

## Treasury and Exchequer



19-21 Broad Street | St Helier  
Jersey | JE2 3RR

Constable Karen Shenton-Stone  
Vice-Chair

Public Accounts Committee  
4<sup>th</sup> March 2022

Dear Vice-Chair

**Public Accounts Committee (PAC) - COVID-19 Response Review.**  
**Treasury and Exchequer (T&E) response to PAC letter dated 16<sup>th</sup> February 2022.**

Further to your letter, referenced above, please find below the responses to the questions raised.

**1. Please could you outline the additional roles and responsibilities undertaken by Commercial Services as a result of the COVID-19 Pandemic?**

Less than five secondments were made from COO, all to the command structure for Covid. All other work was managed within the department through requests from that command structure. COO supported the Covid response by reallocating staff within our departments, for example, to manage commercial work, recruitment and developing IT systems required.

Commercial Services had to reprioritise everything including the TOM implementation, this enabled us to focus resource to: negotiate across the globe; influence jurisdictions internationally restricting barriers to trade and providing access to restricted supplies, whilst also supporting local grant schemes, enabling security for the island of an air-bridge whilst also ensuring critical supplies were delivered for Islanders

**a. How were decisions made within Commercial Services in relation to prioritising work which arose as a result of the pandemic?**

Commercial services set up a response structure, including an online triage system, agreeing priorities for the directorate with the CEO and COO.

**b. What were the lines of accountability during this period and how did they change from usual practice due to the pandemic?**

No changes were made to the delegated authority framework in COO to respond to the Covid pandemic  
COO SLT met daily initially to manage the response, feeding into the emergency response structure in place across the Government.

**c. How were you assigned work by Ministers and other Officers and, as above, was this a change from usual practice?**

Support was requested from Commercial Services from Departments through a centralised inbox. The inbox is an improved service and is still in existence so is now part of our business operations.

**d. How did your team support the healthcare response to COVID-19, including the work of the Department of Health and Community Services?**

Commercial Services acted as a supporting service enabling the HCS project team through provision of support for procurement strategy development. This included supply chain surveillance and key strategic commercial and procurement negotiations.

The team led on the commercial negotiations within a number of strategic forums co-ordinated by the UK Department for Health & Social Care (DHSC) including the Devolved Administrations, Crown Dependencies and Overseas Territories (DACDOT) Forum and the UK NHS Supply Chain Forum. Participation in these forums assured continuity of supply both in terms of the volumes and type of products and consumables required.

**2. How did you determine the procurement needs of the Government of Jersey and key stakeholders during the COVID-19 pandemic?**

This was via the Command Cell Structure outside of Commercial Services – to assure a holistic island response, however in terms of PPE and Covid related consumables, a Pandemic Stock Level was set by the PPE cell. PPE, Commercial and Distribution Cells were established and determine the volume and type of products required, monitor, and procure the required goods and then distribute to key locations, respectively. HCS held responsibility for the PPE and Distribution Cell, Commercial Services the Commercial Cell.

**a. What consultation did you seek from Ministers, the Scientific and Technical Advisory Cell, the Competent Authorities, Health and Community Services and other key stakeholders regarding procurement needs?**

Commercial Services received demand from the emergency response cells, demand had been endorsed by Ministers and the relevant command structures set up.

Operationally, daily consultations were held with the PPE Gold group, which fed into the HCS Gold response team. This focused on key decision and issues required in relation to PPE.

This group was chaired by the Director General for Justice and Home Affairs, who was responsible for the Government's operational Covid Response.

Representatives of Commercial Services sat on the Covid Programme Board, to provide strategic advice and guidance and updates on the sufficiency and availability of supply and other market intelligence.

**b. How did you seek and obtain feedback from key stakeholders (particularly from hospital staff and external healthcare providers, such as care homes) to understand their procurement needs?**

The PPE Cell was established to provide a whole island view of the demand and supply position. It acted as the centralised communication channel between the Government and key stakeholders. A dedicated PPE Cell 'inbox' was created and promoted to provide a direct communication channel for all stakeholders.

