and Trace service spent £13.5 billion. The majority of this, £10.4 billion (77%), was spent on testing, with £1.8 billion (13%) spent on 'contain' activities (for example, supporting local responses to the pandemic) and £0.9 billion (7% of the total) on tracing activities.

The impact of the Department's COVID-19 response on citizens continued

Percentage of Pillar 2 COVID-19 test results received within 24 hours in England, week commencing 28 May 2020 to 29 April 2021

The timeliness of Pillar 2 test results has improved since October 2020, excluding a dip in December 2020

Notes

1 Pillar 2 comprises tests processed by lighthouse and other public, private and academic laboratories primarily for the wider population, including care homes. The metric shown only covers in-person Pillar 2 tests, ie taken at a regional, local or mobile testing site.

2 Polymerase chain reaction (PCR) tests look for the presence of the COVID-19 virus using a swab which is processed in a laboratory. They are predominantly used for symptomatic individuals, regular asymptomatic testing in social care, and to confirm a positive lateral flow device test result. Most results are returned within 24 hours.

Source: National Audit Office analysis of data published by the Department of Health & Social Care

The impact of COVID-19 on health services

Readying the NHS and adult social care for the first COVID-19 peak

In our report *Readying the NHS and adult social care in England for COVID-19* (June 2020), we examined how the NHS and adult social care sector prepared themselves in early 2020 to deal with the rapidly spreading virus. We found that between mid-March and mid-April 2020, the NHS increased bed capacity for COVID-19 patients in NHS trusts in England so that the total number of patients never exceeded the number of available beds. By the end of April 2020, government had allocated £6.6 billion to support the health and social care response to COVID-19 and £3.2 billion to local government to respond to COVID-19 pressures across local services.

The impact of the pandemic on routine NHS services

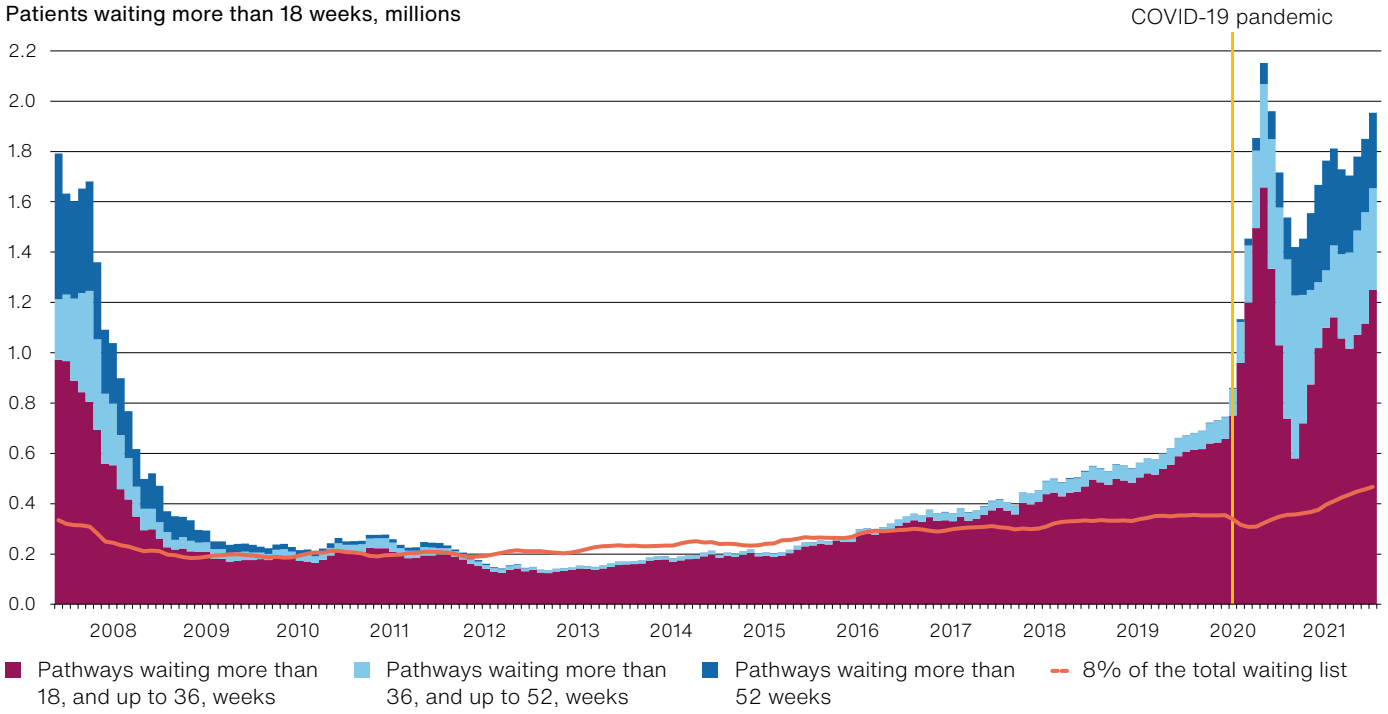
Our first report on *NHS backlogs and waiting times in England* (December 2021) showed how the NHS's performance in elective and cancer care had been deteriorating for a number of years before the pandemic, with service standards increasingly missed. However, our report also demonstrated how the pandemic and the NHS's response to it had created unprecedented additional challenges. The known waiting list for elective care grew by 1.4 million to almost six million patients between February 2020 and September 2021. Within that waiting list an increasing proportion of patients had been waiting for longer than 18 weeks (see graph opposite).

