

Message

From: Kate Josephs [kate.josephs@cabinetoffice.gov.uk]
on behalf of Kate Josephs <kate.josephs@cabinetoffice.gov.uk> [kate.josephs@cabinetoffice.gov.uk]
Sent: 26/07/2020 20:34:09
To: Simon Ridley [simon.ridley@cabinetoffice.gov.uk]
CC: William Burgon [william.burgon@cabinetoffice.gov.uk]; Simon Case [SCase@no10.gov.uk]; Imran Shafi [Name Redacted]@cabinetoffice.gov.uk]; Helen Dickinson [helen.dickinson@cabinetoffice.gov.uk]
Subject: Re: MINISTERIAL SUBMISSION: HMGC5631 - COVID-19 – DHSC, Lighthouse Laboratories Expansion, Programme Business Case

Thanks Simon

NR has been very honest to my team that T&T deserves much of the blame for this debacle. Clearly some resourcing issues on their side plus a bunch of processes that didn't work as designed. So plenty to fix on all sides. Fortunately, everybody's now agreed on the need to sort it. The challenge will be in finding the people and redesigning the ways of working so that CO/HMT are involved throughout.

Another item to cover for sure at COVID O this week

Kate



Kate Josephs
Director General, Delivery
COVID-19 Taskforce, Cabinet Office
E: kate.josephs@cabinetoffice.gov.uk
M: 0 [Redacted] I&S
Private Office
[Redacted] **NR** (Private Secretary) [Redacted] **NR** [@cabinetoffice.gov.uk](mailto:[Redacted]@cabinetoffice.gov.uk)

On Fri, 24 Jul 2020 at 16:22, Simon Ridley <simon.ridley@cabinetoffice.gov.uk> wrote:
Simon/Will

Testing

I chaired a call with Gareth, Ollie Munn and [Redacted] **NR** (COVID TF), [Redacted] **NR** (HMT), David Williams (DHSC) and [Redacted] **NR** (T&T).

In summary:

- on the specific contract everyone is seized of the need to resolve quickly. The concerns are commercial rather than spending as it is within the T&T spending envelope agreed. Advice is with Lord A and HMT are sending to CST tonight. Everyone agreed this can be done next week before Covid O on Thursday. It is worth being aware that the process in recent weeks has clearly not been right in T&T and DHSC, so CO and HMT have been put in the unenviable position of getting something late and being under pressure to move extremely fast. Lord A also has real concerns, which Gareth is discussing with him, particularly on direct award and fixed price.

- bigger, systemic, issue is actually a mix of resourcing constraints in T&T and the fact that collectively we are running complex, confused processes, which has made the above discussions get more difficult than they need to. On process things are being done in series from T&T to DHSC to CO and to HMT, with too much time in the early steps and too much pressure in the later ones.

- resourcing in T&T clearly a big part of this. CO commercial has put people in but T&T still has 34% vacancies in the team and are reliant on contractors. This really needs a massive push (see below too on vaccines).

- we agreed that:

(i) David Williams will propose an approach to have a much more joined up process where we do things once. This will include producing and sharing a pipeline of contracts coming up. There are also some things CO can simplify which we will follow up on (particularly: compared to a £100m HMT delegation there is a £10m CO commercial delegation and an £100k GDS delegation).

(ii) we will revert on the specific contract at the start of next week as needed.

(iii) we need to make sure we are more cognisant of commercial aspects of implementing further ambition for testing numbers beyond the current 500k/day as Ministers decide on policy. There would be value in Lord A being at Covid O if we discuss these issues as part of Thursday's meeting.

Vaccines

The issues Kate Bingham raised on vaccines seem to be largely in hand. Kate and Cat Little spoke on Thursday. HMT completely agree the strategy for procurement that the taskforce is pursuing. Advice is with CST on the business case and expectations are HMT will agree an approach that meets the aims though will do so on slightly different terms.

