



House of Commons
Committee of Public Accounts

Clinical correspondence handling at NHS Shared Business Services

Fourth Report of Session 2017–19

*Report, together with formal minutes relating
to the report*

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The Committee of Public Accounts

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Summary

The failures in the handling of sensitive clinical data by NHS Shared Business Services Limited (NHS SBS) are staggering. Even as the Committee was looking into problems dating back at least three years, NHS England was uncovering more mishandled correspondence.

We were deeply unimpressed by the lack of grip NHS England still has on the handling of clinical correspondence, and dismayed to be informed of a further backlog of 162,000 items which need to be assessed. Our evidence session was frustrated by the late provision of additional information by the NHS England Chief Executive. It would have been more helpful if this information had been supplied in time to allow Members to consider it. The Committee will return to this subject once it has further information.

Proper handling of clinical correspondence is an essential part of administering care for patients. NHS SBS, the company contracted to redirect up to 700,000 items of mail a year, badly failed the patients and General Practitioners for whom it was supposed to be redirecting correspondence. Almost 2,000 patients are still being assessed by NHS England to determine whether they have suffered harm as a result of the delay in handling their correspondence. NHS England has assumed without evidence that a further 102,000 patients have suffered no harm as a result of the delay. We welcome NHS SBS's admission that it made mistakes and that the service it delivered was not good enough. However, NHS England and the Department of Health both failed in their oversight of NHS SBS.

Introduction

The Department of Health (the Department) is ultimately responsible for securing value for money for spending on all health services. NHS England has responsibility for arranging the provision of health services in England and for commissioning their provision. This includes primary care support services, for example, updating patient registration lists, processing contractual payments to GPs and redirecting correspondence. Until April 2016, NHS England contracted NHS Shared Business Services (NHS SBS), a private company part owned by the Department, to make sure that misdirected clinical correspondence was sent on to the correct GP in the East Midlands, South West and North East London. In March 2016, NHS SBS informed NHS England and the Department that it had found a backlog of correspondence which had not been redirected, some of which dated back several years. A total of 709,000 items of correspondence were eventually found to have been mishandled. NHS SBS missed many opportunities over at least five years to identify and rectify the problem.

Conclusions and recommendations

1. **NHS England failed to appreciate the seriousness of misdirected correspondence and still has not put effective measures in place to ensure clinical correspondence is handled properly.** Forwarding clinical correspondence was not identified as an important activity by NHS England or NHS Shared Business Services (NHS SBS). NHS England did not ensure that the contracts it held with NHS SBS included key performance indicators for the redirection service. In May 2015, NHS England wrote to GPs in the areas served by NHS England's in-house primary care service to tell them that correspondence sent to the wrong GP practice should be returned to the original sender, but did not check that the new policy was being followed. NHS England estimates that around 5% of GPs are not adhering to the new process and continue to send misdirected correspondence to the new contractor, Capita.

Recommendation: *NHS England should set out how it will ensure that all clinical correspondence is correctly handled, processed and redirected, where appropriate.*

2. **NHS England does not know the full extent of the problem as it continues to identify new items of misdirected correspondence.** When dealing with the original backlog, NHS England relied on third parties to provide it with assurance that all items had been found. In 2016, its own Internal Audit concluded that it could not be sure that all misdirected correspondence had been identified. Despite this, NHS England did not immediately order a further search. NHS England has now identified another 150,000 items of unprocessed correspondence. NHS England has also found a further 12,000 items of correspondence that was misdirected by NHS SBS as part of the transfer of the primary care support service contract from NHS SBS to Capita.

Recommendation: *NHS England should set out by 31 December 2017 how it can be sure that all unprocessed correspondence has now been identified.*

3. **Eighteen months after the problem first came to light, NHS England still cannot confirm that no patients have been harmed by the repeated failures in the clinical correspondence redirection service.** The clinical review of the backlog of 709,000 items of correspondence that was mishandled by NHS SBS is still ongoing. By October 2017, from the 709,000 items, there were still nearly 1,000 cases of potential harm and a similar number of cases are awaiting final clinical review after potential harm had been identified. NHS England plans to send the additional 162,000 items of misdirected correspondence to the correct GPs by the end of December 2017 for their review. NHS England expects to complete the clinical review of these items by the end of March 2018.