The waiting list grew because NHS staff and facilities were redeployed to treat COVID-19 patients and to be ready to treat COVID-19 patients. It also grew because of enhanced infection control measures which slowed some processes, in turn putting some beds out of use along with staff sickness and absence due to self-isolation.

In addition to the known waiting list, by September 2021, we estimated that there had been between 7.6 million and 9.1 million 'missing' referrals for elective care because of the NHS working differently and citizens avoiding GPs and hospitals. Many of these 'missing' patients will subsequently have to be dealt with as well.

The number of patients waiting more than 18 weeks, August 2007 to September 2021, monthly totals

The statutory requirement for 92% of patients on the waiting list to start treatment (or to be seen by a specialist and leave the waiting list) within 18 weeks was last met in February 2016



Notes

1 The 8% dotted line shows the statutory limit for pathways above 18 weeks.

2 The vertical line for the pandemic is placed at March 2020.

3 Figures for August 2007 – September 2008 based on monthly NHS statistics as initially published and do not reflect very minor subsequent revisions made to these statistics.

Source National Audit Office analysis of NHS England's published referral-to-treatment waiting times statistics

The impact of COVID-19 on health services continued

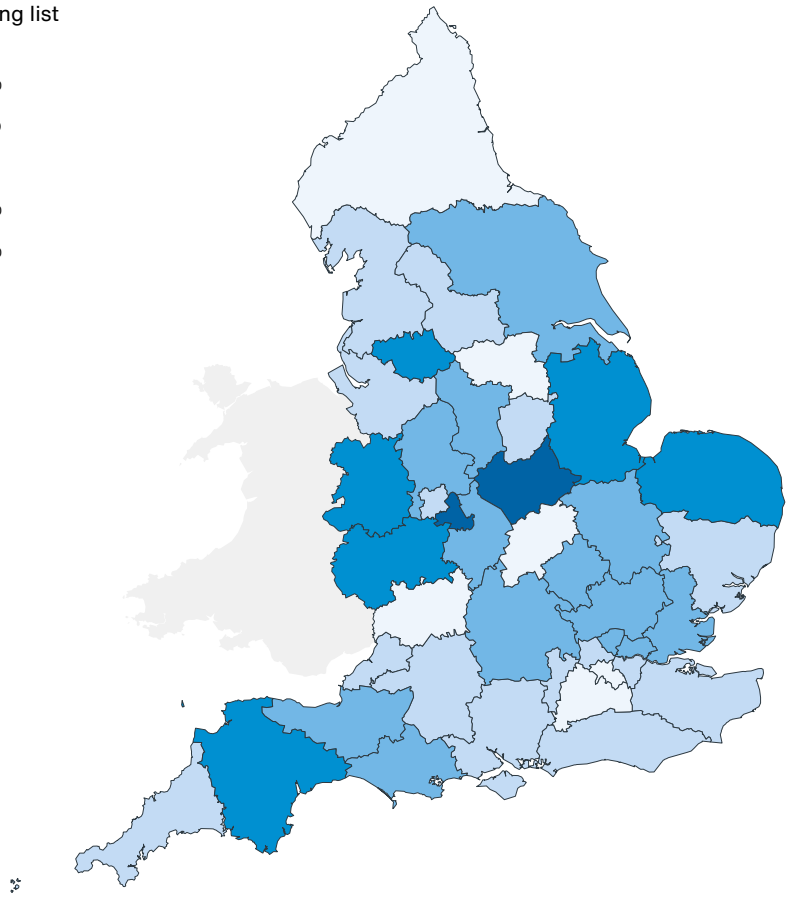
The impact of the pandemic on routine NHS services continued