Key Treasury issues are:

- the size of the delegated budget. Business case asked for money assuming 100% vaccines come through, which they obviously won't. HMT are also proposing some phasing with a review point in November. Given the very high levels of uncertainty this is sensible, but may cause some debate. The budget will have some contingency and include costs for COVAX.

- governance. This is to address the KB point that process is BEIS - CO - HMT. The plan is to have a small group including BEIS SoS, CST and Lord A that can take decisions over delegation levels quickly. This will help address indemnity issues. T&T may be able to import a version of this though issues are slightly different.

- resource and capacity. HMT concerned about this and obviously it isn't solved by the business case. As with Test and Trace we really need some solutions here.

Worth mentioning too, while the delegated budget is not yet sorted, funding for specific deals has been turned round extremely quickly for Pfizer and is being done for another live case.

I suspect most value in a CDL led Ministerial session would be to nail the processes for T&T, based around the proposal from DHSC. Let's talk at the start of next week.

Hope helpful and happy to discuss.

Simon

I don't particularly want to draw you in to this...but... we are in very real danger of shooting ourselves in the foot on building testing capacity. If there is anything you can do to stop this madness I would much appreciate it, and/or advice on who I should escalate to politically!

Thanks a lot
Dido

From: Harding, Dido <Dido.Harding@dhsc.gov.uk>

Sent: Wednesday, July 22, 2020 11:05 pm

To: gareth.rhyswilliams@cabinetoffice.gov.uk

Cc: Williams, David; SarahJane.Marsh@nhs.net

NR

Subject: Fwd: MINISTERIAL SUBMISSION: HMGC5631 - COVID-19 – DHSC, Lighthouse Laboratories Expansion, Programme Business Case

Dear Gareth,

Please could we discuss urgently? Whilst individually all your questions can be answered if we continue to approach the procurement for testing in this way, we will miss our deadline for having the testing capacity that the country needs for the autumn and winter.

This program business case has been developed by your own team, reviewed by Steve Oldfield and already approved by David Williams as SRO, Lord Bethell and the Secretary of State for DHSC. I appreciate it is important that we follow good process but we are in very real danger of following due process and putting the country's economic and health future at risk.

Taking two of your questions:

You ask why this programme needs to be implemented under Rule 32 and why it has not been brought forward earlier. As we discussed on Sunday night the Test and Trace program has been stood up in crisis conditions to protect the country at extraordinary pace. It's hard to see how the need to expand testing capacity beyond the previously stated targets of 100k and 200k tests per day could have been foreseeable in advance. Whilst we all wish the world had been more prepared for COVID, that hardly seems a reason for delaying this business case.

As the Prime Minister set out to the nation on Friday, scaling testing capacity to at least 500k tests per day by the end of October is essential to minimise the risk of another national lockdown in the autumn. If this isn't an unforeseeable, crisis situation I don't know what is.

As we discussed on Sunday night, commercial resources and delays in commercial processes are the two biggest risks the NHS Test and Trace program faces in delivering on the mandate we have been given by the Prime Minister.

Could I ask that you urgently reassess your questions below so that we can progress this programme business case tomorrow, and send the specific contract approvals to you tomorrow so that we can actually start building the lab capacity that is desperately needed. We are wasting the time of your brilliant and hugely scarce commercial talent which needs to be focussed on negotiating the right contracts with our suppliers rather than answering more and more questions in a protracted approvals process.

I'm happy to talk this evening or tomorrow morning first thing of helpful.

FYI - This is going to delay approval. I'll prioritise responding on this tomorrow.