Recommendation: *NHS England should write to the Committee by 31 March 2018 to confirm the results of the review and what action it will take in response.*

4. **It is unacceptable that NHS England has given up trying to find out whether any patients have been harmed simply because 2,000 GPs have not confirmed whether they have reviewed clinical correspondence about their patients.** In February 2017, NHS England paid 7,330 GP practices a total of £2.5 million to cover the cost of the time GPs spent assessing the potential for patient harm in items

of mishandled correspondence. NHS England did not follow its own procurement policy when it agreed with the British Medical Association that GPs would be paid in advance for reviewing the correspondence. Despite receiving payment from NHS England, by October 2017 around 2,000 GPs had still not confirmed to NHS England that they had completed their review of 102,000 items of correspondence. NHS England has given up trying to find out from GPs whether patients may have been harmed by the delay. NHS England has written to GPs who have not reviewed clinical correspondence about their patients to inform them that it is assuming that they have completed their review and have not identified any patient harm.

Recommendation: *NHS England should obtain positive assurance by 31 March 2018 from every GP reviewing correspondence that they have completed their checks and whether they have identified any cases where patients may have been harmed.*

5. **Attempting to resolve misdirected clinical correspondence has so far cost an estimated £6.6 million and the total cost is still unknown.** To date it has cost in the region of £6.6m to find and assess the 709,000 items of correspondence mishandled by NHS SBS. NHS England estimates that it will cost another £1 million to assess the additional 162,000 newly-reported items of misdirected correspondence. The total cost is dependent on how many more cases are found and how complex they are to resolve. NHS SBS has agreed to cover NHS England's costs in dealing with the incident, although these do not include any potential future fines or negligence claims from patients who have suffered harm. However, NHS SBS has not agreed to pay any form of compensation over and above NHS England's costs.

Recommendation: *NHS England should write to the Committee by 31 December 2017 to confirm:*

- *how it will ensure that in future all contracts with third party suppliers include adequate compensation in the event of any failure to deliver; and*
 - *how much it will cost to deal with the additional items of unprocessed clinical correspondence that have been found since the NAO report.*
6. **The Department's weak oversight of its joint venture with Sopra Steria, a private company, meant that opportunities to identify the issues at NHS SBS were repeatedly missed.** The Department holds 49.99% of the shares in NHS SBS, and Sopra Steria holds the remaining shares. The Department is entitled to three seats on its board but did not take up two of them. As early as 2011, Ben Bradshaw MP raised concerns about NHS SBS' performance in the House of Commons. Despite this, the Department did not review how well NHS SBS were delivering the contracted services. The Department told us that it has recently reviewed how it governs all six companies in which it is involved since the issues with NHS SBS emerged and confirmed it has now taken up two of the three available seats on the NHS SBS board.

Recommendation: *The Department should set out for the Committee how the changes it has made to the governance of its six investments will ensure that it has adequate arrangements in place to oversee the services being delivered by these organisations.*

1 Clinical correspondence handling by NHS Shared Business Services

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department of Health (the Department), NHS England and NHS Shared Business Services (NHS SBS) about clinical correspondence handling at NHS SBS.¹

2. Until April 2016, NHS SBS was contracted by Primary Care Trusts (PCTs) to provide primary care support services, including redirecting clinical correspondence, in 3 areas: the East Midlands; North West London; and the South West. NHS England took over the management of these contracts when PCTs were abolished on 1 April 2013. NHS SBS is a limited company set up as a joint venture between the Department of Health and a private company, Sopra Steria. The Department has a 49.99% share in NHS SBS.²

3. Concerns about the quality of the primary care service being delivered by NHS SBS were raised as early as 2011, when Ben Bradshaw MP raised the issue with the former Minister for Health. He suggested that the quality of primary care support services that were already being run by NHS SBS were worse than those that they replaced, and were getting worse. The former Minister for Health assured him that the contracts with NHS SBS were underpinned by robust management arrangements, including key performance targets to measure the quality of the service that they provide.³ The Department did not take this opportunity to review the performance of NHS SBS.⁴