Our analysis found significant regional variation in how long patients were waiting for elective care (see map opposite). In September 2021, 51% of patients in Birmingham and Solihull were experiencing waits of more than 18 weeks, compared with 21% in South West London.

In February 2022, the NHS published its *Delivery plan for tackling the COVID-19 backlog of elective care*. We intend to publish a second report on backlogs evaluating the Department's and the NHS's recovery plans and whether they are progressing towards their goal of restoring NHS services to the necessary standards.

Percentage of patients on the waiting list waiting for more than 18 weeks, September 2021

Patients in some parts of England are much more likely to experience long waits for elective treatment than patients elsewhere



Notes

1 In broad terms, 'elective care' means any non-emergency treatment under the care of consultants, for instance, hip and knee replacements.

2 Mapping at latest Office for National Statistics health geography levels, 2021.

Source: National Audit Office analysis of NHS England's published waiting times statistics. Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database right 2021

Procurement and contracting

In responding to the COVID-19 pandemic, the Department has directly and through other bodies bought very large quantities of additional goods and services, mostly in a context of great urgency and intense international competition. This has brought both successes and problems.

The overall government approach to procurement during the pandemic

On 18 March 2020, the Cabinet Office issued guidance on the public procurement rules which allow bodies to negotiate with any supplier without undergoing formal competition in emergency circumstances, reducing the time required to make purchases but resulting in greater risks to public money.

The Department's pandemic procurements

We published an *Investigation into government procurement during the COVID-19 pandemic* in November 2020, covering the crucial first few months of the pandemic response. We found that up to the end of July 2020, the Department was responsible for the vast majority of pandemic contracts awarded by value, some 90% of the total, or 7,477 contracts with a value of £16.2 billion out of a total of 8,600 government contracts with a value of £18.0 billion.

As part of our work, we examined a sample of 20 contracts, 12 of which had been entered into by the Department or its arm's-length bodies. We found that:

- there was inadequate documentation in a number of cases relating to how the risks of procuring suppliers without competition had been mitigated;
- some contracts were awarded retrospectively after some work had already been carried out; and
- there was not always a clear audit trail to support key procurement decisions.

We have done more detailed work on a number of specific areas of procurement as follows.