**c. How did you ensure seek to ensure that the procurement of necessary products**

**was consistent, timely and certain?**

The PPE Cell and Commercial Cell met daily to ensure consistent oversight of demand and supply requirements. Goods were procured on an ongoing basis against the agreed pandemic levels.

The Commercial Cell used multiple procurement channels to ensure no single point of failure and continuity of supply. Members of the team were assigned key suppliers to manage relationships and ensure clarity of communication and were particularly proactive chasing delivery timescales.

**d. Were you able to maintain a consistent supply for key products throughout the course of the pandemic?**

The various sourcing routes established by Commercial Services provided sustainable levels of goods throughout the Covid response and in to Covid Recovery phase. We remain cognisant of the market and supply chain dynamics and continue to adopt this proactive position.

**e. Were key lessons were learned from this period and, if this, what were they and how are they being integrated into the departmental function?**

The leadership team are constantly learning, adapting, and enhancing our working practices. All our learnings are part of our strategy moving into 2022. The business continuity team are undertaking lessons learned through the business continuity network. We continually improved our approach to the response as the pandemic progressed, implementing lessons learned throughout. Project closure reports may also include lessons learnt with recommendations.

It is key to involve Commercial Services earlier in the process. The pressure put on our resources was significantly impacted due to incorrect assumptions about our delivery capability, and a lack of understanding of the importance of execution within the response process. This has since been picked up working with the CPMO on reviewed PFM processes and with Strategic Finance in respect to the new Business Case template development.

To make requests more efficient and improved auditable trails around the exemption and breaches process, we implemented an online form and have subsequently implemented docu-sign as a further secure electronic signature route to deliver a secure and consistent solution and enhance efficiency by removing manual processes.

Working with HCS and IHE, improvements have been made around the goods receipting of equipment and goods into the stores, ensuring a consistent approach.

In addition, we have implemented new contractual framework agreements which include both on and off island suppliers to mitigate potential surges in demand of critical goods in the future e.g., the PPE framework.

**3. Were you required to provide advice to Government of Jersey departments and functions, including Public Health and Public Health Policy regarding procurement needs and concerns, and, if so, what advice did you provide?**

Commercial Services did and continue to provide advice to all Government of Jersey departments.

Where requested, we provide procurement and commercial advice, guidance and support to ensure the integrity, sufficiency, quality and value for money aspects across the departments.

**4. The PAC notes that the Executive Response to the C&AG's Report on Procurement and Supply Chain Management included an accepted recommendation to ensure that exemption and breach documentation and logs were accurate and complete in respect of all departures from the Public Finances Manual with a target date of completion of December 2021. Has this now been completed?**

Yes this has been completed.

**a. If yes, what was the value and volume of the breaches and exemptions?**

<b>January 1st, 2021 - December 31st, 2021</b>	
Number of Exemptions Approved/In Progress	44
Number of Breaches	3
Value of Exemptions Approved/In Progress	£20,458,593
Value of Breaches	£308,000*

\* This excludes a breach in respect of the Revolving Credit Facility

**b. How were you informed in your capacity as Group Director of departures from the Public Finances Manual?**

The Government of Jersey has a defined procedure for any expenditure which is not undertaken in line with the Public Finance Manual. Such expenditure will require formal approval by the Group Commercial Director through a request for an Exemption to procurement procedures or notification of a Breach.

**c. How did you record exceptional expenditure that was not covered by the business plan?**

Exceptional expenditure was supported by the relevant department's Business Case or Procurement Strategy.

**d. Were there key lessons to be drawn and, as above, how have they been integrated?**

Please refer to our response to question 2e.

**5. The UK Government has recently written off £8.7 billion of pandemic PPE. It is reported that £4.7 billion of this resulted from the government paying more for it than it is now worth. Please could you outline whether Jersey is affected by this decision?**

Jersey is not affected by this decision.

