HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: Government's contracts with Randox Laboratories Ltd, HC 28

Wednesday 18 May 2022

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Watch the meeting

Members present: Dame Meg Hillier (Chair); Mr Louie French; Peter Grant; Nick Smith; James Wild.

Gareth Davies, Comptroller and Auditor General and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury were in attendance.

HOUSE OF COMMONS

Report by the Comptroller and Auditor General

Investigation into the government's contracts with Randox Laboratories Ltd (HC 1018)

Questions 1-132

Witnesses

I: Shona Dunn, Second Permanent Secretary, Department of Health and Social Care; Dame Dr Jenny Harries, Chief Executive, UK Health Security Agency.

Examination of witnesses

Witnesses: Shona Dunn and Dr Harries.

Q1 **Chair:** Welcome to the Public Accounts Committee on Wednesday 18 May 2022. Today, we are looking at the Government's contracts with Randox Laboratories. As we all know, at the beginning of the pandemic, the Government needed quickly to develop a network of fast-track laboratories to process tests. They awarded some of those contracts to Randox. Worryingly, however, there has been a lack of transparency on how some of those contracts were let and managed. For a civil service that prides itself on being the gold standard for administration, the Department has poor record keeping. It was unable to provide documentation about the negotiations that took place to deliver those contracts to Randox, and about whether due diligence was done, in particular on conflicts of interest. Today, we have Shona Dunn, second permanent secretary at the Department of Health and Social Care, and Dame Dr Jenny Harries, the chief executive of the UK Health Security Agency, which absorbed the NHS Test and Trace process that led for Government.

Before we go into the main session, I want to raise something with you Ms Dunn, if I may: we have written to you on issues a number of times, as a result of hearings that we have had, but we have had slow responses. It is I think expected that you respond in a week—we usually give a bit longer, because we are reasonable people—so a month for a response on some issues, or three or four weeks on others, is just too long. May I have your assurance that you will get on top of this and ensure that we get responses, so that our work on behalf of the British taxpayer is not held up?

Shona Dunn: My apologies, Chair. If responses have been taking too long, I absolutely will take that away and make sure that we tighten up our processes.

Q2 **Chair:** Thank you. Turning to Dr Harries, you wrote to me and the Committee about the settlement that your agency reached with Oxford Nanopore Technologies. As you highlight in your letter, which is now published on our website, that is in part a settlement of a long-running commercial dispute: the contract was set up with Oxford Nanopore Technologies for LamPORE-type testing, but when arrangements changed, that was no longer required, so the settlement is for £50 million, rising to £60 million when VAT is included. You explain in the letter that you think that that is a good deal. Will you tell us why you think that spending £50 million of taxpayers' money to receive nothing in return is a good deal?

Dr Harries: Of course I will, Chair, recognising that in sending the letter, I clearly want UKHSA to be a transparent organisation. That is a proactive way of being, so I am happy to answer current or future questions.

The contract that was let was for £106 million. It was at the start of the pandemic. Perhaps I may draw an analogy to vaccine or therapeutics development: at the time, we were looking for all sorts of different opportunities to develop appropriate tests, in the same way as we were with vaccines. So, in that sense, it was entirely appropriate to try new tests.

This particular test—if I may describe it—was a bit like a mini-laboratory on wheels. It had potential for use in some settings such as care homes, independently of labs and so with the potential for more rapid tests. That was the design of the product. As the pandemic went on, of course, different products—as we saw with different vaccines—have come forward and been better for us to use. That is exactly what happened with this. We are now very used to using lateral flow tests, which have taken precedence.

At the start, the contract was for £106 million. Clearly, we ceased the contract when we realised that that type of technology was not going to be appropriate. It was signalled at the start that the NHS might want it, for example, but they used it in very few settings, so it was no longer costeffective to do that. We therefore negotiated the £50 million settlement, which effectively would otherwise have been £84.6 million, when taking into account the commodities and services that had already been delivered. I recognise that it is a very large amount in the public's mind, but it was at a very early stage of the pandemic that the contract was commenced.

Q3 **Chair:** We have obviously come across issues, on many occasions, about the contracting arrangements between the Department and various bodies. Ms Dunn, do you have anything to add from the Department's perspective about how this contract was wide open, with no ability to have a break clause when, or if, technology requirements changed? It was signed off rather optimistically, if I put it politely.

Shona Dunn: I have no doubt, Chair, that as we go through this hearing, we will talk more about the approaches that the Department was taking at the time in terms of its commercial activity, the changes it made during the course of the early stages of the pandemic, and the changes we have made

since. But as Dr Harries say, this is one of those instances where the Department was pursuing a number of different avenues, and some of those did not end up being the avenues that we needed. There will have been opportunities for us to identify that as we went along, and I think this was identified as early as it could have been and acted on appropriately, but I appreciate that, exactly as Dr Harries has said, this is a very substantial sum of money, and the questions around value for money have been high in Dr Harries' mind.

Dr Harries: If I may add to that, I have indicated in the letter—in fact, for the very reasons that you have described—that we have gone back and looked at the lessons learned. That is very near completion, and we will share it with you proactively, as I have said.

Q4 **Chair:** We do appreciate the proactive sharing. It is better to fess up early, because we will come and find it anyway. As a Committee, we would also appreciate having access to any documents behind this. We often do this on a reading-room basis, because not only are there lessons learned, but there is £15 million of taxpayers' money that has just gone, for nothing.

Dr Harries: I am very happy to do that, but I know you will realise that there are lots of commercial sensitivities around these contracts.

Chair: Perhaps we could take that out of the room. We are a Committee that would never leak any private information. We like to do everything we can in public, but where that is not possible, we like to show that we can have oversight on behalf of the tax-paying public. Thank you very much for that, and we will keep an eye out—hopefully, there will not be more contracts with those sorts of settlements. Over to James Wild MP.

Q5 **James Wild:** Dr Harries, thank you for your letter updating us on the use of management consultants within the organisation. It is worth putting on the record that, on 31 January, there were 1,476 management consultants, and you were paying day rates of up to £3,100 per day. What does someone do for £3,100 per day?

Dr Harries: We have very few of those management consultants operating. Our average cost is £1,244, and all those costs—again, I know they will feel very high to many public viewers—are standard contract costs for Government contracts. We are using all the systems in place to ensure that we get the best value for money. I think the most important thing is about whether we are reducing them. As a leader of a new organisation, particularly one that oversees the health security of the nation, I am very keen to ensure that we have a very strong and stable civil service workforce. You will probably have seen from the letter that, if you work it through, we have had only 31.9% of our workforce in substantive civil service positions. I think that gives an indication of some of the problems of trying to safely transfer technologies that have been developed for covid into our standard process.

Since then, we have taken another 71 consultants out. Our civil service component is now going up—it was 58%, and it is up to 61%—but the real trick here is obviously with the living with covid programme. We are rapidly downsizing and taking away a large chunk of those things— appropriately, for the current prevalence levels—and as soon as we land some of the infrastructure that we have developed and want to take forward for health protection, clearly we will be able to take out some of those consultants.

The final thing I want to point out, which is in the letter, is quite confusing in public health terms. I am a medical consultant in public health. That is really important, because some of our workforce, who have worked right through the pandemic, will get mixed up with management consultants and quite rightly feel concerned that their work is not recognised.

Q6 **James Wild:** Absolutely. The letter is clear on that. You have 1,476 management consultants, but in what area would someone be earning £3,100 a day, given the length of time of Test and Trace and how long this organisation has been in existence?

Dr Harries: The focus of this has now changed. As I was saying, the majority are not, because the—

Q7 **James Wild:** No, specifically on that rate of up to £3,100 a day. What area would they be working in?

Dr Harries: These are partners or directors who might be overseeing, for example, transfer of national digital infrastructure. They are particularly in areas of work which are not typical civil service ones: digital, IT technology and trying to move systems across. If I just use a practical example, the vaccination system, we have had real-time vaccination, which has allowed us to reach out to communities and ensure we try to manage infection rates. We now have a digital infrastructure, which we have to transfer over to a longer-term basis. It's exactly those sorts of very significant, quite complex programmes; it's that sort of management—

Q8 **James Wild:** So how much are you spending every month on consultants? There isn't actually a figure on spend within the update letter; it's just numbers of people.

Dr Harries: I am very happy to come back with that detail—

Q9 **James Wild:** Perhaps you could include that in future updates, because it's quite a material fact that you have been spending well over a million pounds a day on consultants.

Dr Harries: Yes, I am very happy to. I just point out that at the peak of this, in February '21, we had 2,586 management consultants, so we are coming down. We did have to ramp up again a little bit for the omicron wave—again, only in response to a national health risk.

Q10 **James Wild:** Okay. Ms Dunn, in July last year, you told the Committee that this was "a really sharp area of focus" and that "we will not take our eye off this ball." In March this year, you told us that there was "a detailed plan". Dr Harries, in July last year, you told us that there was "a very detailed ramp-down plan". So what is the plan? At the end of the plan, how many management consultants will you be using?

Dr Harries: We will have zero, except where we have services which we have no civil service capacity to do. As I say, most of that—if I just focus on digital, that infrastructure is one of the areas where we are reviewing the whole process. It's quite important as well to realise that we have merged three different systems. So, since that time, and now, we are actually more complex than we were a few months ago. But the intention would be to have an absolutely stable civil service workforce. That will be good for my workforce and it will be good for public health as well.

Q11 **James Wild:** Well, you have told us several times that there is a plan, so by when is it the plan to have that actually effected?

Dr Harries: It is, but we are in—

James Wild: By when?

Dr Harries: Well, I am just going through a strategic plan now. Our budget and spending review settlement was completed, on a one-year basis, on 30

March, and we are now just midway through May, so we are working really hard to do that. I am very happy to send that—we do have detailed plans. We did flex a bit during omicron—for, I think, the right public health reasons. And the ambition is to come down to zero.

Q12 **James Wild:** In three months, are there going to be around 1,400 management consultants?