Personal Protective Equipment (PPE)

- COVID-19 had an extraordinary impact on global demand for, and supply of, PPE in 2020: as global demand soared, supply declined due to a fall in exports from China (the country that manufactures the most PPE). The result was a 'seller's market' with customers competing against each other, pushing up prices, and buying huge volumes of PPE, often from new suppliers.
- As part of its efforts to secure additional PPE, the Department established a high-priority lane (known as the VIP lane) in April 2020 to assess and process potential introductions to PPE suppliers and distributors by government officials, ministers' offices, MPs and members of the House of Lords, senior NHS staff and other health professionals.
- By January 2022, the Department had spent £12.6 billion on PPE, against contracts worth £13.1 billion. It had received 31.5 billion items of PPE in the UK, with a further 1.4 billion stored in China and five billion not yet received.
- Some 17.3 billion items had been distributed to the health and social care sectors, but the Department identified some 3.6 billion items – 11% of the PPE received – were not suitable for use by front-line services.
- The Department is incurring significant costs to store PPE. For further information, see *The supply of personal protective equipment (PPE) during the COVID-19 pandemic* (November 2020) and *Investigation into the management of PPE contracts* (March 2022).

Procurement and contracting continued

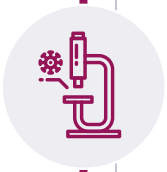
Vaccines

- The government created the Vaccine Taskforce in April 2020 to secure COVID-19 vaccine supplies for the UK. The Taskforce was initially accountable to the Department for Business, Energy & Industrial Strategy (BEIS), but from August 2021 responsibility for its procurement of vaccines transferred to the Department.
- The programme took early action to develop a portfolio of possible vaccines and sign contracts with manufacturers prior to regulatory approval, accepting that it might have to write off some money if vaccines were not approved. This approach paid off, with the UK securing early access to COVID-19 vaccines from December 2020. By the end of October 2021, the government had spent £5.6 billion on the COVID-19 vaccine programme, including £2.9 billion to purchase vaccines. Some 146 million doses had been supplied by the end of October 2021 and the average procurement cost per dose (including VAT) was £15.02.
- We found that the programme's achievements up to October 2021, particularly in the unique circumstances of the pandemic, had provided value for money. However, we also noted that the UK could end up with vaccine surpluses in future with the consequent risk of increased vaccine wastage.
- For further information, see our *Investigation into preparations for potential COVID-19 vaccines* (December 2020) and our report on *The rollout of the COVID-19 vaccination programme in England* (February 2022).

NHS Test and Trace

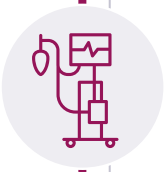
- By mid-May 2020, tests for COVID-19 became available to anyone with symptoms. Later that month, the government launched the NHS Test and Trace Service (NHST&T) to supply tests, record results and carry out contact tracing as a means of breaking chains of virus transmission.
- In 2020-21, NHST&T spent £13.5 billion. Of this, £10.4 billion was spent on testing, including around £3 billion on purchasing lateral flow tests.
- Overall, of the £14 billion of contracts it let in 2020-21, £7.5 billion (53%) were let directly under emergency regulations without competition.
- We found that in its contracts for contact tracing NHST&T struggled to match supply and demand. Utilisation rates for contact tracers were as low as 1% at some points in 2020 but improved after the service introduced more flexibility into contracts. In the period through to the middle of 2021, utilisation peaked at 49% in January 2021 and then averaged 25% between April and May 2021, against a target of 50%.
- For further information, see our interim report on NHS Test and Trace (December 2020) and our progress update (June 2021). (Since we published these reports, the audited financial statements for 2020-21 have become available. In some cases, there are small, non-significant differences between the numbers.)

Procurement and contracting continued



Randox

- We published an *Investigation into government's contracts with Randox* (March 2022).
- Concerns had been raised in Parliament about the transparency and management of contracts the government awarded to Randox Laboratories Ltd.
- The Department and its arm's-length body Public Health England awarded 22 contracts to Randox with a minimum value of £776.9 million between January and December 2020. By October 2021, the total amount paid out to Randox by the Department was £407.4 million.
- However, we found that the Department did not document key decisions adequately, particularly relating to how it moved through procurement stages. It had also not kept full records of a ministerial discussion that involved Randox. The gaps in the audit trail mean that it is not possible to provide positive assurance in the normal way, but we have not seen any evidence that the government's contracts with Randox were awarded improperly.



