

Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London
SW1A 0AA

31 March 2022

Dear Dame Meg

UKHSA Settlement with Oxford Nanopore Technology

I am writing to you, in your capacity as the Chair of the Public Accounts Committee, to inform you of an agreement that UKHSA has reached today with Oxford Nanopore Technology (ONT) in settlement of a long-running commercial dispute. I believe that it is important to engage proactively with the Committee on this as part of the transparent culture and constructive approach to scrutiny that is essential to UKHSA.

On 30 July 2020, DHSC entered into a £106 million contract with ONT (exclusive of VAT) for the supply of LamPORE testing technology, a swab or saliva test for COVID-19. Responsibility for management of the contract transferred to the UK Health Security Agency on 1 October 2021.

Although both NHS England and Public Health Scotland had expressed interest in LamPORE, following a pilot phase both subsequently decided that they had no future anticipated testing requirement for LamPORE, as they were well served with other technologies. In the circumstances DHSC no longer needed all of the test capacity and terminated the contract.

Following Without Prejudice discussions with ONT, we have reached agreement to a settlement of £50 million, exclusive of VAT (£60 million in total) following approval by the Chief Secretary to the Treasury.

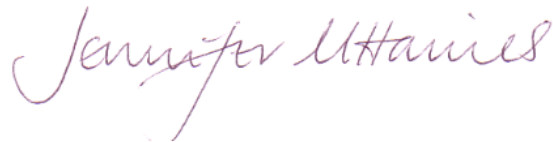
The settlement figure was arrived at after exhaustive discussions and our audit of stock held by ONT. It is less than half the full contract value of £106 million (ex. VAT) and is a significant reduction on the damages claimed by ONT at the outset of Without Prejudice discussions. As Accounting Officer I have considered the appropriateness of this decision and am satisfied that this is the correct approach in line with the principles set out in Managing Public Money.

The settlement is in my view the best possible commercial option available to us in the circumstances. It recognises DHSC's responsibility in this case while minimising the overall cost to the Department and taxpayer.

The ONT contract was awarded at an early stage of the pandemic when the testing infrastructure was being set up at pace and various technologies were being trialled. In the context of a global pandemic where the uncertainties created by a novel virus required us to explore innovative solutions, it was right to pursue LAMP technology initially and to discontinue it as soon as it became clear it was not the best COVID-19 testing solution for the UK's mass testing programme.

UKHSA is guided at all times by the obligation to achieve value for money for the taxpayer using good commercial judgement. Our procurement and contracting has matured significantly since the beginning of the pandemic, with a governance structure to provide robust scrutiny of contracts before award to ensure we can be led by the right scientific priorities with procurement approaches to match. Nevertheless, we are carrying out a full "lessons learned" exercise as a matter of urgency, which we would be happy to share with the Committee when completed.

Yours sincerely

A handwritten signature in purple ink that reads "Jennifer Harries". The signature is written in a cursive, flowing style.

Dame Jennifer Harries

Chief Executive, UK Health Security Agency