Dr Harries: No.

Q13 **James Wild:** If not, how many are there going to be?

Dr Harries: Absolutely not. At the moment, the living with covid plan means we are having to decommission services as well. For example, we are taking out all the physical test sites, so having a senior consultant across this, with very significant decommissioning costs themselves, in terms of returning them to local authorities, local landowners or whoever it might be, is a temporary but quite significant change process. For those ones, that's why we have probably still got more here than we had. It's the pace of change which is an important factor. But when we get to a stable point—I think I am due to send you a letter at the end of June anyway and, again, I am very happy to continue this and put in the figures that you have said.

Q14 **James Wild:** My constituents certainly would want to see this spend come down rapidly. You have told the Committee several times that you have detailed plans, ramp-down plans. You have said that you want to get to zero. But you can't give the Committee any indication of when that might happen.

Dr Harries: I will be able to very shortly. As I said, we have only just got our budget, and we have both—

Q15 **James Wild:** But when you came to the Committee in March and said that you had a plan to reduce the number, what were you aiming at at that point?

Dr Harries: It was on a slightly extended plan, and in fact what we have done, partly linked to the epidemiology and the fact that vaccines have been so successful, and therapeutics—the living with covid approach has come in sooner. So we are ramping down the covid ones extremely quickly, but also building up a public health organisation. And it is really important that both of those happen. It's quite a complex process. But I understand the point that you are making.

Q16 **James Wild:** This is my final one, Chair, because I don't think we are going to get any figures. Ms Dunn, how are you holding UKHSA to account to actually deliver? You said that you weren't going to take your

eye off the ball. We don't have any plans—any numbers—for what date we are going to have a big reduction in the use of these very expensive management consultants.

Shona Dunn: Mr Wild, as Dr Harries has described, we had a detailed plan from UKHSA and from its predecessor bodies. That detailed plan was shared with Ministers. Ministers signed that plan off. Ministers had regular updates on that plan from Dr Harries and her team. As Dr Harries has described, some of the plans around the trajectory within that plan then changed, partly as a consequence of omicron and partly as a consequence of the living with covid strategy. Those revised plans are the ones that Dr Harries has referred to currently taking through her strategic planning process. All the data that Dr Harries will write to you on, and that she has referred to here, is fully transparent with the Department, and Ministers see that data as they do the data for the Department more broadly. Rest assured, with the formal creation of UKHSA, there is no reduction in visibility of the plan to reduce this significant expense.

James Wild: There is a plan, but it does not have any numbers. I imagine that we will be returning to this at your next appearance.

Q17 **Chair:** It seems so, because when Test and Trace was set up, it never weaned itself off consultancy. You did inherit something—we recognise that—but is part of this because you did not have a budget until the last possible minute? Be honest: were you holding on to some of those consultants because you just could not have a long-term commitment to recruitment?

Dr Harries: My aim is always to make sure we keep the public safe. That is why I am in the job, but because we have so many moving parts, both on the epidemiology and the organisational structure sides, I have to keep a focus. There are some parts of the organisation that still require consultant input.

Q18 **Chair:** We hear that bit, but were you holding on to some consultants because you did not have a final budget and were unable to plan ahead? When you came to see us last, you still hadn't had a budget.

Dr Harries: As you can see, we have been working on a very non-permanent workforce, and it is very difficult to recruit in. Normally, you would wish to remove your consultants—which was in our plan—and recruit in stable workforce, but we could not.

Q19 **Chair:** To be clear, there is an impact of a late budget settlement and a one-year settlement on your ability to reduce consultants. Let's just call a spade a spade: is that right?

Dr Harries: The one-year settlement is that we have a budget, we have a

direction, and that is the strategic approach we are taking. That is less of a problem. I think the late settlement, combined with the uncertainty of the pandemic itself, causes problems, because we have had a large fixedterm workforce to manage covid, including both consultants and contingent labour. When you change that plan at the same time as you are beginning to understand your budget, you cannot recruit in on a permanent basis. Now we are, hence my—I realise it sounds like a plan for a plan, but we do have

a plan. I will be delighted to share it with you, but with our new, stable budget, we are now going through a really important organisational—

Q20 **Chair:** A stable budget for a year, though. You've only got the settlement for a year.

Dr Harries: Yes.

Chair: We will be keeping a close eye on this. Mr Wild has his teeth into it, so you will not get away with it if you wanted to. Peter Grant MP, over to you.

Q21 **Peter Grant:** Ms Dunn, it was very widely reported a few weeks ago that police had executed a number of search warrants of domestic properties in relation to an investigation and possible criminality around the world of PPE contracts. Has your Department been asked to provide any information to the police as part of such an investigation?

Shona Dunn: Mr Grant, I do not think I should comment on an ongoing investigation. As you have rightly pointed out, it was widely reported in the media. That is in train, and I am more than happy to provide any information we can—again on a private basis, Chair—but I do not think I should comment in any more detail on that case in an open hearing.

Peter Grant: Thank you.

Q22 **Chair:** We will certainly be happy to see anything we can in private.

We need to move on to our main session, which is a significant issue: the contracts with Randox. I thank the National Audit Office for their investigation; it is not a value-for-money study, but an investigation into what happened. Overall, there is huge concern about the lack of record-keeping in your Department, which has raised real problems. We are going to get into that in more detail, but I wanted to kick off by asking why the Department paid such a high price for the first contract with Randox: £132 million, with a unit price of £49.60 for nearly 3 million tests. Why was that priced so high at the beginning? Do you want to set that out for us?

Shona Dunn: As was rightly said at the beginning of the hearing, Chair, at that point in time, we were working incredibly quickly in a very uncertain environment to set up a testing infrastructure from scratch. I know Dr Harries will want to say something about that whole stage when we were setting up that testing infrastructure. We were looking at all manner of different approaches, options and ways forward in order to put a testing infrastructure into place.

The proposition negotiated with Randox was an end-to-end proposition that covered not just the provision of tests but logistics and a variety of other aspects. The unit cost as you describe for that contract was for that entire end-to-end process. I know Dr Harries will cover this, but I should say there were no other providers offering that end-to-end service at that point in time. We were able to look at, over the following weeks, some comparators

for some elements of that, and during the process itself we were able to look at the cost of materials, and so on. But fundamentally, the answer to your question is that there was not a comparator.

Q23 **Chair:** But you did unpack that total figure and have some benchmarking against those elements.

Shona Dunn: We were able to clarify some of the underpinning costs. Where we could do comparison we did, but that was very limited at the start.

Dr Harries: The standard approach to benchmarking that we would always recommend for contracting is that there is an equivalent comparator, and you do that like for like. As Ms Dunn said, you cannot do that with this. The context at the time was that we had testing available in the NHS in small quantities and testing, effectively, in research laboratories in universities. When you are looking to scale up to tens of thousands of tests a day, that is an entirely different concept. There was no other real provider around that you could have realistically considered to do this. It was quite difficult to do a comparator.

The points that Ms Dunne makes about that end to end are really critical. In the time just after that, we were looking to amass as much testing capacity as we could. It was not that either you had one provider or another; it was "and, and, and" to build up the capacity for the country. I think there were four contracts taken on just after—small ones, obviously, so there is a difference in size. For three of them the costs were higher, and one was lower.

Q24 **Chair:** And they were measuring the same suite, from end to end.

Dr Harries: They were trying to get the same comparison for component parts—they did not provide all that end to end, but for the component part.

Q25 **Chair:** Did anyone interrogate it? You said you did a bit, Ms Dunn, on the different component parts and what they cost. Did you interrogate and, at any point, try to negotiate a reduction? Had there been any attempt to pack in costs into that end-to-end price?

Shona Dunn: There was a process that was applied to the negotiation of all contracts at that point in time. You have to remember that we were working in extraordinary circumstances; people were doing things at incredible speed, and in order to move this forward as fast as possible, they were focused on making sure that we were getting things over the line. There was a process that was gone through, and part of that process certainly was checking and understanding the cost base and validating the cost for materials. That conversation would have taken place at the time between the people who were negotiating the contract and those in Randox they were discussing that with, so there would have been those conversations at the time, and I believe that was part of the conversation with the NAO when we were going through what happened.

Q26 **Chair:** Let us be clear that the NAO could not find proof that nothing went wrong. That does not mean that nothing did go wrong or was done improperly. As a Department and as the UK Health Security Agency, your job as accounting officers is to make sure that the proper records are available to our national audit body. Ms Dunn, this has been a miserable episode for the Department, has it not?

Shona Dunn: I want to return to the fact of what was being done at the time—

Q27 **Chair:** Let us be clear: we know that there was an urgent need. We get that. We have said that repeatedly since we started looking into all these issues in May and June of 2020. We were right there, early doors. But as I said at the start, the civil service prides itself on being the goldstandard administration. I have been a Minister in the Department, so I know that if you cough it is recorded and kept in a file forever— everything is recorded. But for some reason, even though it was a busy time, but a time when it was more important than ever, with huge sums of money going out without a normal procurement process, the record keeping was not just poor but woeful. You could not find records; there were no records to provide the auditors with, so they cannot make a judgment.

Shona Dunn: We will definitely come on to the things that are not as we would have liked them to be in this case—absolutely correct. My point, in pointing to what was going on at the time, is that the scale and speed of the work involved and the way in which people were having to undertake that work in order to move forward, I think, exactly as you point out, meant that in some cases full documentation was not kept, absolutely; and that minutes of certain meetings were not kept—

Q28 **Chair:** Sorry, it is not that minutes of certain meetings were not kept; they were not taken, were they? You are not suggesting that they were kept and then destroyed, are you? Just be clear in your language there.

Shona Dunn: No, I am not.

Q29 **Chair:** So nobody was in the room to take a note of a meeting, or did you even know whether there was a civil servant in the room?

Shona Dunn: Or a meeting note simply did not get written in the time that people had available, given the speed at which they were operating.