4. NHS SBS inherited a small backlog of unprocessed mail when it took over the redirection service in 2011. NHS SBS had regular reports about the size and extent of a backlog in misdirected clinical correspondence as it developed from 2011 onwards. Internal monthly reports in 2011 and 2012 noted the backlog in the East Midlands, which by June 2015 was estimated to consist of 351,500 items of correspondence. Similar backlogs were found in other regions. Senior people in NHS SBS were aware of the backlog of cases and the risk that patients could be harmed as a result, but did not develop a plan to deal with it.⁵

5. NHS SBS told us that those dealing with the matter mistakenly thought that correspondence forwarding was a low-value, less important activity and did not recognise the significance of the backlog or its potential impact on patients. As a result the issues surrounding the backlog of cases were not properly escalated. The managers concerned did not follow NHS SBS's formal process, which was to alert the chief finance officer of the risk. In turn he would then have alerted the audit committee and NHS SBS would have formulated its response. Senior managers withheld information about the backlog from the board for several years.⁶

1 C&AG's Report, *Investigation: clinical correspondence handling at NHS Shared Business Services*, Session 2017–19, HC 41, 27 June 2017

2 Q 10, 18; [C&AG's Report](#), paras 2–3, p 4, Figure 2

3 Qq 16–17

4 Q 16, 35–42

5 Qq 21–29; [C&AG's Report](#), para. 2.1

6 Qq 20–24

6. In June and July 2015, a more junior colleague raised the issue of the backlog in the context of documents that were being destroyed. The manager responsible confirmed that the documents in question were being destroyed correctly, which was another missed opportunity to escalate the issue. As it was, the NHS SBS chief executive was not told about the problem until 3 March 2016. Six members of staff in NHS SBS were disciplined for this failing, four of whom are no longer employed by the company.⁷

7. When NHS England took over the contracts for primary care support services and mail redirection from the PCTs in 2013, it did not identify that the contracts lacked Key Performance Indicators for redirecting clinical correspondence. It told us that there was no opportunity to review, amend or renegotiate the terms of those contracts before the contracts were transferred to it. Neither did it review the contracts later. NHS England did not ensure that it had adequate processes in place to assure operations across the organisation, despite the NAO warning in 2014 that this was not good enough.⁸

8. NHS England's management of its contract with NHS SBS did not identify that forwarding clinical correspondence was not seen as an important activity by NHS SBS. NHS SBS said that it had mistakenly been regarded as a low-value, less important activity. Although, the contracts with PCTs included key performance indicators for certain services they delivered, none of the contracts had key performance indicators related to the redirection service. The NAO's good practice guidance on contract management recommends that all contracts have performance measures, for example, targets covering all aspects of services provided. These should be linked to financial incentives and penalties. In fact, only 21 of the 26 contracts explicitly stated that redirection services were required.⁹

9. NHS England did not make sure that misdirected clinical correspondence was handled properly outside the NHS SBS contracts. In May 2015, NHS England wrote to GPs in the areas served by NHS England's in-house primary care service to tell them that correspondence sent to the wrong GP practice should be returned to the original sender. Although NHS England did not send this instruction to NHS SBS, by November 2015 NHS SBS stopped providing the redirection service.¹⁰

10. The Department has held 49.99% of NHS SBS' shares since it was created in 2004. As a joint owner of the enterprise, the Department is entitled to take up 3 seats on NHS SBS' board. Since 2014, the Department has only taken up 1 of these 3 places. The Department asserted that having more representatives on the NHS SBS board would have made little difference to the build-up of the backlog, as the board was not told about it before NHS SBS reported it to the Department and NHS England in March 2016. The Department was present at the NHS SBS board meeting where the issues of the backlog were first raised.¹¹

11. NHS SBS is one of six companies that the Department owns or part owns. The Department accepted that it had not focused enough on the governance of these companies in the past. It told us that since the incident it has reviewed its governance processes for all 6 companies and centralised all of its governance responsibilities to a single team to

7 Qq 25–32

8 [C&AG's Report](#) paras 1.6–7

9 Q 18–20; [C&AG's Report](#) paras 3, 1.4

10 Qq 75–80; [C&AG's Report](#) para 1.8

11 Qq 12–14, 24–29, 43–45, [C&AG's Report](#), Appendix 2

ensure that it has people in the role who are much more professional governors. It also told us that it has reviewed who its board members are and governance arrangements for its investments. Currently, the Department is taking 2 of its 3 seats on the NHS SBS board.¹²