**a. How did you ensure that the items procured in response to COVID-19 were high quality and from authentic suppliers?**

Goods were procured to a specification and standard as stated on the purchase orders, these were agreed through consultation with HCS and Public Health and was in accordance with the legislative frameworks and standards set out by the relevant bodies including World Health Organisation (WHO) European Union (EU) and European Economic Commission (EEC). Where goods arrived and did not pass the quality test, they were rejected, repurposed or replaced by the supplier. Early rapid serology tests were procured for specific purposes to support the early surveillance response on the island, this was known and endorsed by Public Health, STAC and the Emergencies Council.

**b. How did you ensure that the Government of Jersey did not pay more than was required?**

With regards to competition and pricing, due diligence was undertaken to ensure VFM, this included use of existing and emerging suppliers, and prioritising negotiation of free issue goods (circa £6M) through the bodies highlighted in our response to Q1d above.

**c. Has consideration been given to the writing off payments for PPE (personal protective equipment) and other resources procured by the Government of Jersey during the COVID-19 Pandemic? If so, please provide details.**

During HCS end of year PPE stock reviews, expired or unsuitable items (masks, gowns, and sanitiser) in quarantine were identified for write off. The write off amounts for 2020 and 2021 were £727,780 and £228,190 respectively which were approved by the appropriate departmental budget holders.

Consideration has been given to future write off requirements and following a pandemic stock strategy review approved in Feb 2022 by the HCS executive, efforts were made to marginalise the stock to a reasonable level to avoid write off where possible.

The future pandemic stock will continue to hold risk of write off as the pandemic subsides and PPE use decreases. The continued holding of a 45-day pandemic stock was directed by Ministers with a supporting HCS business case funding the project until 2025.

**d. Were any items procured by Commercial Services during the COVID-19 Pandemic destroyed due to low quality or for similar reasons?**

No procured items have been destroyed to date. Some free of charge items from the DHSC have been destroyed relating to a safety notice recommending immediate disposal, these were replaced free of charge.

**6. What reviews have you contributed to on assessing the quality of procured items on their receipt and prior to the approval of payment?**

The design and implementation of the PPE Framework was led by Commercial Services. A primary aim was to establish a list of pre-approved suppliers who could satisfy the agreed quality standards prior to orders being placed.

The assessment of goods received is co-ordinated and undertaken by the HCS operational teams under the management of Head of Non-Clinical Services. Items are inspected for visual quality, expiry and quantity on arrival at HCS stores and samples provided to HCS H&S and IPAC teams for confirmation of standard and suitability.

**a. How have you worked to update best practice guidelines?**

The design and launch of the PPE Framework represented the introduction of current best practice guidelines. Its relevance is monitored by both Commercial Services and the Head of Non-Clinical Services HCS.

**b. Have you worked with the Department of Health and Community Services to improve the quality and value of checks to ensure that goods conform to relevant standards?**

The current PPE Framework consists of a number of approved suppliers and was established not only to maintain and sustain sufficiency of supply but to mitigate other identified risks in the global supply chains including quality and cost pressures. Additional quality checks are also conducted by Health and Safety Executive.

**7. Excluding the interim disposal report for the Nightingale Hospital, how have you sought to dispose of equipment and items obtained during the COVID-19 Pandemic that are no longer needed or are now outdated? Agreed decommissioning strategy around redeploy, store donate dispose including sale**

The approval of the HCS 2022 pandemic stock strategy paper by the HCS Executive team permits action to distribute or dispose of unusable items to achieve 'best value' through use, sale, donation or disposal at the earliest opportunity. This recognises that reasonable cost for disposal represents best value when balanced against prolonged storage, handling and maintenance costs. Prior to the approval of the paper the position had been to retain items for pandemic purposes given the uncertainty of new variant spikes and significantly increased positive case numbers.

**a. How is this recorded and reported on?**

The HCS 2022 pandemic stock strategy set out the position in Jan 2022 for approval by the HCS Exec team. HCS maintain an inventory of useable and unusable items in storage. Useable items are called forward for use by HCS depts as required via the HCS Dep Ops manager for stores. All item movement is approved by Head of Non-Clinical Support Services and recorded on the central inventory. Any financial impact is reported to HCS Head of Finance for approval before action. A subsequent pandemic stock review is forecast to take place in Q4 of 2022 for approval in Q1 of 2023.