Q30 **Chair:** So you think they might have been taking handwritten notes and not typing them up.

Shona Dunn: It is very difficult at this distance, Chair, in the instances that we have found, to know whether it was simply the case that someone didn't manage to get round to writing a note, or whether no note was taken.

Q31 **Chair:** When the NAO asked you for a list of all the records—we will go into this in more detail—did you even attempt to find out if anyone had handwritten notebooks in a drawer, that they had taken notes in but not

got round to writing up?

Shona Dunn: The NAO did, as part of their investigation, speak to the individuals involved. So the individuals involved with—

Q32 **Chair:** That is what the NAO did. You are the second permanent secretary of the Department. Sometimes it is quite junior civil servants taking these notes; they are busy or are asked to do something else. We can see that there is a human element—I am being generous for a moment. They should still have taken a note, but if they then shoved the notebook in a drawer, or got moved on somewhere else, did you do any checks to see whether there were any handwritten records, even to provide a partial record at a later date?

Shona Dunn: We approached this NAO investigation as we would approach any investigation of this sort. So we engaged with the NAO on the questions that they wanted answered, and then we presented evidence to them that was relevant to the answering of those questions. Notebooks are of course an element of the record and we encourage people to keep those. We would have gone looking for evidence that would have answered the questions that were being asked—

Q33 **Chair:** So on the specifics, are you saying you just don't know, because you weren't there? When the NAO asked for its long list of things that it wanted from you, do you know if you did ask people to go and look at notebooks? The NAO spoke to those people, but did you ask— ***Shona Dunn:*** I know the team searched our corporate systems, Chair.

Chair: Corporate systems—that is different from someone's desk drawer.

Shona Dunn: I know the team searched our corporate systems, and they looked at the formal record that we have available. I don't know—I cannot answer the question, Chair—whether they went and asked specific private secretaries for notebooks. I suspect they would not have done that, but they certainly would have done a thorough search of corporate records and a thorough search of relevant inboxes in order to answer the questions that we were being asked.

Q34 **Chair:** I have a couple of questions before I hand over to Mr Grant, but I just think it might be helpful to bring the Comptroller and Auditor General in on this point about the record keeping and the significance and seriousness of the NAO's findings on this.

Gareth Davies: Obviously, the system is designed to make sure that we can give a positive assurance on the fact that a proper process has been followed in arriving at value-for-money contracts for public services. Even taking into account the circumstances of this one, I think we were surprised at the lack of documentation—even on the very first one, in the first part of the pandemic. Certainly, by the time of the renewal of that contract without competition in October 2020—several months later—there was still very little in the way of normal documentation about price and the negotiations involved in that renewal. That is reflected in our Report on the investigation.

Shona Dunn: I think the Comptroller and Auditor General's point is very well made. It is fully understood. I take, as do other accounting officers, the responsibility to make sure that we have got the best public record possible very, very seriously indeed. I fully acknowledge the fact that there is information here that is not recorded, that we do not have documentation for, nor do we have minutes for, for example, that I absolutely would certainly much rather that we had, and would have expected us to have. I am not saying this simply to repeat myself, but my point about the circumstances at the time—simply the speed—is that it is in some ways not surprising that we are not always able to put together the perfect record. That does not in any way, shape or form take away from the Comptroller and Auditor General's points, and I agree with them.

Q35 **Chair:** It is more important, rather than less, in times of emergency because, ultimately, it is a lot of money—particularly in an emergency.

Dr Harries: I was hoping to add a degree of assurance, in the sense that although we have had a lot of churn in our system—as you will have seen from the earlier data—which means it is quite difficult to follow the individuals back, our current team have tried to trace individuals back to see if they do hold any paper records or other information. Although it wasn't Test and Trace or myself at the time on these contracts, we have tried to follow them through because we are the current holder of them. There has been a high degree and it does reflect an enormous amount of work. One of the lessons learnt on this is that, as the Comptroller and Auditor General said, it is in times of the most difficult contracting circumstances that there is potentially cost-efficiency in doing this.

Q36 **Chair:** A lot of time and, possibly, taxpayer's money would have been saved by doing it better.

Dr Harries: With pandemic preparedness, most people think about whether we have the right treatments for the pandemic, but one of the things we are asking is whether we can recruit people quickly with all the right processes, and can we do contracting quickly with all the right processes.

Q37 **Chair:** We are going to move on to some of that in more detail. When you were delivering these contracts, when did you start looking at how much profit Randox was making out of its contracts? Have you got any comments on that—how much of an open book was it?

Shona Dunn: There was some information available in documents placed in Companies House by Randox—I think the latest documentation there was for the three-month period after the letting of this contract. That information, which was essentially setting out Randox's profitability, did not show a substantial increase in profitability. However, I recognise it was only the three-month period immediately after the letting of the contract.

Q38 **Chair:** So there was no open-book approach to this as you progressed through and more contracts were made?

Shona Dunn: There was certainly not the time or ability to undertake an open-book approach at the outset. There was a lot more investigation of costs undertaken for the October contract. You will know that the costs for the October contract came down substantially.

Q39 **Chair:** They had the benefit in the first contract of setting up the infrastructure that then led to some of their private-sector work.

Shona Dunn: As well as a maturing of the market and an ability to do some more of those cost comparators, as you described earlier—there was a natural progression.

Q40 **Chair:** Previously, when we have looked at other issues with the Department around using the NHS brand, or the Health brand, there is a benefit to businesses that work with you. Was it considered when you were letting the contract that to get in early doors as a company delivering on testing, with private-sector testing coming down the line and needing to be available, would give any company an in-built advantage? That is inevitable, but was that considered when you were pricing the contract?

Dr Harries: I would return to Dr Harries' point that at the time—we were doing this in May—it wasn't the case that we had lots of providers that we were choosing between. We were building a testing infrastructure, and all of the providers that came forward and were eventually part of that infrastructure were needed. It was not the case that there was—

Q41 **Chair:** You re-emphasised that you did not have much choice, and you have got this big contract. At what point was it appropriate for a deputy director of the Department to sign-off this significant contract with the only organisation that could deliver it?

Shona Dunn: That contract was obviously negotiated by the relevant commercial person, who followed a process.

Q42 **Chair:** In the Department?

Shona Dunn: In the Department. They followed a standard process that was being followed at the time for all potential providers. They went through the relevant steps there, from checking functional accreditation of the service and the test, through to consideration of how the supply chain looked and whether the company had the resources in place to deliver the contract—all the normal steps. The issue here, as you have already pointed out, is that we have not been able to provide detailed documentation to the NAO to show that in writing. However, that process was undertaken by commercial colleagues.

Q43 **Chair:** It would have been simpler to have a tick-box form. That would have been a better record than what you have managed to provide.

Shona Dunn: There are many things about that early stage of the pandemic, which is why we have undertaken all of the lessons learnt—

Q44 **Chair:** Let us just move on to Ministers' roles. Where were Ministers in this? As I said, a Minister can hardly move without it being recorded. There is always a private secretary in their wake. Where did Ministers get involved in signing off on this contract? How involved were they?

Shona Dunn: You will know that there was a communication between the commercial official and the Minister, essentially setting out the parameters of what had been negotiated. It is really important to be clear, as we have been on many occasions, that Ministers are not involved in the evaluation of contract options. They are not involved in the procurement process. They are involved effectively in setting out what the Government's policy is—

Chair: Yes, we know all that.

Shona Dunn: It was not unusual for an official to say, effectively, "These are the parameters of what we have negotiated. Does this fit, basically?"

Q45 **Chair:** That is quite close to a Minister signing something off, isn't it? And it is a junior official, not a permanent secretary or the second permanent secretary. It is someone lower down the chain, saying to the Minister, "Is this okay?"

Shona Dunn: I should be clear, Chair, that all contracts at that point—which was before a clearance panel was introduced into the Department in May, to strengthen the clearance procedure—contracts were being assured by my predecessor, the previous second permanent secretary.

Chair: David Williams.

Shona Dunn: That's right. It is certainly not the case that there would have been no sight of the negotiation of this contract beyond the official who was negotiating it. The official negotiating it was a very experienced commercial specialist, who was heavily involved in this and a number of other contracts.

Q46 **Nick Smith:** Can we just be clear about which Minister it was? Was it Lord Bethell?

Shona Dunn: The communication was to Lord Bethell.

Nick Smith: Thanks.

Q47 **Chair:** A lack of record keeping gives no protection, whatever happened. We will never know for sure.

Shona Dunn: Again, Chair, I entirely accept that the lack of documentation is deeply unfortunate in this instance.

Q48 **Chair:** Not just in this instance. It carried on into October 2020 when the next contract was let, didn't it? There was still no good documentation then.

Shona Dunn: Certainly, the processes that we were applying at that point had moved on. It was, of course, October. We were still very much in the intense management of covid at the time. There was a more detailed

process that was gone through. By that time, more safeguards had been put in place.

Q49 **Chair:** But we still need the documentation, and we didn't get that.

Shona Dunn: I entirely take that point.

Q50 **Chair:** Covid was getting to be business as normal by that point. Lots of other organisations were carrying that out. I am going to Peter Grant now.

Q51 **Peter Grant:** Dr Harries, could you describe the expectation of what the testing facilities would be used for? We ended up in a situation where, in my experience, every time I came down here I got pinged by the app saying I had been in close contact with somebody. I had to isolate until I got the result back from a PCR test. Was that the kind of use that was envisaged when the contract was set up?

Dr Harries: The "pingdemic", as it was named, demonstrated how successful the app was, but it became everybody's non-friend rather than friend. It is part of the process and important. The test is a critical component of identifying infectious cases. There has to be an action after that. Somebody has to isolate in order to prevent transmission, and therefore a contact who may be developing infection also has to isolate.

We have moved on. That seems a long way in the past, although it is not that long ago, because we have vaccines and treatments. Most people have been protected, even though we have had new waves of the pandemic. Certainly, at the time, we did not have a testing infrastructure like this all across the UK. We certainly did not have the lateral flows that we have now, which have revolutionised things like keeping workplaces free of transmission, and people being able in many ways to take control of managing themselves.