2 Responding to the backlog of clinical correspondence

12. NHS England set up a National Incident Team (NIT) immediately after it was told about the backlog in March 2016. In April 2016 the NIT reviewed the unprocessed correspondence. High priority items, including cervical screening results and child protection notes, were assessed and returned to GPs as a matter of urgency, with a request that the NIT be told promptly if the patient had come to harm as a result of the delay. Lower priority items were sorted and returned to the correct GP practices by the end of December 2016. GPs were again asked to tell the NIT if any patients had come to harm as a result of the delay.¹³

13. NHS England agreed with the British Medical Association that GPs would be paid in advance for reviewing the backlog of correspondence. In doing so, NHS England broke with its own policy of not normally making payments in advance. In February 2017, NHS England paid a total of £2.5 million to 7,330 GP practices for the time spent assessing the potential harm to their patients.¹⁴

14. By October 2017, around 2,000 of the 7,330 GPs had not confirmed whether they had reviewed the clinical correspondence about their patients, despite NHS England having paid them to do the work. The unreviewed correspondence relates to over 100,000 patients. We were concerned to hear that NHS England has given up trying to find out whether there is any patient harm from those GPs who have not complied with the NIT's instructions. NHS England told us that it discussed its approach with its national clinical leads and agreed that this was an appropriate response. The NIT has written to those GPs to inform them that it is assuming that they have reviewed the correspondence and identified no patient harm.¹⁵

15. By October 2017, NHS England had identified 5,562 cases from the 709,000 items of backlogged clinical correspondence which required further clinical review as there was evidence of harm suffered by the patient. Of these, the further review of 1,938 cases is not yet complete. These cases are awaiting a final clinical review to decide if the patients involved have suffered harm as a result of the delay. This figure excludes the items of correspondence where GPs have not responded to the NIT. The NIT aims to complete the process by the end of December. As yet, there has been no evidence that any patient has been harmed by the service failure.¹⁶

16. When dealing with the original backlog, NHS England relied on third parties to assure it that all material had been found. NHS SBS also used its internal auditor to check whether the process it had followed had successfully identified all archived materials. In September 2016, NHS SBS's auditor concluded that it could provide reasonable assurance that all unprocessed correspondence had been found. However, when NHS England had its internal auditor check that the NHS SBS internal audit report was reliable, it said that there was no assurance that all misdirected correspondence held by the company had

13 [C&AG's Report](#), paragraphs 3.3, 3.6–3.9, Figure 5

14 Qq 103, 111–114

15 Qq 93, 95–99

16 Qq 1, 3

been identified. This was because NHS SBS had used a risk-based approach to a search of NHS SBS archives, not a finger-tip search. Despite this, NHS England did not order a further search.¹⁷

17. The overall cost of identifying and reviewing the backlog of 709,000 items is in the region of £6.6m. This sum may go higher as it does not include the cost of any potential future fines (for example, from the Information Commissioner) or negligence claims from patients who may have suffered harm.¹⁸

18. NHS SBS has agreed to cover NHS England's costs in dealing with the original incident. This amounts to £4.34 million. It covers the £2.5 million direct payments for clinical reviews and £1.84 million of additional costs. However, NHS SBS is not paying any compensation over and above NHS England's costs. In addition, NHS SBS is paying its own costs which it estimates at £2.26 million.¹⁹

19. Further service failure in the redirection of clinical correspondence

20. Since the C&AG's report was published in June 2017, NHS England has reported a further 162,000 cases of misdirected correspondence that need to be reviewed. NHS England told us that it had identified 150,000 items of unprocessed clinical correspondence. It explained that even though NHS England's contract with Capita for primary care support services does not include a mail redirection service, some GPs have mistakenly continued to send misdirected correspondence to Capita. The correct procedure is to return these documents to sender. NHS England estimates that around 5% of GPs are not adhering to the new process. NHS England has yet to ensure that GPs understand and follow the new process properly, though it accepts that it is NHS England's responsibility to make that happen. It told us that these cases would be reviewed by GPs in the same way as the first backlog.²⁰

