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Covid-19: “Impossible” to be confident that government awarded Randox contracts properly, say MPs

Clare Dyer

The UK government’s failure to follow basic rules in awarding £777m of contracts for covid-19 testing to the diagnostics company Randox Laboratories make it “impossible to have confidence” that the contracts were awarded properly, says the parliamentary watchdog on public spending.¹

In a highly critical report, the Commons Public Account Committee accuses the Department of Health and Social Care of “woefully inadequate record keeping” and failing to meet basic requirements to publicly report ministers’ external meetings or deal with potential conflicts of interest when awarding testing contracts to the company.

The committee said that large gaps in the document trail meant it was impossible to say the contracts were awarded properly in the way that would be expected, even allowing for the exceptional circumstances and accelerated processes in place at the time. The first contract, for £132m, was awarded at the height of the covid pandemic in March 2020, when the department had suspended the normal requirements for competition between suppliers in the award of government contracts.

The report noted that officials were aware of contacts between Matt Hancock, the then health and social care secretary, and Owen Paterson, a Conservative MP and paid consultant for Randox, and of hospitality that Hancock received from Randox’s founder Peter Fitzgerald in 2019, but failed to identify any conflicts of interest before awarding the first contract.

The department set up a “VIP lane,” through which suppliers put forward by officials, MPs, ministers, or Number 10 would be given priority. Suppliers coming through priority routes were awarded £6bn out of the total £7.9bn of testing contracts awarded between May 2020 and March 2021, the committee noted.

It said the department properly declared only four of the eight meetings on testing that involved ministers and Randox, and kept minutes of only two of the meetings. Hospitality that Hancock received from Randox’s founder on a ministerial visit to Northern Ireland was not declared because Hancock’s private office considered that it was a political event.

The committee said the department failed to set out any key performance indicators for the first contract and awarded Randox another £328m contract without competition in October 2020, despite performance problems with the first contract. Nor did it “do enough work to determine whether Randox was making excess profits.” By October 2020 there was a more developed market for testing services but the department “could not provide any evidence on price or benchmarking” at the time and “was therefore

unable to offer a view on whether there had been profiteering on testing contracts.”

The committee’s chair, Meg Hillier, said the National Audit Office had stressed that it had not seen any evidence that the contracts had been awarded improperly. But “in the case of the hundreds of millions of pounds of contracts awarded to Randox there was precious little evidence to see.”

She added, “We repeatedly hear the reference to the crisis we were facing as a nation. But acting fast doesn’t mean acting fast and loose.”

A spokesperson for the department said, “There is no evidence that the government’s contracts with Randox were awarded improperly, as has been concluded by the National Audit Office.

“By building the largest testing industry in UK history from scratch and at pace, we were able to break chains of transmission and save tens of thousands of lives. Contracts with Randox and other suppliers made a significant contribution to our national response to covid.”

A spokesperson for Randox said that as the UK’s largest diagnostics company it was “uniquely situated to respond to the national need” when covid-19 emerged, and delivered “unique value to the government, the national economy, and to individuals.”

The spokesperson added, “The report is deeply flawed and wrong in assumptions it makes and the conclusions it draws about Randox. At no stage, either during its deliberations or in its preparation of this report, did the committee make any contact whatsoever with Randox.”

¹ House of Commons Committee of Public Accounts. Government’s contracts with Randox Laboratories. Seventeenth report of session 2022-23. July 2022. <https://publications.parliament.uk/pa/cm5803/cmselect/cmpub-acc/28/summary.html>.

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