At that time, the PCR test was new and it was the only way we could identify infectious cases in the first place. We wanted capacity to be able to identify that, and then to feed that information into advice for the public and advice particularly for vaccine development and utilisation. It is part of a pathway of control.

Q52 **Peter Grant:** Listening to that, Ms Dunn, it is obviously of critical importance to have a quick turnaround of the tests. The volume capacity and accuracy are clearly important. The speed of turnaround is important as well. You don't want somebody waiting a month for the result of a test. Why didn't you have any targeted turnaround time or key performance requirements built into the first contract?

Shona Dunn: In the early stages of the contract, between when it came into effect and the end of June, there were a number of performance metrics that were being monitored on a very frequent basis—daily—as well as more detailed weekly calls.

Q53 **Peter Grant:** Was there a contractually required performance standard such as "90% returned with five days" or anything like that? Was that in the contract?

Shona Dunn: There was not a percentage of that type because we were at the beginning of building an infrastructure and understanding what was possible and how companies needed to work in order to deliver that. The approach taken at the time was not on having KPIs in that first contract, right at the beginning. The focus was on building the capacity, understanding how to get it to work most effectively and managing and monitoring the performance on things like turnaround times, rather than going straight for contractual KPIs. Those were, as I think you know, introduced at a later point.

Q54 **Peter Grant:** You mention building capacity. Were you surprised at the amount of help Randox needed from the Government, almost from the beginning of the contract?

Shona Dunn: No, in truth. The contract explicitly written with a contractual opportunity for the provider to ask for assistance on various fronts. Dr Harries might want to talk about this in terms of testing providers in the round. It was not unusual at the time. There was a

genuine shortage on a number of fronts. It was not a surprise that Randox, or indeed any other provider, needed support in those early days to be able to stand up their operations. It was accounted for in the contract.

Dr Harries: It was, and it applied to almost every other lab around the country. Clearly, the Randox contract was the biggest one. It provided the bulk of the capability across the country at the time. It is important to realise that it was the only lab, right at the start, that had a valid test and a set-up that looked as though it could work going forward. For the first three or four months, it is reasonable, although it may not appear that way. Certainly, when you look at it scientifically, it is almost about learning step by step how the whole system is going to work.

Randox turnaround times were quite quick, once the sample was at the lab and they had processed it. The sample turnaround time was set up for public health reasons—for the reasons you've highlighted—because we want somebody who's infectious to know that they're positive quickly, so that they can take action. There are a number of different steps outside Randox's control for doing that. If they don't get the samples at the door, they can't process them in a fast time. Even when there are KPIs, we have to bear in mind that there are subsets beneath that, where potential fault or improvement lies. Increasingly, the KPIs got much more into where that problem was, and then we could jump on it effectively and get very fast turnaround across the whole chain.

Q55 **Peter Grant:** Earlier on, you said that nobody else was offering end-toend service at that time. Where are the two ends? You seem to be suggesting that the Randox process starts when the stuff arrives at the lab. That's not

an end-to-end service. Someone else has got to take the sample and get it to Randox.

Dr Harries: It is quite complex. For example, you will have seen in the Report that some of the Randox tests were processed in other laboratories, while Randox took others. Clearly, there is a transport arrangement. They have logistics suppliers. For example, they were producing their own swabs to go with it, but there was another supplier running alongside. At the end—by the end of March—with the whole testing capacity, we had an integrated system where, if one provider was less able to provide or had a reagent flow issue, we could step that up and keep the system going. It will have varied at different times, but one of the really critical points here is also around data and analytics and the data transfer, to ensure that the individual is also aware of their test results.

Q56 **Peter Grant:** Thank you. Ms Dunn, you mentioned that you looked at the Randox accounts for the 18 months to the end of June 2020, I think. Randox said that their most recent annual accounts have been completed and are being audited, and will be slightly later than usual in being published. Have you asked for confidential sight of those annual accounts?

Shona Dunn: I don't know the answer to that question, Mr Grant. I am happy to find out, but I do not know the answer.

Q57 **Peter Grant:** Thank you. Looking at their accounts for the last number of years, between September 2013 and December 2016, they made a profit of about £51 million. Between December 2016 and June 2020, they made a loss of £31 million. Is it fair to say that Randox could have been in financial difficulty if they hadn't been given that big contract?

Shona Dunn: I am not sure I am in a position to answer that question, Mr Grant. The work that was undertaken—the due diligence process, which I acknowledge was not documented but was described to the NAO—included consideration of, for example, the Dun & Bradstreet report, which would have looked at hazards and risks associated with the financial stability of the company. That was part of this process, as described by the NAO.

Q58 **Peter Grant:** Were you aware at the time that they were in the process of reregistering themselves in the Isle of Man, which may or may not have significantly reduced their liability to UK tax? Were you aware of that before the contract was set?

Shona Dunn: If that was referenced in the Dun & Bradstreet report or was in any of the other due diligence, we would of course have known. I

have not gone through that report from that time to see whether that was an issue that we were aware of.

Q59 **Peter Grant:** Thank you. The October 2020 contract was three times bigger than the original one—over £300 million. Why did you award that without competition?

Shona Dunn: The six months between March and October was an extremely intense period of time. There was an awful lot of work, and the number of people working in the Department on a whole variety of responses to covid had grown dramatically. There simply hadn't been the time in that period to put in place the framework that we subsequently put in place, which came on board in March. The focus in October was on ensuring that the appropriate KPIs were in place, that the appropriate service standards were assured, and that the testing infrastructure we were building was not undermined. Then the work on the framework continued and was delivered in March, as you are aware, Mr Grant.

Q60 **Peter Grant:** Did the Cabinet Office advise you in advance that it should have gone out to competitive tender?

Shona Dunn: As you know from the content of the NAO Report, the Cabinet Office certainly questioned why we had not got to the point of a competitive tender at that point in time. We were clear about why we had not got to the point of being able to do that at that point in time: we simply hadn't had the time to go through that process.

Q61 **Peter Grant:** Did you seek advice or assistance from the Cabinet Office about going out to tender before you made the contract? I know they expressed concerns afterwards, but did you get advice from them beforehand?

Shona Dunn: We were in very detailed contact with the Cabinet Office throughout. Indeed, the commercial effort on covid drew on the expertise of and an awful lot of staff from the Government Commercial Organisation and more widely, so there was a lot of engagement between the Department and the Cabinet Office on this and other contracts.

Q62 **Peter Grant:** Thank you. Finally, I asked one of the senior auditors at the NAO for a timeline of payments to Randox under these contracts, and they said that you hadn't been able to provide that. You were able to give the total contract value, but you weren't able to provide a month-bymonth schedule, for example, of how much Randox were paid during those periods. Is it correct that you don't have that information?

Shona Dunn: I was not aware that that was something the NAO had asked for, so I don't know the answer to the question. If it was asked for, I don't know why it wasn't provided, but I am more than happy to find out.

Q63 **Peter Grant:** Could I ask you to provide it to the Committee if it is there? Certainly, the Committee will want to know why it wasn't available if for some reason it is not there. It is difficult, when you are dealing with those amounts of public money, not to be able to say when it was paid, so I hope you will be able to get that information to us.

Shona Dunn: If that issue was raised and we did not provide information on it, I will make sure we do if we are able to.

Q64 **Nick Smith:** Good afternoon. Page 8, paragraph 13, of the Report says that in March 2020, the accounting officer, Mr Williams, raised value for money

questions over the first Randox contract, worth £133 million. The Department, as we have talked about, has not provided key evidence on decision making, making it hard to assess whether the contract was value for money or not. Do you think the contract provided value, Ms Dunn?

Shona Dunn: Yes, I do, as part of the wider testing effort. I come back to Dr Harries' comments on the testing infrastructure overall, which is important here. We would look at value for money from the perspective of whether we could get the service or product for less money than we were getting it. We have already discussed the question about whether it would have been possible for us to do that and the benchmarks we were able and not able to do at that time. The question about whether Randox, as part of the wider testing infrastructure, provided value for money as part of the covid response is a broader question that Dr Harries might want to comment on.

Dr Harries: I think I would go back to my earlier comments. Value for money often implies a comparator, and at this stage there wasn't really a comparator. The issue is: do we think it is value for money to have a form of test at that point in the start of a new pandemic where we need to identify those people who are the most seriously ill and prevent transmission? For that scale, we did not have other opportunities. Clearly, they were considered because we have built more infrastructure now. We have enabled other laboratories to come on board, but we did all that at the same time. It is much easier to look back in hindsight, but at the time it was really—

Q65 **Nick Smith:** Listen, I have huge respect for the fact that officials are working at speed and it was an emerging situation. We absolutely get that, but there are still issues that need unpicking, please.

Dr Harries, during the first contract, I remember in August 2020 there were safety issues around the Randox tests and 750,000 of them were recalled. Could you please tell me what percentage they were of the overall tests Randox was providing at the time? This failure, I think, undermined the Government's pledge to test everybody in care homes that summer. Can you confirm that?

Dr Harries: These were the swab kits rather than the actual testing. In fact, I think the situation arose because the team at the time were looking to see exactly that—whether we could get the testing system more aligned.

Q66 **Nick Smith:** Did the kit not working mean that tests could not be completed?

Dr Harries: No, the tests could be completed, but they could not use those swabs. In fact, Randox—at its own cost, so no cost to the Department and the taxpayer—recalled and replaced all those swab kits. It continued as we have gone through the contracts to deliver the actual tests. The other area of this is: what was the public health risk? There was a very detailed risk assessment.