Ventilators

- In early March 2020, the Department expected that in a reasonable worst-case scenario the NHS might need 90,000 ventilators. It then had around 7,400 at its disposal. From 13 March onwards, the government looked to acquire as many ventilators as it could, as quickly as possible.
- It took a two-pronged approach. The Department sought to buy extra ventilators from established suppliers, while the Cabinet Office set up a ventilator challenge, to encourage UK manufacturers to develop new ventilator models.
- Our report *Investigation into how government increased the number of ventilators available to the NHS in response to COVID-19* found that the Department acquired 1,800 new ventilators before the mid-April 2020 peak of COVID-19 infections.
- The government as a whole was not able to meet the target of acquiring 18,000 mechanical ventilators by the end of April, but it did make progress towards the later target of 30,000 by the end of June.
- In the event, many of the new ventilators were not needed because clinical demand for ventilation was lower than forecast.
- At the time of our report, in September 2020, the Department estimated that it had spent £292 million (excluding VAT) on ventilators (excluding shipping costs and supporting devices). Its audited financial accounts for the whole of 2020-21 show that total spending on ventilators, including shipping costs and supporting devices, was more than £490 million.

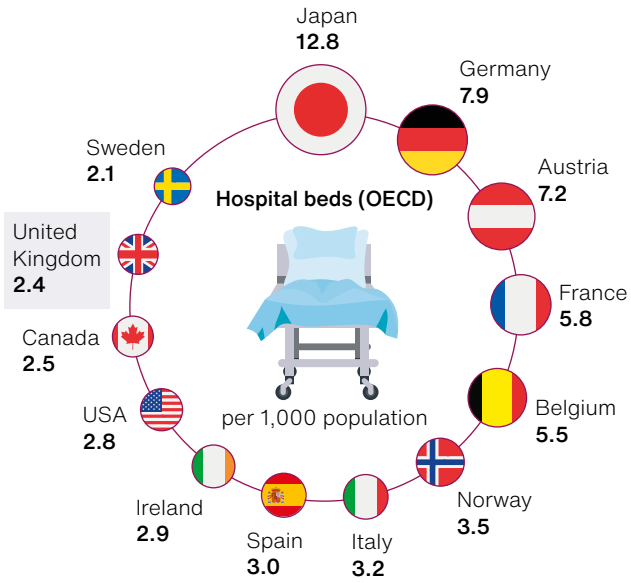
Section Four

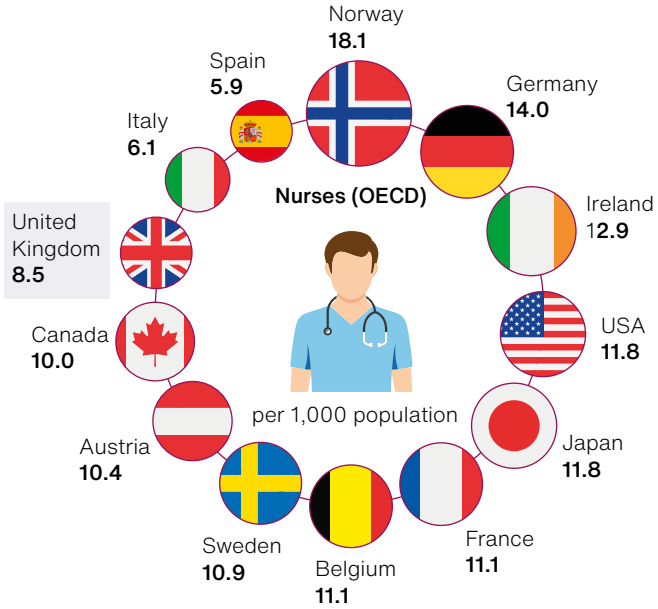
Ongoing challenges

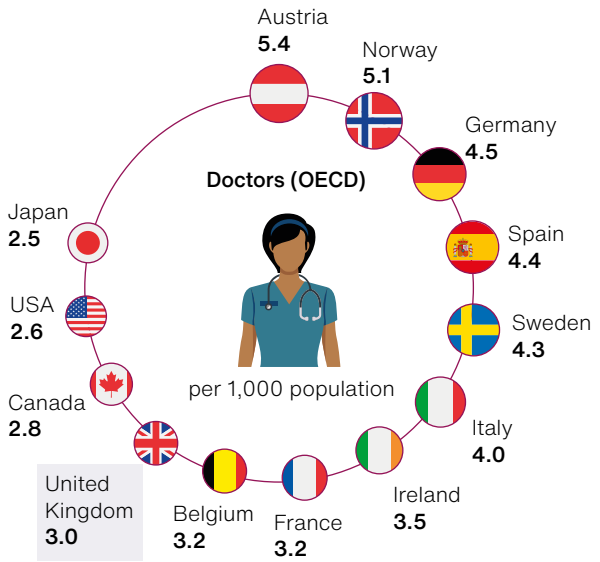
Workforce

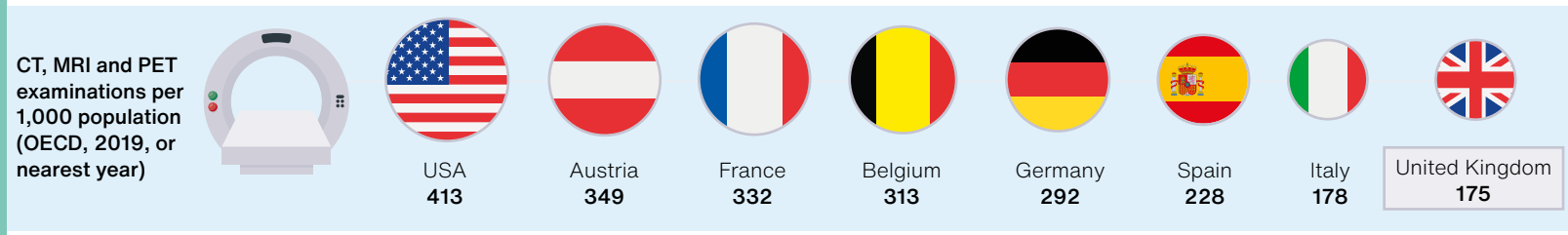
Our report on *NHS backlogs and waiting times in England* (December 2021) showed that the UK had fewer health staff relative to the size of its population than many Organisation for Economic Co-operation and Development (OECD) countries (see figure below). This helps to explain why workforce shortages have become such a key area of concern in the NHS in recent years. *The NHS Long Term Plan* (January 2019) acknowledged that existing staff "were feeling the strain ... partly because over the past decade workforce growth has not kept up with the increasing demands on the NHS". The pandemic has exacerbated this situation by increasing the sense of strain in some parts of the workforce and by creating a large backlog of unmet demand for healthcare workers to deal with.

