

Message

From: [REDACTED]@cabinetoffice.gov.uk [REDACTED]@cabinetoffice.gov.uk
on behalf of PS Lord Agnew Mailbox <pslordagnew@cabinetoffice.gov.uk> [pslordagnew@cabinetoffice.gov.uk]
Sent: 23/07/2020 10:01:35
To: CST Action - HMT [Action.CST@hmtreasury.gov.uk]
CC: [REDACTED]@hmtreasury.gov.uk; [REDACTED]@cabinetoffice.gov.uk; [REDACTED]
[REDACTED]@hmtreasury.gov.uk]; Symes, Elkie - HMT [Elkie.Symes@hmtreasury.gov.uk]
Subject: Re: Testing Control

Hi Elkie,

New comments from Lord Agnew - following comments from Alex Chisholm. I've copied Alex Chisholm's comments at the bottom.

[Lord Agnew comments start]

I have now seen Alex C's response and conditions attached to approval. I remain extremely concerned.

I strongly support his conditions and indeed if they are to be resisted I will require a formal letter of direction to overrule our scrutiny.

Beyond that:

1. I would like to build in the requirement for proper answers to Gareth RW's queries to run in parallel with the contract negotiation process that needs to be engaged upon with the proposed suppliers.
2. Beyond Gareth's points I want to understand a granular analysis of the £1.8s/test and why it doesn't fall with increasing volumes. Likewise with the staff cost.
3. CO to be provided with weekly updates on the negotiation process and thence monthly updates on contract delivery once the contracts are signed. KPIs to be presented prior to contract signature.
4. I would like to understand what role CO spending teams have had in scrutiny of this contract and what value engineering has been achieved so far.
5. I would like to understand why, when we have known for at least 3 ½ months that testing is a vital plank in dealing with this disease, I was given less than one day to approve £1bill+ transaction.
6. Not to proceed without any additional conditionality required by CST to be added. Please note that as at 8pm last night he was not aware of this contract and had received nothing from DHSC. Given the huge size of this transaction and the unreasonable haste in which it is proposed that we commit to it I require his joint approval.

Naturally we should assign additional Complex Contraction Team resource to assist DH in materially improving this contract if they request it.

NR – can you pick up with NR on where we are with advice on this?

Elkie Symes | Private Secretary to the Chief Secretary to the Treasury | 1 Horse Guards Road, SW1A 2HQ | E: Elkie.Symes@HMTreasury.gov.uk | T: [redacted] I&S

Find out more information about the [CST](#) and [CST's office](#) - [including document templates](#)

The box deadline for sending advice to the Chief Secretary is 3pm on Monday to Wednesday and midday on Thursday.

From: [redacted] NR [@cabinetoffice.gov.uk](mailto:[redacted]@cabinetoffice.gov.uk) > **On Behalf Of** PS Lord Agnew Mailbox
Sent: 23 July 2020 09:38
To: CST Action - HMT <Action.CST@hmtreasury.gov.uk>; [redacted] NR
[redacted] NR [@hmtreasury.gov.uk](mailto:[redacted]@hmtreasury.gov.uk)>
Cc: [redacted] NR [@cabinetoffice.gov.uk](mailto:[redacted]@cabinetoffice.gov.uk)>
Subject: Testing Control

Hi [redacted] NR

Lord Agnew has asked us to send the attached control on Testing to you to pass to CST. Both he and the Chief Commercial Officer, Gareth Rhys Williams, are v. unhappy with the current situation - I've copied their comments below. It's a tricky situation. The PM has publicly committed to ramping up testing capacity to 500,000 per day by the end of October. In reality, the maximum testing capacity that the market can currently provide is around 250,000, putting us in a slightly difficult negotiating position. However, Dido Harding is not willing to engage with any challenge from CO - not sure what experience you're having on the HMT side. From what I can see, it seems as though Gareth is asking v. sensible questions. I'm going to set up a call with LA and Gareth RW to discuss - but would be useful to know CST's thoughts and make sure we aren't sending contrasting/contradictory messages to DHSC.

Thanks,

[redacted] NR

Comments from Lord Agnew

"As I'm sure you will agree it is ridiculous to ask me to approve a £1 ¼ billion programme in one day.

What interaction with HMT/BEIS/No10 has there been since the meeting on 27th May ? Who else has quality assured this proposal ?

Has CST been involved?

When did you get it ? What challenge have you deployed ?"

Comments from Government Chief Commercial Officer, Gareth Rhys-Williams

While I get that the political imperative is to set this up, and fast, there are aspects I'm really not happy about!!!
I'd like to see how these are reflected in contracts before we sign.

Rule 32 - Unforeseen??? Really?? For 6 months!!!!

DA - why - what's wrong with a competition? Why didn't we start this earlier?

Pricing - why is 'cost per test' the right approach?

- What is the cost breakdown- as in what % on each of the below?
- These labs need setting up - fine.. there's a fixed cost for the building and the fancy kit. That needs depreciating, but after a while that will be paid off. How much over how many tests before that should drop out?
- Consumables - fine - that's per test, sort of, but I bet they get a discount for bulk... where's that coming back to us?
- Labour - sort of variable, but I bet there's an efficiency as we put more tests through - should be. How is that reflected?
- Overhead - defo not 'per test'.... so where does that get reduced with volume?

Thermofisher - why is the cost per test the same at the LL as the UL - makes no sense?

Table in para 32 and para 36 - why both? Total costs over what period??

What is the cost per test for each site / each vendor / each time period? Including the existing ones

When do we retire the really expensive ones? - Screen 4 / Uni of Bham etc. Contractually can we flex using the cheaper ones?

What incentive on the vendors to reduce the cost per test? Why is there no gain share? We're talking huge numbers here!!

Profit - is it capped at a %age of sales? Why not?

Efficiency - is there a requirement to improve throughputs each month?

Turnaround times - same story, is it improving? What sla?

Why can't we have a min vol to get them set up and then a reducing price per test as they move through 1 to 2 to 3 shifts. Are they starting on 7 day working?