Sent from my iPhone

Begin forwarded message:

From: Gareth Rhys Williams <gareth.rhyswilliams@cabinetoffice.gov.uk>

Date: 22 July 2020 at 20:28:29 BST

Cc: [REDACTED] NR <[REDACTED]@cabinetoffice.gov.uk>, William May <william.may@cabinetoffice.gov.uk>, [REDACTED] NR <[REDACTED]@cabinetoffice.gov.uk>, Commercial Assurance Mailbox <commercialassurance@cabinetoffice.gov.uk>, [REDACTED] NR <[REDACTED]@cabinetoffice.gov.uk>, [REDACTED] NR <[REDACTED]@cabinetoffice.gov.uk>, [REDACTED] NR <[REDACTED]@cabinetoffice.gov.uk>, PS Lord Agnew Mailbox <pslordagnew@cabinetoffice.gov.uk>, Beverley Jandziol <beverley.jandziol@cabinetoffice.gov.uk>, Steve Oldfield <Steve.Oldfield@dhsc.gov.uk>, Sam Rowbury <sam.rowbury@cabinetoffice.gov.uk>
Subject: Re: MINISTERIAL SUBMISSION: HMGC5631 - COVID-19 – DHSC, Lighthouse Laboratories Expansion, Programme Business Case

Team,

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?

Answers please!!

Gareth

		Gareth Rhys Williams Government Chief Commercial Officer 1 Horse Guards Road, London, SW1A 2HQ Office: Irrelevant & Sensitive
--	--	---

On Wed, 22 Jul 2020 at 12:21, Cabinet Office Controls Mailbox

<cabinetofficecontrols@cabinetoffice.gov.uk> wrote:

Lead PS: NR

Timing: Urgent. Grateful for a reply by COP today (22 July).

HMGC5631 – DHSC, Lighthouse Laboratories Expansion, Programme Business Case

Summary: The Department for Health and Social Care (DHSC) is seeking approval to expand the capacity of the Lighthouse Laboratories, constructed through a partnership with the Department of Health, Medicines Discovery Catapult, UK Biocentre and the University of Glasgow, to support the targets of the National Testing Programme. This contract is at a cost of **£1,124,929,661** over **6 months**.

We recommend that you **approve** this request subject to the conditions within.

This is being dealt with through the expedited COVID-19 process, using a short form submission and requesting a shorter turnaround. This submission is being submitted simultaneously to the Chief Operating Officer of the Civil Service due to urgency.

We look forward to hearing from you,

NR

CO Spending Controls



Civil Service Group
Cabinet Office | 1 Horse Guards Road | London SW1A 2HQ
E: cabinetofficecontrols@cabinetoffice.gov.uk

[Follow us on Twitter @cabinetoffice](#)

This e-mail and any attachments is intended only for the attention of the addressee(s). Its unauthorised use, disclosure, storage or copying is not permitted. If you are not the intended recipient, please destroy all copies and inform the sender by return e-mail. Any views expressed in this message are not necessarily those of the Department of Health and Social Care. Please note: Incoming and outgoing email messages are routinely monitored for compliance with our policy on the use of electronic communications.

This message may contain confidential information. If you are not the intended recipient please inform the sender that you have received the message in error before deleting it. Please do not disclose, copy or distribute information in this e-mail or take any action in relation to its contents. To do so is strictly prohibited and may be unlawful. Thank you for your co-operation.

NHSmial is the secure email and directory service available for all NHS staff in England and Scotland. NHSmial is approved for exchanging patient data and other sensitive information with NHSmial and other accredited email services.

For more information and to find out how you can switch,
<https://portal.nhs.net/help/joiningnhsmial>

This e-mail and any attachments is intended only for the attention of the addressee(s). Its unauthorised use, disclosure, storage or copying is not permitted. If you are not the intended recipient, please destroy all copies and inform the sender by return e-mail. Any views expressed in this message are not necessarily those of the Department of Health and Social Care. Please note: Incoming and outgoing email messages are routinely monitored for compliance with our policy on the use of electronic communications.

For latest news and information from Downing Street visit: <http://www.gov.uk/number10>
Follow Number 10 on Twitter: <http://twitter.com/10DowningStreet>
Help save paper - do you need to print this email?

This email and any files transmitted with it are intended solely for the use of the individual(s) to whom they are