Healthcare resource indicators per 1,000 population for 13 Organisation for Economic Co-operation and Development (OECD) countries, (2020, or nearest year)









Note: In *Health at a Glance, 2021* the OECD group the advanced diagnostic imaging technologies of computed tomography (CT), magnetic resonance imaging (MRI) and positron emission tomography (PET) examinations. For these imaging technologies, any examinations outside hospital are not included for the UK (likely resulting in an under-estimation).

Source: OECD, *Health at a Glance, 2021*, Figure 5.22

Note: The resources include those in both the public and private healthcare sectors.

Source: National Audit Office analysis of published Organisation for Economic Co-operation and Development statistics available at: http://stats.oecd.org

Workforce continued

The *Delivery plan for tackling the COVID-19 backlog of elective care* (February 2022) commits the NHS to "increasing workforce capacity by identifying and addressing gaps across key staff groups and sectors". However, we know from our past work that there are significant challenges to achieving this.

- **Training** – many healthcare roles require long periods of training, meaning that it takes many years for increases in student numbers to feed through to the front line; additionally, there can be financial and bureaucratic disincentives for potential students.
- **Recruitment** – international recruitment patterns are in flux following the UK's exit from the EU and other changes to immigration policy.
- **Retention** – difficulties and stress from the pandemic and other factors may result in more staff leaving the health and social care sector, while concerns about pay and benefits may increase in a period of higher inflation. In addition, the changing world of work means that more staff are now part-time and workforce planning must take account of this.