**b. Please could you provide in confidence a list of the ongoing and completed disposal reviews that Commercial Services have either undertaken or provided assistance with, in relation not resources and items acquired or used during the COVID-19 Pandemic?**

An initial disposal review was conducted during the deconstruction phase of the Nightingale Wing (NGW). Equipment was highlighted for retention to mitigate short-midterm pandemic risks and with a focus on achieving a financial return for any items disposed of.

The 2022 pandemic stock review sought authority to take tangible steps towards the distribution or disposal of all items not identified for use in HCS. This paper was approved in Feb 2022 and steps will be taken to achieve 'best value' through use, sale, donation or disposal at the earliest opportunity. This recognises that reasonable cost for disposal represents best value when balanced against prolonged storage, handling and maintenance costs.

A subsequent pandemic stock review will be undertaken by HCS in Q4 2022 with recommendations forecast for publication and approval Q1 2023.

**8. How did you ensure that Commercial Services was adequately resourced during the pandemic?**

Commercial Services had to reprioritise everything including the TOM implementation, this enabled us to focus resource to: negotiate across the globe; influence jurisdictions internationally restricting barriers to trade and providing access to restricted supplies, whilst also supporting local grant schemes, enabling security for the island of an air-bridge whilst also ensuring critical supplies were delivered for Islanders.

**a. Were additional resources or staff moved to your function? If so, how was this identified and how were they requested?**

Additional support was requested through the HR process set up to support the Government's pandemic response, support was provided in terms of project administration and management which supported the demand processes put into place and reporting. Requests went out through Jersey Finance to the on-island business communities for procurement and / or commercial support but, none was forthcoming, there was also a lack of skills across Government to support on some of these niche requirements, so some interim support was required.

**b. How did you track the movement of resources, including funding and officers?**

None of our resources were redeployed, additional funding was agreed but held within the Covid department budget and was monitored throughout.

**c. How did you monitor budgets and total spend during COVID-19? Was it tracked separately to the rest of the spending within Commercial Services?**

Business as usual budget management was undertaken, monitoring of expenditure was undertaken through the commissioning departments as per business as usual.

**9. How did you monitor the performance of Commercial Services and the quality of its output at this time?**

COO SLT were responsible for monitoring performance of services, the key performance indicators for Commercial Services used to measure success and overall performance were:

- We work very closely with all parties to make sure value for money, benefits and sustainable gains are seen.
- Results within the talent pipeline are clear to see as the team grows and further productivity is seen.

- Constant reviews of our working process take place and we have created a culture of continuous improvement.

**a. Have you conducted an internal review of your function's work and performance during the pandemic?**

Commercial Services is evolving, its original transformation was delayed by a year as a result of Covid, improvements have already been made to our exemptions process as previously mentioned, and we invested in improved financial due diligence resources.

**b. How did you define success?**

Supporting our Ministers and Island in our response to a Global Pandemic, whether that was through basic procurement or more complex commercial agreements being created e.g., keeping the air bridge open for the island when other airlines were pausing their services to the island.

**c. How did you identify lessons learned and how will these be integrated?**

See our response to 2e

**d. How did you ensure that performance was tracked and recorded into working practise?**

Performance was focused on delivery of a quality service to the organisation, all demand was managed and delivered upon, the team worked around the clock, which was supported by flexible working practices to support wellbeing and their work /life balance through a challenging time.

Daily, weekly, and monthly meetings all discuss KPI's, new ways of working and how to draw out efficiencies. More formal meetings are calendar set and are designed to be an open two-way process.

**10. Your function recently moved from the Chief Operating Office to Treasury & Exchequer.**

**How has this impacted on your work during the COVID-19 Pandemic, and the retrospective reviews of your function's performance?**

During Covid the synergies between Commercial Services and the departments within Treasury & Exchequer were very apparent, working together demonstrated the benefits for the teams and the organisation of being part of the same department.

The Group Director of Commercial Services worked very closely with the Treasurer during this time, with close working with the Strategic Finance team in particular.

**Yours Faithfully**

*Maria Benbow*

**Maria Benbow**

**Group Commercial Director**