21. NHS England has also found a further 12,000 items relating to correspondence that had not been processed by NHS SBS. NHS England told us that this additional backlog came to light as a result of a finger-tip searches of boxes of paperwork that had been sent from NHS SBS to Capita at the end of NHS SBS' contract. The additional correspondence has since been held in Capita's document management storage facilities. Capita had assumed them to be records for filing and therefore had not done anything with them.²¹

22. NHS England is continuing to search for further unprocessed correspondence. As a result, the number of patients impacted by the service's failure to properly handle clinical correspondence may increase. NHS England told us that its search technique is "pretty rigorous" and includes searches in areas it would not have had a prior reason for thinking may contain such records. We welcomed NHS England's commitment to informing the Committee if any further cases are discovered.²²

23. The National Incident Team (NIT) plans to assess all 162,000 additional items and return them to the relevant GPs. NHS England committed to having completed this process by the end of December 2017. GPs will be asked to review the documents and

17 Qq 122–126; [C&AG's Report](#), paras 3.21–3.22

18 Qq 45, 115

19 Qq 45, 103, 115–116

20 Qq 6, 75, 80; [C&AG's Report](#), para 1.8

21 Qq 6, 59, 61

22 Qq 54, 59

report if any of their patients have been harmed as a result of the delay. As with the original backlog, the NIT is prioritising the high priority cases. The NIT will then ensure that there is a more detailed clinical review of any cases where GPs think patients may have been harmed. NHS England estimate that the whole process will take until March 2018.²³

24. NHS England expects to it will cost at least another £1 million alone to have GPs to review the further 162,000 items of misdirected clinical correspondence. The total cost will depend on how many more cases are found and how complex they are to resolve.²⁴

23 Qq 6, 50–52; [C&AG's Report](#), Figure 5

24 Q 59

Formal Minutes

Monday 20 November 2017

Members present:

Meg Hillier, in the Chair

Heidi Allen	Luke Graham
Geoffrey Clifton-Brown	Gillian Keegan
Martyn Day	Nigel Mills
Caroline Flint	Gareth Snell

Draft Report (*Clinical correspondence handling at NHS Shared Business Services*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 24 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Fourth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 23 November 2017 at 10:00am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 16 October 2017

Question number

John Neilson, Chief Executive, NHS Shared Business Services, **Simon Stevens**, Chief Executive, NHS England, **Karen Wheeler**, former National Director, Transformation and Corporate Operations, NHS England, and **Sir Chris Wormald**, Permanent Secretary, Department of Health

[Q1-134](#)

Published correspondence

The following correspondence was also published as part of this inquiry:

- 1 [Correspondence with Department of Health relating to NHS Shared Business Services](#)

List of Reports from the Committee during the current session

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312
Second Report	Brexit and the future of Customs	HC 401
Third Report	Hinkley Point C	HC 393
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347

Public Accounts Committee

Oral evidence: Investigations into Clinical Correspondence Handling at NHS Shared Business Services, HC 396

Monday 16 October 2017

Ordered by the House of Commons to be published on 16 October 2017.

Watch the meeting <http://parliamentlive.tv/event/index/2b1752ba-10ad-45a7-9319-bf6ce6f5f433?in=16:41:44>

Members present: Meg Hillier (Chair); Heidi Allen; Geoffrey Clifton-Brown; Martyn Day; Caroline Flint; Luke Graham; Gillian Keegan; Shabana Mahmood; Bridget Phillipson; Gareth Snell.

Sir Amyas Morse, Comptroller and Auditor General; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; Ashley McDougall, Director, National Audit Office; and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-134

Witnesses

I: John Neilson, Chief Executive, NHS Shared Business Services; Simon Stevens, Chief Executive, NHS England; Karen Wheeler, former National Director, Transformation and Corporate Operations, NHS England; and Sir Chris Wormald, Permanent Secretary, Department of Health.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Report by the Comptroller and Auditor General

Investigation: Clinical Correspondence Handling at NHS Shared Business Services (HC 41)



Examination of witnesses

Witnesses: John Neilson, Simon Stevens, Karen Wheeler and Sir Chris Wormald.

Q1 **Chair:** For anyone who is watching and wants to follow on Twitter, we have a hashtag—#health. Very imaginative—that covers quite a range of things.