Our report on *The NHS nursing workforce* (March 2020) highlighted how workforce challenges and strategies varied by NHS trust and region. For example, there were clear differences in vacancy rates, levels of overseas recruitment and the age profile of the nursing workforce. At the time of the report, the system was awaiting an already-delayed full, costed five-year national workforce plan. This has still not been published more than two years later. In July 2020, the Department published a document setting out some actions it planned to take in 2020-21 while work continued to develop the longer-term approach.

Our report on *The adult social care market in England* (March 2021) found that significant workforce challenges remained. We reported that:

- around 1.5 million people were working in the care sector;
- additionally, there was a significant level of unpaid care, provided by friends and family (the charity Carers UK estimated there were around 7.3 million carers in England, most of whom are unpaid family, friends and neighbours who provide care informally); and
- despite NAO and Committee of Public Accounts recommendations and a Departmental commitment in 2018, the Department had not yet published a new social care workforce strategy to replace the one issued in 2009.

Digitising the NHS

Progress in recent years

NHS services are dependent on people and equipment. Increasingly in recent years the latter of these has included digital systems. Our report on *Digital transformation in the NHS* (May 2020) found that:

- the NHS and other Departmental bodies had ambitious plans for digital transformation but that the NHS's track record in this regard was poor;
- a previous commitment to create a 'paperless' NHS by 2018 had not been met; and
- local NHS organisations faced significant challenges in working towards digital transformation, including outdated IT systems that did not connect to other systems and competing demands for investment.

During the COVID-19 pandemic, the NHS made significant changes to its digital services, some of which may now become permanent. NHS Digital has highlighted the extensive use by the public of the NHS website and NHS app, the implementation of digital services for COVID-19 testing, the collection of new datasets to support the pandemic response, and the value of the Summary Care Record for patients. In addition, there was a substantial increase in the number of virtual consultations (telephone or video) that GPs held with patients, although this increase has not been universally welcomed. Our report on *The rollout of the COVID-19 vaccination programme in England* (February 2022) found that NHS England and NHS Improvement (NHSE&I) and NHS Digital had "created new digital tools to support the vaccine deployment, making effective use of imperfect existing data".

Looking to the future

The Department has acknowledged the need to strengthen governance of digital transformation. The chair of NHS Digital completed a review of governance in November 2021 – *Putting data, digital and tech at the heart of transforming the NHS*. The review recommended a more coherent approach to digital transformation in NHS national bodies. Following this, NHSX, the unit which had led digital transformation for three years, became part of NHS England's Transformation Directorate, and the Department expects to merge NHS Digital into NHS England in 2023.

In June 2022, the Department published *Data saves lives: reshaping health and social care with data*. This paper sets out how the Department intends to "use data to bring benefits to all parts of health and social care – from patients and care users to staff on the frontline and pioneers driving the most cutting-edge research". It includes 105 commitments from the Department to enable it to achieve its objectives, which are to:

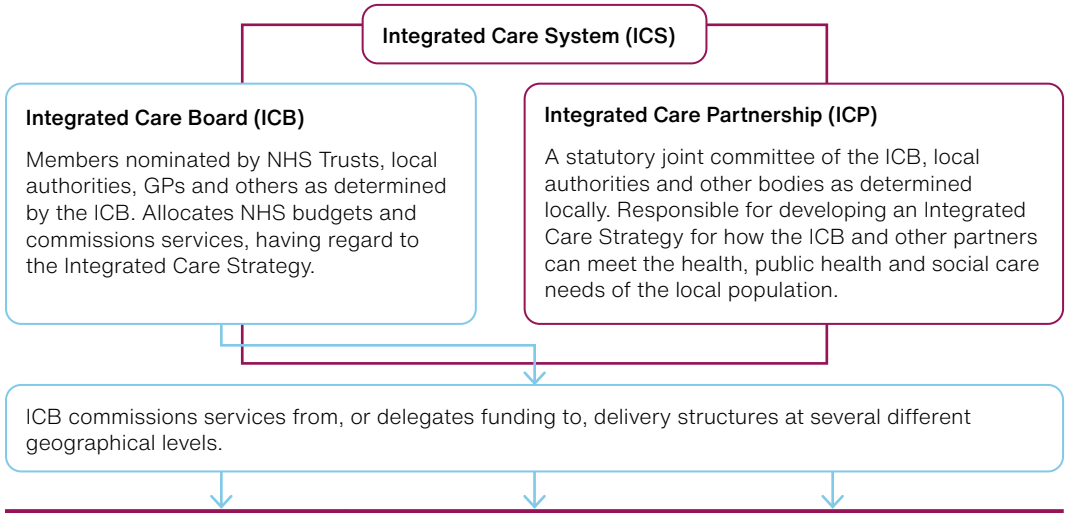
- improve trust in the health and care system's use of data;
- give health and care professionals the information they need to provide the best possible care;
- improve data for adult social care;
- support local and national decision-makers with data;
- empower researchers with the data they need to develop life-changing treatments, diagnostics, models of care and insights;
- work with partners to develop innovations that improve health and care; and
- develop the right technical infrastructure.

The Health and Care Act

On 28 April 2022, the Health and Care Act received Royal Assent. It ushered in some of the biggest changes to the structure of the NHS in England for a decade. The main innovation is the introduction into statute of Integrated Care Boards and Integrated Care Partnerships, two key components of Integrated Care Systems.

Integrated Care Systems (ICSs)

ICSs have been operating on a non-statutory basis for a number of years. The Health and Care Act establishes the new structures on a legislative basis.



Geographical level	Typical delivery structures
System (1 million–2 million people)	Provider Collaboratives (new partnerships operating across ICSs and which may involve voluntary and independent sectors).
Place (250,000 to 500,000 people)	Health and Wellbeing Boards, Place-based Partnerships (multi-agency partnerships involving NHS organisations, local authorities, and voluntary, community and social enterprise organisations).
Neighbourhood (30,000 to 50,000 people)	Primary Care Networks, bringing together general practice and other primary care services, such as general practice, opticians and dentists.

The NAO has work under way looking at the introduction of ICSs.

The Act makes other changes as well

- It establishes the Health Services Safety Investigations Body as a fully independent non-departmental public body that can investigate incidents that have implications for patient safety.
- It includes measures intended to support data-sharing between health and social care and to remove barriers in the hospital discharge process.
- It commits to looking at information-sharing in relation to safeguarding children.
- It introduces a duty on the Care Quality Commission (CQC) to review and assess the performance of local authorities' exercise of their regulated adult social care functions, and introduces powers for the Secretary of State for Health and Social Care to make direct payment to all providers, and to require providers to share data.
- It requires ICBs to set out what they propose to do to address the particular needs of victims of abuse and the particular needs of children and young persons under the age of 25.
- It gives the Secretary of State the power to introduce a licensing regime for non-surgical cosmetic procedures.
- It introduces a mandatory requirement for appropriate specialised training on learning disability and autism for all health and social care staff working in CQC-regulated settings.
- It bans virginity testing and hymenoplasty.

The Health and Care Act continued

Restructuring NHS England

- The Act allows the Department formally to merge a number of bodies into NHS England.
- Operationally, a number of bodies already work together as NHS England and NHS Improvement: the NHS Trusts Development Authority and Monitor came together to form NHS Improvement, which has been working jointly with NHS England since 2018.
- Using the enabling powers in the Health and Care Act, the Department expects to merge NHS Digital and Health Education England into NHS England in 2023.
- The NAO has undertaken lots of work on reorganisations of government bodies, including *Reorganising central government* (2010), a *Short Guide: Reorganising arm's length bodies* (2010) and *A review of the role and costs of clinical commissioning groups* (2018).