The issue, broadly, was that you need to have a statement to use them. When we tried to use them in another lab to see if we could get the system

to work, the other labs flagged that you needed to state, "This was a sterile swab," and it didn't have authorisation from a notified body, which was required. They were tested in detail and there was some microbiological contamination, which, again, we tested in great detail. There was Staphylococcal, Bacillus species and Trichosporon. When you looked at that, and I think it mentions it in the test, there was no public health implication. Nevertheless, Randox removed all those swab kits at its own cost and replaced them. Clearly, there was a bit of an abruption in service where you are trying to, for example, engage care homes. There is a practical issue.

Q67 **Nick Smith:** I understand that point, and thanks for the clarity. My question was: do you think that that failure undermined the Government's pledge to test everybody in care homes that summer?

Dr Harries: At that time we were still building capacity right across the system because the tests completed. There were a number of other tests. There were LAMP tests available in some places. There were other tests coming on board from other providers. I think you probably would have seen a dip in service around that time, but there was not any additional public health risks.

Q68 **Nick Smith:** What do you mean by a dip in service? Tell us a bit more.

Dr Harries: In the sense that if you were sitting in a care home and the swabs had to be replaced, then clearly there is a practical consideration for getting these swabs in and back out again.

Q69 **Nick Smith:** Was there a time consideration? You talked about a dip. What do you mean by that?

Dr Harries: I would have to look at the real detail of the Report and get back to you on that. I am very happy to do that.

Q70 **Nick Smith:** Yes, please. I will tell you why. The *i* newspaper at the time said that there was test and trace chaos and that the Randox issues with lab capacity meant the Government's plans for care homes that summer were delayed. I am just trying to understand the significance of this Randox issue and the 750,000 recall.

Dr Harries: If you will allow me, I will get back to you on this. Obviously, I wasn't in Test and Trace at the time, so although I understand the public health implications and have looked back at the actual issue that arose, I would have to go into a little bit more detail on some of the operational timings. I am happy to report back to you on that.

Q71 **Nick Smith:** The second contract, which was worth £330 million and was awarded in October, went through a lot of hoops, including the new Test and Trace investment board. Getting my head around that this morning took some time, I can tell you that. Given that there should have been at that time—October—red flags over, for instance, Mr Paterson's interests, meetings having taken place for which there were no minutes, and the

earlier testing recall, why did the investment board still plump for Randox, do you think?

Shona Dunn: There are a number of reasons for that. Partly, the Newton report that came out in June, which had looked at the performance of a number of different testing providers, had placed Randox at the top end of performance in terms of its testing provision on a number of different metrics. Randox was already an important part of the infrastructure and had the ability to scale and provide an even more important part of an infrastructure that we were still growing. I think it was true at that point still to say that we needed to utilise all of the testing availability that was coming forward from a variety of providers.

We weren't even, at that point, in a world of picking and choosing. We were in a world of continuing to build capacity in the infrastructure overall. We had both a good indication of performance on the right track, and a clear need, and we had a more robust contract in place at that point in time. As we had gone through the learning process, we had got to the point where we were able to apply some of those KPIs. As the process matured, we had also—we talked about this earlier—brought the cost down.

Q72 **Nick Smith:** My sense, listening to this, is that the Department was between a rock and a hard place. It was still trying to ramp up capacity. Despite Randox's performance from the first contract, it sounds as if it was obliged to take it forward. Just tell me: how many of the 22 overall contracts with Randox companies were awarded without competition?

Shona Dunn: Four of them were awarded as either regulation 32(2)(c) contracts or an extension to regulation 32(2)(c), and then there were a number that were awarded as regulation 72 variations to those. There were four contracts of the 22, effectively, that were in that.

Q73 **Nick Smith:** So 18 without?

Shona Dunn: I will get the numbers for you immediately. There were a number that went through the call-off, and there was one where there was a mini-competition. Nine of the 22 were from the framework period of time where there were, as I say, call-offs or a mini-competition. Three were direct awards under regulation 32(2)(c). One was a regulation 32(2)(c) extension, and nine were regulation 72 extensions.

Q74 **Nick Smith:** So for my constituents watching this from Ebbw Vale in Blaenau Gwent, how many were awarded without competition?

Shona Dunn: All bar nine of them.

Q75 **Nick Smith:** Thanks. I would like to burrow into this issue about transparency and documentation in this farrago. Ms Dunn, can you explain why the Department failed to record in its own transparency releases that Randox had attended four meetings with Ministers?

Shona Dunn: As you say, there were four meetings, two of which were recorded in the transparency returns, where, as the NAO records, the

attendance was not recorded correctly, and there were two that were not recorded at all. That was clearly a straight error. The process of the transparency returns is undertaken in Ministers' private offices. Again—I know I am begging the Committee's indulgence here—we are talking about a point in time where we had moved to shift working. We had three staff in private office for every one we would normally have. People were pretty much working 24/7. I think it was a straight error, Mr Smith.

Q76 **Nick Smith:** Okay. We know you were working at speed, and we applaud you for all of that, but there had been questions about Mr Paterson's lobbying for Randox in national newspapers in 2019. The register of interests showed he was getting £100,000 a year to represent Randox. How mindful was the Department of that, going into these meetings that I have talked about?

Shona Dunn: The Department would have been aware of that, and the information that Mr Paterson was a paid consultant for Randox was included in some of Mr Paterson's own communications to the Department. So the Department was aware of that. The critical point here, from the Department's perspective, is that at no point did that mean that Randox was treated any differently to any other potential provider. The documentation that the NAO will have seen is very clear that the Department is treating all potential providers in an even-handed way and that they will all go through the same process. From the Department's perspective, it will have been aware of that, but it was working on the basis of—

Q77 **Chair:** Just to be clear, and so you are aware, not every communication from Mr Paterson to the Department declared that interest, as the report from the standards board highlighted. Are you sure? Did you have a record somewhere, so that if a meeting was called and he was there, it would flag? Or were you reliant on that immediate correspondence?

Shona Dunn: We would have been reliant on Mr Paterson flagging his interest.

Q78 **Chair:** So where there was a letter or letters that didn't include that, it is possible that a civil servant in the Department might not have been aware of that context, given that, as you say, there was more than one person doing jobs and people working on shifts.

Shona Dunn: I would be surprised if the people engaged in the commercial activity weren't aware of that, to the degree that they were aware of his involvement at all. The key thing is, and it is clear in the documentation, that they would have done nothing to behave differently as a consequence of that, either towards Randox or any other company.

Q79 **Nick Smith:** I am just going to dive a little further into this. Given the contact between Mr Paterson, representing Randox, and the Secretary of State, were conflicts of interest always recorded in your documentation?

Shona Dunn: Conflicts of interest for?

Q80 **Nick Smith:** Given Mr Paterson's interests on behalf of Randox. Were they always recorded?

Shona Dunn: Mr Paterson had an interest, clearly. If your question is whether anybody else had a conflict of interest as a consequence of that, there were no other—

Q81 **Nick Smith:** Were Mr Paterson's conflicts of interest always recorded?

Shona Dunn: Where we have got minutes of meetings, I would have to go through and check whether the minute of each one of those meetings specifically recorded Mr Paterson's interest. Mr Paterson himself noted his interest on a number of occasions.

Q82 **Nick Smith:** Okay. I am going deeper still on this—bear with me. Minutes haven't been made available for all the Randox meetings. Given the gaps in recording, how confident are you, and can you assure us, that the Department did follow its rules on lobbying?

Shona Dunn: I think it is clear from some of the documentation we have seen that the Department was absolutely clear that it would not treat any providers differently as a consequence of any lobbying. I think that is certainly clear to me in the documentation that supports this investigation.

Q83 **Nick Smith:** Okay, thank you. I have just been handed a little note to have a look at my WhatsApp, which I will do shortly, but can I just fire this one off to you? It seems that Lord Bethell was at all the meetings with Randox. I do not want to come over all Wagatha Christie on this, but the NAO tell us that trying to get hold of the messages involving these contacts has been difficult. He said initially his phone was lost, and then it was broken, and then he had given it away. What attempts have been made by the Department to retrieve those messages? I know you tried to look for things internally, and we have talked about looking at email boxes and so on, but what have you tried to do to glean what happened with Lord Bethell's messages and his phone during that time?

Shona Dunn: Lord Bethell has always been clear that he is content for us to search all records that are available, and he has undertaken searches of records where we have asked him to do so, with support. Where it has been possible to get to records—in the majority of cases, that has been possible—we have done that. We have not just looked at inboxes, but at the material that has been provided from other devices.

Q84 **Nick Smith:** Can you tell us a bit more about the attempts that you made and where you have got information from outside the Department? What have you found out about Lord Bethell's communications on his phone at that time?

Shona Dunn: Mr Smith, we have looked at the material that is available to us. We have not had the grounds or the means to undertake something that would go beyond that and into a more granular investigation. Lord Bethell

has been entirely open with us with the information he holds, and we have searched all information that has been available to us.

Q85 **Nick Smith:** How do you now ensure that officials record private emails and messages discussing government business? What have you done to improve your act, given your learning from all of this?

Shona Dunn: That is a very important question, Mr Smith. As you can imagine, we have had a lot of work done to look at how we make sure that all the people working in private offices and in policy teams understand the importance of proper record keeping. We have undertaken a total refresh of our training and induction processes. We have an arrangement now where the principal private secretary does spot checks. We do additional quality assurance.

Through engagement, we have made sure that all individuals within private offices and our staff across the Department are clear about the importance of making sure that they have always got a proper record of any discussions that have substantive Government business as part of them or are relevant to decision making. That is with respect to private office and minuting, and the keeping of the record from the perspective of the Minister's engagement with people.

Across the organisation, we have also been very clear on the requirements for information management and making sure that people understand and are frequently refreshed on what responsibility they have for keeping the record of a particular piece of work. Obviously, that will go beyond the record of ministerial meetings, but those records are an important part of the wider record for a project. We have undertaken a substantial amount of work, Mr Smith, to make sure that people understand their responsibilities in this respect.