We are now into our second panel of today's hearing. This section is looking at the handling of clinical correspondence by NHS Shared Business Services, which was a collaboration between a private sector company, Sopra Steria, and the NHS to process items of correspondence, but it was a really shocking failure of public services, with 700,000 items of correspondence—more than that, probably—not redirected by NHS SBS, as it should have been. What was really shocking when we were looking into this the last time that we talked to you about it, and since the NAO's investigation, is that the practice continued for over four years. In fact, some of our evidence suggests that it went on for even longer than that.

So we want to look into this issue today on the basis of the NAO's investigation, which came out in July. We covered it in February, so we do not need to recap what we have done before. We can just focus—cut to the chase—on the key issues.

I welcome our witnesses: Karen Wheeler, who is the former national director for Transformation and Corporate Operations at NHS England—welcome to you; Simon Stevens, the chief executive of NHS England; Sir Chris Wormald, who is the permanent secretary at the Department of Health; and John Neilson, who is the chief executive of NHS SBS.

Before we get into the main thrust of this, we have asked on a number of occasions to get an update on the harm to patients as a result of this shambles. So, Mr Stevens, can you update us on that issue and any other relevant developments before we go into the main topic?

Simon Stevens: Yes, certainly. Thank you, Chair. What is unchanged since the NAO's original report is that we have no evidence that any patients have suffered clinical harm as a result of this and we now obviously have a much better line of sight to that, having worked our way through the vast majority of the backlog of correspondence.

The set of actions that the NAO rightly describes for what I might call phase 1 of this effort will indeed be completed by the end of December, as laid out in the NAO Report. In other words, all of the original correspondence that needed to be repatriated will have been repatriated, and all of those initial clinical reviews will have been undertaken.

I will just put some numbers around it. The NAO Report talks about 708,000 or 709,000 items. We took a more cautious view of the number of cases that needed clinical review than was the position as of May. In figure 6 on page 28 of the report you will see a sort of waterfall diagram of



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the handling of the backlog of items. The key box is “Further clinical review required”, and at that point the number was 1,788.

Q2 **Chair:** What is it now?

Simon Stevens: We increased it, as a result of doing the further diligence on the volumes that were there, and it went up to 5,562 cases for clinical review. Of that 5,562, the vast majority have now been done—4,565 of them have been done.

Q3 **Chair:** Sorry—I am lost.

Simon Stevens: Of the 5,562, 4,565 have been completed, which means that there are 997 of the original clinical reviews to complete by the end of December. Of the ones that have been done—the 4,565—3,624 have been clearly shown not to have caused relevant clinical detriment or harm on the back of it, so there are 941 of that cohort awaiting final clinical review, which, again, we expect to be done by the end of December.

Q4 **Chair:** It would have been helpful to have those figures ahead of the hearing.

Simon Stevens: We wanted to make sure they were as current as they could be. Let me also say that, in addition—I described this as phase 1, which will be the majority of it—we have done two further things since the NAO Report. The first, on a belt-and-braces abundance-of-caution basis, is that we have taken a look back at the processes used for the non-SBS correspondence items, and there are—

Q5 **Chair:** Can you just explain, for clarity, what the non-SBS items are?

Simon Stevens: Yes. If you recall, about 20% of the volumes of these transactions—there are up to 5.5 million of these movements of bits of paper and stuff each year—

Q6 **Chair:** A big bureaucracy that you are running.

Simon Stevens: That emphasises the importance of moving to digital. Of those transactions, 20% were handled by SBS, Serco and Anglian Community Enterprise and 80% were done through various local offices around the country, so we have also looked at some of those items in the 80%. In doing so, we have come across what we think are 12,000 SBS items, in addition to the 709,000, to which we are now going to apply the same triage process, and ditto for any other items that show up from the legacy. Then we have looked at the ongoing issue of whether GPs are sticking with the new processes, which are intended to have designed out the idea that bits of correspondence go to a third-party repository before they are transmitted to the individual practice. For the most part, that has worked—GPs were asked to put that new process in place from April 2015. But we still have about 5%—call it that, plus or minus—where that has not been happening, so we have to apply the same processes that we have used for the phase 1 effort to those volumes as well.

Sir Amyas Morse: What is the number?

Simon Stevens: We think there are probably about 150,000 items that require repatriation to GPs and, again, we aim to have done that by the end of December.

Q7 **Chair:** So it has got worse.

Simon Stevens: The situation hasn't changed—

Q8 **Chair:** You have found—

Simon Stevens: We have become very rigorous in making sure that we are lifting every stone, and that is what we have identified.

Q9 **Chair:** That brings me to the first bleedingly obvious question, which is: why did it take so long to find out what was happening? The NAO had sight of it in 2011, but Ben Bradshaw MP was raising this in the House back in—sorry, he was raising it as an issue in 2011, and it was flagged properly to you in 2014. So why did it take so long, Simon Stevens? Ms Wheeler?

Simon Stevens: I do not know about 2011.

Karen Wheeler: As far as I was aware, the first time we heard about the specific incident was when SBS raised it with us in March 2016. At that point, we obviously treated that particular incident with great seriousness and started to look at our other contracts and processes associated with this area. But at the time we did not identify any other big areas where there were concerns.

Q10 **Chair:** But you were responsible for the NHS partnership part of it, yes?

Karen Wheeler: Yes.

Q11 **Chair:** So there were supposed to be two NHS directors on the board.

Karen Wheeler: Sorry, that was—

Sir Chris Wormald: That is Department of Health—

Q12 **Chair:** Sorry. Mr Wormald, why weren't those two directors on the board?

Sir Chris Wormald: There are two bits to our involvement. DH is the owner of 49% of the joint venture and NHS England contracts with the joint venture.

Q13 **Chair:** So why weren't the two NHS directors on the board?

Sir Chris Wormald: We had directors on the board for the entire period. We hadn't taken up two of our seats on the board. As it happens—

Q14 **Chair:** So you had two and you didn't take up the other two? I am losing track of the numbers of directors.

Sir Chris Wormald: We had one, and we didn't take up two, previously. In the light of this incident, we have been reviewing how we govern all our six companies in which we are involved. We now take up two seats on this board.



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Q15 **Chair:** Okay, you had one director on, so what was that person doing?

Sir Chris Wormald: This is what I was going to come to, and we ought to bring in Mr Neilson on this issue. One of the primary issues, although I don't want to speak poorly of John, was escalation within SBS. In fact, the board of SBS was informed after the Department and NHS England were, at the same time, in March 2016. As I understand the issue, it is not that the board members missed something; an escalation question within SBS was at the heart of it. Did you want to say a bit more, John?

Q16 **Chair:** Mr Neilson, we are really puzzled. This was being raised as an issue in the House of Commons by a former Health Minister in 2011, and yet it was not picked up until 2016. What went wrong?

John Neilson: My recollection of the Ben Bradshaw quotes is that they were not related to this specific issue. He did raise concerns about the primary care service—I think that was before we took on the south-west accounts—as opposed to this particular issue.

Q17 **Chair:** There is a letter here from the Department of Health from Andrew Lansley, when he was then Secretary of State, to Ben Bradshaw on 25 October 2011 stating, "I note your concern over service quality. The contracts between NHS SBS and its customers are all underpinned by performance management arrangements, which include key performance targets that measure the quality of the service they provide." That was also said to him in a debate, and yet the National Audit Office Report says there were no key performance indicators. Who was right?

John Neilson: There are no key performance indicators for this particular activity, which was an attempt to trace the mail redirection service. The service was substantially broader than that. It actually included quite rigorous key performance indicators, which we performed very well against throughout the whole period of that contract, and delivered £52 million—

Q18 **Chair:** Why weren't there any for this particular part of it?

John Neilson: The contracts we had with the NHS were in three tranches. The first was with seven PCTs in north-east London in 2009, the second was with nine from the east midlands in 2011, and then finally it was with 10 from the south-west in 2012. In all those discussions we sat down with the PCT and with local clinicians to discuss what the key performance indicators should be for the service. We went through that process three different times with three different groups of people, and this was never identified as anything other than a filing-type of process. There were no key performance indicators related to it.

Q19 **Chair:** But you can have key performance indicators for filing. We are MPs and we have key performance indicators for how quickly we send out a letter. That is not unusual.

John Neilson: Yes, and we have lots and lots of key performance indicators for lots of activities.



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Q20 **Chair:** One would argue that it is just the basic part of a job to have targets that you have to do things by, which could then easily turn into a monitoring mechanism—whatever you call it: monitoring, key performance indicators, managing the flow. So why was this not identified?