Q86 **Nick Smith:** I am glad you have done what sounds like multiple belt-andbraces attempts to provide transparency and improve record keeping for the future. I hear what you say about scouring internal sources of data, but because the usual systems weren't being used at the time, the NAO tells us that some information would have been in the email inbox of the head of Test and Trace at the time. Did the Department search the email system of the then head of Test and Trace?

Shona Dunn: I am conscious that there is a line at the back of the Report to this effect. The answer, with respect to this particular Report, Mr Smith, is: no it did not, but that was the choice of the officials undertaking the work on the Report with respect to the relevance of the material that they had.

Q87 **Nick Smith:** So a Government official decided not to do that?

Shona Dunn: Yes, so the previous head of NHS Test and Trace had given her permission for her inbox to be searched and for relevant information to be shared. The team has subsequently searched that inbox and relevant material and established that there is nothing in that inbox that was relevant

to the NAO Report that was not already delivered through other means, but it was not searched at the time.

Q88 **Nick Smith:** But at the time, the NAO's request was stymied by an official.

Shona Dunn: No, that is not the case. There were two points at which a request was made. There was a request, I think, in mid-February, at a time when we were expecting the Report to be published within a couple of weeks. There was a request to search a number of individual inboxes, and we had a conversation with the NAO about the extent of the material in those inboxes, and the practicality of searching that material in the time we had left ahead of publication of the Report. We didn't proceed because of that practicality.

There was a latter point where the NAO asked us again to search for additional evidence that senior officials knew about the signing of the first contract. At that point, the team didn't search the inbox of the head of Test and Trace, because she wasn't in post at the time. Baroness Harding came into post in May and the contract was, of course, signed at the end of March.

Q89 **Mr French:** Thank you for the information provided. Coming back to the basic contract—the first contract that was awarded to Randox —you highlighted the need to create a market and for the Government to intervene in the first place, because there wasn't competition. We can understand and relate to that. You highlighted the errors that were made with the record keeping, and I think we all accept what you say.

The NAO Report refers to the emergency procurement process not being able to detail basic information within the Department's established systems. You spoke a lot about learning from that and establishing new processes. If an emergency procurement process were to take place— God forbid—next year, how would that work in practice, based on the new system that you developed with civil servants?

Dr Harries: Shall I start? That contract was through the DHSC, and Test and Trace was not even in being. From this process, and with each successive contract, we have seen they have improved. That is partly in terms of KPIs, because of the context in which we work, but obviously there is learning.

The ambition for the organisation is that along with our emergency stepup of services and being able to respond, that response should include how we recruit staff in rapidly and how we do rapid contracts. It is not unforeseeable that you might need to do a regulation 32, but what we are trying to do is to put in place a really strong workforce capability that is fundamentally overseeing that.

For example, we have moved our commercial function. Our commercial team is now recognised as having a good rating. At that time, it would have been contractors coming in and out, almost, so it was not stable. We have added a stable background to that. We have got 73% of civil service staff

who are grade 7 and above now fully accredited to A grade, or working from B up to A.

Those are small component parts of delivering a quality system—both the basic infrastructure that we have in peacetime, if you like, and then the processes as part of our emergency response. They are still under development. We are still in a pandemic; I know everybody doesn't think so, but, with my public health hat on, we are still in a pandemic, and we are working through those arrangements. In the same way, we are working with local authorities, for example, to ensure that we can step things back up again.

Q90 **Mr French:** I just want to come back on that, so that I understand clearly. One of the big frustrations that has come out today is around basic record keeping leaving the whole Government open to accusations of wrongdoing, even if it doesn't exist. What would happen in that situation, based on the lessons learned, if a member of the civil service in your Department did not keep that basic level of record going forward? Would there be disciplinary action? What would happen in practice if that were to take place now?

Dr Harries: I will pick that up, because I think it would fall to us to start with. Clearly, we expect all civil servants to comply with all the elements that Ms Dunn has highlighted, and that is part of the reason for the training—so that they are absolutely embedded. One of the problems here is that we did not have permanent civil servants. Even when we did have civil servants—you will see them recorded as 50% of our staff—they were actually on loan from other Departments, so we were using people who were not familiar. It is about having a system whereby all civil servants who are there understand, so that it is inculcated in individuals coming in under temporary measures.

Also, the simple point—actually, the Chair pointed this out—is that in all emergencies you usually have check procedures to go through, and I think that is an important element in our pandemic response, and indeed in whatever other type of response we have in commercial. With monkey pox, for example, we now have our commercial representatives sitting in the public health emergency response team, and they were not there before.

Q91 **Mr French:** Just to be clear, would disciplinary action be taken if this were to happen again?

Shona Dunn: Mr French, would you mind if I added something, because I think you have a valid point that also relates to the safeguards that we have put in place? Dr Harries' commercial team works very closely with the Department's commercial team. They are working collectively on making sure that the capability is there, but also that the assurance mechanisms are there. They are putting in place a single information management system that will contain all the relevant commercial documentation for any awards of this type. They are putting together a drafting emergency procurement playbook. They are making sure that they have a full

compliance and assurance framework in place. Those safeguards are the most important thing, I think, that we need to put in place.

Of course, once all those safeguards are in place, once all that training is done and once everyone is at the capability you need them to be at, if people do not meet the expected standards, the Department or UKHSA would then deal with that in the usual way, as it would with any performance issue. But I would not be prepared to say that a particular error would result in a particular sanction.

Q92 **Mr French:** I was not asking that. I just think that one of the frustrations for members of the public is that there is not always accountability where it has occurred. I am just trying to establish that that would be the case. Thank you, Chair.

Chair: Back to Mr Nick Smith.

Q93 **Nick Smith:** Dr Harries, how do you explain the fact that £6 billion-worth of the £8 billion-worth of testing contracts were awarded to high-priority or VIP suppliers that were referred by Ministers, MPs or No. 10? What is your explanation for that?

Dr Harries: There is a presentation that suggests there is an association between the two, and I would say that is not the right conclusion to draw. I received emails, as DCMO, from individuals and companies who were answering the call to arms, if you like, and wanted to highlight that they had what they believed would be appropriate testing equipment, or other equipment, to respond to the pandemic. That was very positive—it was like volunteers coming forward in other areas.

The term "VIP" does not necessarily mean that it was a VIP route in for a contract, and it definitely isn't—I would like to be really clear about that. Centralised mailboxes were set up for interested parties, and I would direct people to those if their emails came to my inbox, for example, to ensure that all those offers were considered. It was not just about testing; it was also about producing ventilator masks or finding PPE, for example. They would have gone through a channel that I think has been nominally called VIP in some of the media, but erroneously; this is a mechanism to really be able to flag that the email was there. The actual contracting process, as Ms Dunn has said, is entirely separate from that, so every single contract that went out would have gone through the same technical validation and commercial processes that have been described.

Q94 **Chair:** I think we need to be clear that the term "VIP lane" was not coined by the media.

Dr Harries: There were a number of different ones. There was a central procurement one, but I think it has been used—perhaps I am interpreting that. What I am trying to do is distinguish between the way an alert came in to say, "I am flagging that there may be a potential—

Q95 **Chair:** A very high percentage of those that went through that lane got contracts, just to be clear.

Dr Harries: I accept that, but I don't think there is a causal association between the two, because of the processes that I have just described.

Q96 **Nick Smith:** Dr Harries, how concerned are you that £4.8 billion of this was to high-priority supporters without competition?

Dr Harries: For the reason we have just described, we would not normally want to do non-competitive contracting. It is normally in everybody's best interest—particularly for the taxpayer, but also for the quality of a product that is there for public health purposes—that they all go through a competitive process. The framework agreement that was set up by the start of 2021 indicates that. That was a competitive process, but it still allowed us to draw on all those groups that had come in. Of course, Randox was one of the ones that went through—

Q97 **Nick Smith:** So how concerned are you?

Dr Harries: Well, I would be concerned if I wasn't assured that there was a process in which the contractual technical element—checking—was entirely separate from the flagging. I have seen nothing, and I don't think there is anything in the NAO Report, to suggest that there is any linkage in any way. Certainly, if I saw anything, it would be my responsibility as a senior civil servant to flag that. I haven't seen anything, which coincides with what the NAO Report said.

Q98 **Nick Smith:** A final question from me to Shona Dunn. Matt Hancock told me early last year in the parliamentary Chamber that profiteering had not been a feature of the response to covid. After everything we have gone through today, and after knowing more about Randox, do you still think that is the case?

Shona Dunn: I have certainly not seen anything, from the materials we have been discussing today, to indicate that that would be a feature in this case.

Q99 **Peter Grant:** I want to follow up on the question that Mr Smith was asking earlier about how you deal with potential conflicts of interest. This is working on the basis that it is not enough for civil servants, politicians or anyone else not to be in a conflict of interest; there cannot be a perceived conflict of interest that has not been properly managed. When did your Department first become aware that Matt Hancock had enjoyed a stay at the luxury mansion of the owner of Randox in February 2019?

Shona Dunn: I do not know the answer to that question, Mr Grant. It was certainly not part of the investigation that we are discussing today.

Q100 **Peter Grant:** Is that something that you would expect the Department to have been aware of?

Shona Dunn: Without knowing the detail in a lot more granularity than I do, I cannot tell you whether that should have been taken into account. If you are suggesting that that means that one of the relevant Ministers had a direct conflict of interest, I don't think that—

Q101 **Chair:** There is a very clear code about what you need to declare if you are a Minister, and you would expect, would you not, Ms Dunn—you are a senior civil servant; I do not know if you have been in private office—that the Minister would come back from a visit like that and say, "I met soand-so at this event," or, "I stayed here." I mean, it was routine when I

was a Minister.

Shona Dunn: Those are questions for Mr Hancock to answer.

Q102 **Chair:** Sorry, but you would expect that to be normal practice in a Minister's office. Have you been a private secretary?

Shona Dunn: I have been a private secretary, Chair, and you are completely correct: the expectations with respect to conflicts of interest are clear.

Q103 **Peter Grant:** For the record, my understanding is that Mr Hancock's position is that that part of the visit was a private political event that did not need to be declared, although the day before and the day after he was undertaking official ministerial duties. It was not necessarily a ministerial visit, although there are certainly some who think it should have been declared.

Can we move on to information held by the Electoral Commission that tells us that between 2010 and 2018, Randox donated £140,000 to the Conservative party and a further £20,000 to a referendum campaign supported by the Conservative party? Would your Department have been aware of that when you were dealing with Randox?

Shona Dunn: We would not necessarily have been aware of that, and nor would it necessarily have been relevant to the consideration of conflicts. Obviously, the consideration of conflicts would have been specific to the individuals concerned, and it is very important to repeat and remember the points made in the NAO Report: there is no indication in here of improper involvement of Ministers in the contract or impropriety in the letting of the contract. It is important that that is noted. There is a clear responsibility on the Department to determine whether there are live conflicts of interest associated with those involved in decision making around this. That would not necessarily have been considered part of that consideration.

Q104 **Peter Grant:** In his entry in the register of Members' interests for 2019, Mr Hancock discloses a very large number of donations, including £10,000 from a leading racehorse owner, £10,000 from a firm of racehorse trainers, £15,000 from one of the country's best known auctioneers of racehorses and bloodstock, as well as a number where it is not obvious from the company description what business they are in.

It is clear that Mr Hancock had a very close relationship with senior people in the horse-racing industry. Would you have expected the Department to be aware of that relationship when you were awarding half a billion pounds worth of contracts without competition to a company that sponsored the biggest horse-race almost in the world, the Grand National? Would you have expected that information to have been recorded?

Shona Dunn: The rules on ministerial declarations are clear, and our Ministers at the time will have fulfilled their obligations as they saw it under those rules.

Q105 **Peter Grant:** My concern, though, is that the reason that this is such a critical Report is because a lot of other rules and procedures around the letting of Government contracts were not fully followed because, as you have said, of the urgency at the time. Does it concern you that there are so many pieces of evidence that may well have proven that everything

was above board that cannot be found or do not exist?

Shona Dunn: As I have already said, it is absolutely the case, and certainly would be the case in future, that we should have had a better documented evidence base for the letting of this contract. There is no question about that.

Peter Grant: Thank you.

Q106 **Chair:** We have seen in other areas of covid spending that declarations may have been made properly, but whether someone can find the conflict when they are looking at the relevant decision is important. Are your data management systems good enough that somebody who is involved in letting a contract can very quickly have a clear and transparent view of where Ministers have interests, so that they are both protecting Ministers, the Department and the taxpayer?

Shona Dunn: The data management around the holding of notified potential conflicts is absolutely available.

Q107 **Chair:** Is it good? I have to say that it was not always good in my day, although that is a very long time ago.

Shona Dunn: The information is definitely there and updated as required.

Q108 **Chair:** And easy to find?

Shona Dunn: And would be easy to find in those circumstances, yes.

Chair: So you are confident that it is all fine.

Shona Dunn: I am confident that if someone went looking to determine what potential conflicts a Minister may hold, that information is absolutely available.

Q109 **Peter Grant:** I was a bit concerned by your wording a few minutes ago, Ms Dunn. It is correct to say that the National Audit Office has not seen any

evidence that there was any impropriety in the award of these contracts. With respect, that is not good enough when we are talking about public money on such a massive scale, particularly when, as Mr Smith and I have mentioned this afternoon, there is a number of circumstances that might lead people to think something improper was happening.

Presumably, what the Comptroller and Auditor General would have liked to do was put together a report that said, "I can understand why there have been questions asked, but I can prove the answers, and the answers are that everything is okay." Do you fully appreciate how serious a matter it is that the Comptroller and Auditor General has said he is not able to give that degree of assurance with these contracts? Do you understand how serious a matter that is?

Shona Dunn: I do, Mr Grant. That is exactly why earlier in the session I hope I was clear that I entirely agree with the points that the Comptroller and Auditor General made. I do appreciate the seriousness of that, yes.

Q110 **Peter Grant:** Finally, we all have massive admiration for all your staff and a great many other people for the work they did during the pandemic. One of the consequences of this Report having to give the conclusion that it did is that questions have been asked about the propriety of conduct in your Department. In all probability, the answers to those questions are that nobody did anything wrong, but isn't it the case that there is now potentially a question mark above a lot of people who went well above and beyond the call of duty for a long time, to get the job done, and because of failures of process within that Department, they have not been cleared by this Report in the way that they probably deserve to be?

Shona Dunn: Mr Grant, I am not aware that anyone has suggested—I appreciate that it is more complicated than this, but the Report does say that there is no evidence of impropriety, and I am not aware of anyone suggesting that a civil servant has undertaken any of this work in an improper way. I think the Committee is quite right and the NAO is quite right to point out the clear gaps in documentation, in minute taking and in transparency, and I have attempted to give you some indication of why that might have been and the steps that we are taking to make sure that it would not be repeated. I know that the individuals concerned and the organisation as a whole takes their responsibility in that regard very seriously as well. I certainly would hope that there would be very little suggestion that individuals within the organisation had in some way or other acted improperly, rather than there being a failure of process here.

Peter Grant: Just for the record, I am certainly not suggesting that. I fully endorse the Comptroller and Auditor General's conclusion that there is no evidence that there was impropriety, but your staff deserve more than, "There is no evidence of wrongdoing." I think they deserve positive evidence that they got it right, and I am afraid that that evidence just is not there and it cannot be produced now. That is something that we cannot put right any more.

Q111 **Nick Smith:** Given this picture of poor record keeping and lots of different strands of responsibilities and obligations and so on, how well has the Cabinet Office performed in its role overseeing the contracts and bringing these things to your attention as a Department?

Shona Dunn: You will be aware, Mr Smith, that in the early stages of the pandemic, some of the transactions we would normally have with Cabinet Office around contracts were—short-circuited is the wrong word—undertaken in a slightly different way. Normally we would go to Cabinet Office with contracts over £10 million, but we took contracts in bulk to them after the fact, so that Cabinet Office were aware of them and could comment on them, but not for approval, because the speed at which we were operating and the need to get those contracts in place was such that any process, no matter how smooth and well run, would have ended up being a barrier to that. So there certainly were some changes in the process in those early months in order to support the response to the pandemic.

As I say, Cabinet Office colleagues and other colleagues in other parts in the Government were extraordinarily helpful and supportive. There was a sort of coming together of commercial expertise from a number of different parts of Government, which allowed the Department to step up its efforts. The Department's commercial team pre-covid was really very small; it went up to a very substantial number of people undertaking this commercial activity, inevitably across a number of systems.

The Cabinet Office were absolutely in this with us. They were very supportive in terms of bringing capability to the table, so that we could move things forward. That was their focus as much as it was ours. Certainly, I suspect that we had fewer of the conversations that we would normally expect to have around commercial standards and framework requirements and so on, but those same people we would normally discuss that with would have been working with us closely on those contracts at the time.

Q112 **Nick Smith:** Chair, may I ask a bold question? Given the failure of the Department to have key records available of those meetings with Randox, do you believe, Ms Dunn, that Mr Paterson gamed the system to the advantage of the Randox company?

Shona Dunn: I don't believe, Mr Smith, from any of the documentation that I have seen, that Randox gained any benefit from its direct engagement via Mr Paterson or any other route with anyone.

Q113 **Chair:** Paragraph 2.5 of the Report cites one of the many meetings that was not documented was with "the Prime Minister, the then Secretary of State—several other companies were there, admittedly—and another was with the "then Minister for Life Sciences". So lots of very important people, but there are no documents regarding what was discussed at the meeting or any agreements made. So, you say that firmly, but you do not know, do you?

Shona Dunn: I would make two points in response to that, Chair. One thing that I do know and am confident in is that everything—all the work— we undertook in putting contracts in place with providers went through the

same process and the same steps to assure ourselves about it. The other reason I say that is that some of those meetings—the one you mentioned is a case in point, Chair—were attended by a number of different providers. Dr Harries might want to say more about this, but at that point in time Randox was one of the few companies that was already known to the NHS, providing some services to the NHS and had a lab network—it already had the capability to be able to respond to the need. So, it was natural for Randox to be among a number of others in those discussions. I have certainly seen nothing to suggest that the reason that it was at those discussions, or the reason that the contract was taken forward, was any undue advantage that it attempted to acquire.

Q114 **Chair:** I want to check who owns the contract with Randox now. Is that UKHSA?

Dr Harries: Testing is with UKHSA now, yes.

Q115 **Chair:** All the paperwork and everything has come over to you. What is the status of that contract now? What is Randox actually providing?

Dr Harries: We are in the process of changing all our contracts, because we are ramping a lot of them right down. More or less, we are tailing all the contracts down, Randox's and others, but we have been performancemanaging it very tightly when it was running, up until "Living with COVID". I am happy to send any of the performance indicators.

In actual fact, to pick up on the quality issues, the Report is very factual—if you look at Randox and what it was doing, it was the only large provider that could possibly stand up at that pace with an accredited test. It had some teething problems, as every laboratory did in stepping up to any large quantity, but when you look at some of the performance issues, turnaround times within the lab have been good, as have things like voids. If you look at the void rates for 2021 and certainly this year, 2022, they are actually much better. They are usually about 2.9%, I think, in 2020 or 2021, or something like that, and Randox was 2.4%.

Q116 **Chair:** When you say they "usually" are, you mean that that is the normal thing—is that normal test results, generally?

Dr Harries: Yes. If you take the average of void rates across all the labs—

Chair: Different suppliers and—

Dr Harries: It is different now, because we are in a completely different ramp-down phase, so all our contracts are changing.

Q117 **Chair:** In terms of costs for the taxpayer as you ramp contracts down, you have clauses in there that mean you can wind them down without paying additional costs.

Dr Harries: Yes. As we have gone through this process, whether with Randox or others, we have in effect retained a resilient capacity for the country: we have PCR capacity to step back up; we have lateral flow tests—

although you should not expect to see exactly what we had before, because we would use new technologies differently—and we have some resilience where effectively we pay some retention and pay per cost should we need it, so that we are not paying out all the time for tests. There is that issue about capacity.

The important thing—it sounds like a technical point—is that there is a lot of discussion through the Reports about capacity and utilisation. A bit like a hospital, you never want it utilising all its capacity, because that is unsafe. So, if Randox had been performing at 100% capacity, I would have been really worried.

Q118 **Chair:** We actually bottomed that issue out with the previous head of Test and Trace.

It is certainly something that the Committee is looking at more widely—how you build in resilience but don't waste taxpayers' money. So if there were suddenly a variant that was a very real concern and we were into difficult situations again, you are saying, Dr Harries, that you now have the ability to ramp up testing very quickly.

Dr Harries: It wouldn't ramp up in the same way that it did before. We have some contracts running at the moment, so, for commercial reasons, I cannot go into the detail here, but effectively we have a reasonable central large block of PCR tests automatically available; we have some resilience in case something happens to that central capacity, which you would expect; and we have a stockpile of lateral flow tests.

We think the lateral flows are likely to be useful for most variants, and we will obviously have the capacity to check that in our labs. So we have a baseline capacity there and the ability to pull in more lateral flows and more tests.

Q119 **Chair:** How many lateral flow tests do you have in your stockpile?

Dr Harries: That varies, because we are pulling them out into the system and they are obviously on a rotating basis, but millions.

Q120 **Chair:** So you are using them, but you are watching the sell-by date.

Dr Harries: Absolutely. We have a stockpile. We pull from the stockpile to do, at the moment, asymptomatic testing—although current prevalence levels suggest that will not be necessary, I think, for much longer. We pull on that pile and then we refill that, and then we have facilities to pull down at a few weeks' notice if we need more lateral flows if we have a sudden explosion.

Q121 **Chair:** When you pull them out, where do they go? Is that part of the provision to the NHS?

Dr Harries: Yes, they are being deployed currently for asymptomatic testing in high-risk settings.

Q122 **Chair:** Okay. Ms Dunn, you say that you, as second permanent secretary, have been tasked with getting to grips with the commercial errors in the Department and improving that. Can you tell us a tangible difference, or a couple of examples of what that commercial capability is actually delivering and what has changed? If you are a civil servant working in the system now, what do you do differently from what you did in the period we are looking at?

Shona Dunn: Certainly—bearing in mind that some of the processes that we are talking about here are not necessarily representative of the processes that were going on prior to covid. Of course, processes changed in order to manage the pressures of covid in the early period.

We have talked about some of the things that have been put in place in recent months—certainly over the last six months or so—to make sure that we have a single repository for all commercial documentation. We have also undertaken a lot of new training for staff not just in commercial functions but across the Department overall.

We have also put in place some checks and balances—some very important assurance mechanisms. For example, all regulation 32(2)(c) proposals now come to me before they can be considered necessary and taken forward. The due diligence process is documented and people know the process they have to go through.

In terms of things like contract management, we are doing a lot of work on making sure that we are upskilling people across the board on contract management, and we are segregating our contracts into highest value, highest risk and so on and making sure that we have the right level of capability on the right contracts so that we are protecting ourselves from risk.

There is an extensive programme that we are calling our commercial reset, which is taking place throughout the Department, mirrored by what is going on in UKHSA, to make sure that we are confident in our specialist capability and skillset.

Q123 **Chair:** Where do Ministers fit in to this?

Shona Dunn: Ministers are aware of what we are doing. The commercial reset is one of a number of areas where we are taking action to make sure that we are in the right shape for the period ahead. Those come together in a change programme in the Department. Ministers are aware of that change programme and they know what its component parts are.

Q124 **Chair:** Ministers are aware of what is going on, but what about individual contracts? Do they get involved at all in any of the letting of those contracts or agreement on those contracts?

Shona Dunn: Ministers are clear on the approach we take to this. As previously, their focus is on what the Government are trying to achieve and the policies that they are trying to deliver on.

Q125 **Chair:** Okay, so just to be clear, they are not saying yes or no to any of these contracts; they have no say on them.

Shona Dunn: They are definitely engaged frequently in contracts. I don't want to give the impression that they are not—they are frequently engaged in contracts and in the nature of those contracts. Obviously, they have an interest in many of the things within those contracts: making sure that we have appropriate mechanisms for dealing with potential accusations of modern slavery, or with social value, for example. They often have an interest in the parameters of the contract and the content of some of the clauses.

But it remains the case that Ministers are not involved in the evaluation of different providers and suppliers to provide a similar service and they are not involved in the procurement process.

Q126 **Chair:** Just to be absolutely clear, for the record: are you confident now that, with your reset, if there was a meeting at No. 10 under any Government, or if someone whispered into the ear of a Minister at a weekend dinner party, there would be no derailing of the procedure that

you have in place and that no influence could be brought to bear? Are you sealing away the political from the civil service approach to delivering a contract fairly, openly and transparently?

Shona Dunn: Chair, I can say that I am confident in that now. I can also say, though, as I have said on a couple of occasions, that I am confident that that was the case then as well.

Q127 **Chair:** By "then", you mean the period of the Randox contract.

Shona Dunn: "Then" as in the period of the Randox contract.

Q128 **Chair:** It is just that there is that confusion. The Minister was asked for his view. He did not think that he was signing off the contract but the deputy director then signed it off. That opacity has not been helpful, has it?

Shona Dunn: And of course I completely accept that when you look back at an email chain and think, "How would I have written that now?" you might have written it slightly differently. But I am clear that even then— and Ministers were clear at that point in time—that Ministers were not being asked to pick a winner or opine on the evaluation or procurement processes. They were not being asked to sign off the contract.

Chair: It is important to have that clear. Do colleagues want to add anything?

Q129 **Peter Grant:** One final question, Dr Harries. The chart on page 34 of the NAO Report shows the capacity, the contractual requirement and the number of tests actually carried out. It demonstrates that right until 30 September 2020, Randox never came anywhere near having the testing capacity that it should have had, but that almost all of that time the number of tests being carried out was well within the capacity.

Are you satisfied that, despite the fact that the number of tests being carried out was far lower than had been predicted, there were valid reasons for that and that there was never a time when we could not get tests done because of lack of capacity?

Dr Harries: This period that we have in front of us, in 2020, was the development of infrastructure and testing for the UK from scratch. In fact, we ended up with probably the best testing structure across Europe at least.

What you can see with this is that the contract started with 300 tests a day and was due to ramp up to 60,000 tests towards the end of June. Clearly, it did not do that, but we have also seen in the contract some of the issues that were relevant to other providers as well, and global shortages about getting specialist pieces of kit and the logistics and flow of things beforehand as well.

Ideally, it would have been lovely to have had that capacity ramp up immediately. I just point out that once that testing got going—this is the critical thing; this was quite new—it actually overperformed later on. It was the work that Randox did that really got us through the next wave of that pandemic, through that winter. It was absolutely critical in the capacity that was provided.

I absolutely accept the objective points made in the Report, but I think for something relatively new, in the context of a pandemic, it is important to think through the whole issue. Yes, you have to perform; as I was saying to Shona earlier, I liken this a little bit to when you have a bit of a failing health service. You don't just stop the service because that way no patients have any access to care; what you try to do is work with it because you need to improve the system. This was a very, very new system. Randox was very responsive in doing that.

Q130 **Nick Smith:** I just want to revisit this malarkey of why minutes are kept for only two of the eight meetings involving Ministers and Randox that took place in 2020 and 2021. Have you asked Mr Paterson or Randox for their version of events, and have you been able to piece together the minutes of what happened then?

Shona Dunn: I don't think we have asked Mr Paterson or Randox for their version of events.

Q131 **Nick Smith:** Given that this is controversial, why haven't you?

Shona Dunn: I will come back to that, but what I was about to say was that, clearly, we ought to have had notes of each of those meetings. We certainly know the territory they were covering. In most instances, there will be other documents.

We are clear, for example, that the meeting on 13 May, for which no record is provided, was about the capacity issues that have just been discussed. We have seen some of that material provided elsewhere. We know what those conversations were about. What we haven't attempted to do is go out

and piece together other people's recollections of that. I am not sure that would amount to anything that people would accept as a formal part of the record, for understandable reasons.

Q132 **Nick Smith:** I am not sure why you say that, really. I would have more comfort if I thought you had made an attempt to get to the core of our concerns here, which are about understanding what went on during that critical time when meetings took place and there were no minutes. It has been a hugely controversial issue in terms of parliamentary politics. It led to a by-election.

All sorts of important consequences fell out of concerns over the Randox contracts in recent years. I still don't understand why you didn't try, for transparency, to piece together what happened during those meetings so that we would have some comfort that things were all square.

Shona Dunn: Notes of the meetings of 8 and 9 April, certainly, which were the meetings that were most of interest, have been found. I think we do have a record of those ones. I think the two at the end of this sequence—29 April and 11 May 2021—were about very different issues. I appreciate that there are not minutes of those, but they are about very different issues that are not associated with the contracts. I take the point entirely, and I repeat my agreement with the Committee and the NAO that we ought to have a record of these.

My genuine view is that, given the speed at which everything was happening at the time, from the other documentation we got we can know what was going on with respect to the capacity issue. We know what was going on with respect to the equipment issue, and we know what was going on with respect to the safety and swab issue, because we have the other documentation that sits around it.

I take your point. I am more than happy to go away and consider whether we should do that, but we have not considered it a priority to try to piece together other people's recollections of that one conversation, rather than to understand what was going on with the issue in the round. **Nick Smith:** Okay, so you'll go away and consider it, please?

Chair: I think we are all done. I thank our witnesses for their time. We will be producing a report on this in due course. We have a recess coming, so it won't be immediate. The transcript will be available on the website, uncorrected in the next couple of days.