John Neilson: Because it was seen as a low-value, less important activity. With hindsight, I think that that was a big mistake. Clearly, mistakes are then being made in the delivery of our service and we apologise very profoundly for that. It was the case that there were no formal measures for this activity.

Q21 **Chair:** When did you first know about it?

John Neilson: I first knew about this on 3 March 2016. As Chris was alluding to previously, this was an activity that people within our primary care services team were reporting on—there were regular updates as to the size and extent of the backlog as it developed from 2011 onwards.

Q22 **Chair:** Let's just go to page 7 of the summary of the National Audit Office Report. In paragraph 5: "NHS SBS's internal monthly reports in 2011 and 2012 noted the backlog in its East Midlands processing centre"—a backlog there. I won't read it all out, but there are other backlogs in other regions as well, and then: "In June 2015, an administrator estimated the backlog in the East Midlands to be 351,500 items." That sounds like a problem, but you did not know about that?

John Neilson: I did not know about that.

Q23 **Chair:** Why did you not know about that?

John Neilson: Because of failings in our management system. It was not properly escalated. The people who were dealing with the matter did not recognise the significance of the clinical issue and, unfortunately, that was not identified until March 2016.

Q24 **Chair:** Further down on the same page, in paragraph 8: "Senior managers within the NHS SBS primary care services business unit knew about the clinical risk to patients in January 2014 but it did not develop a plan to deal with the backlog"—so senior managers knew, but you did not. What sort of outfit were you running here?

John Neilson: I guess it is your definition of "senior managers", but—

Chair: This is the NAO, in an agreed Report—

John Neilson: A senior manager can mean a number of different things. Senior managers within our business who were responsible for the primary care services activity did know about the fact that there was a clinical risk. They chose not to report that upward at that time, so it was not visible to our—

Q25 **Chair:** What was the consequence to them of not reporting that?



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John Neilson: At that time, nothing, because we did not know about it. Since we have been through this process, six managers from our business have been disciplined. Of those, four are no longer with the business.

Q26 **Caroline Flint:** Did you say that four are no longer working with you?

John Neilson: Yes.

Q27 **Caroline Flint:** Are they working in other parts of the NHS?

John Neilson: Not that I am aware of. I don't think so.

Q28 **Caroline Flint:** It would be interesting to know because sometimes we often hear about people being disciplined or let go, then they turn up running something else in a senior capacity somewhere else.

What would it have taken to escalate it to a more senior senior level than senior managers?

John Neilson: Simply, the managers concerned should have followed our normal process, which was to alert this risk to our chief finance officer, who is also the SIRO for the business. He would have alerted that to the audit committee and we would have responded appropriately at that time.

Q29 **Caroline Flint:** In the discussions you obviously had with senior managers, some of whom were disciplined, what was their answer to the question about why it was not escalated?

John Neilson: They did not have particularly good answers—

Caroline Flint: What sort of answers did they give?

John Neilson: The sort of answers included, "We did discuss this with people from the PCTs throughout the period", "Actions were taken" and, "In fact, even after the 2014 report, an action plan was created to deal with the matter." This report that was generated, which highlighted this particular risk, covered a number of other factors as well, so the action plan covered more than just this issue. That action plan was measured forward, but there was not a follow-up review about this specific item.

Q30 **Caroline Flint:** In your investigations and discussions with these senior managers, were there any other individuals in the organisations—more junior members of staff—who raised concerns, and how was that dealt with?

John Neilson: As it says in the Report, in June and July 2015 a more junior member of staff raised this as an issue. They raised it in the context of documents that were being destroyed. The documents that were being destroyed were investigated—sorry, one thing to understand is that part of our service is to manage the proper destruction of documents, so all sorts of documents come into our business, with time periods and data protection requirements, and we have to manage that process. The manager for the area undertook, under the guidance of our information governance person, a review of that person's issues and confirmed that the documents that were being destroyed were being destroyed correctly.



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It was another missed opportunity for somebody to say, "Hang on a minute—we have a clinical risk here." Unfortunately that did not happen.

- Q31 **Caroline Flint:** Just so I am clear, a junior member of staff came forward. Was the person who then investigated and said that it had been done correctly one of the senior managers who was in any way involved in the delay in escalating the wider concerns in this area?

John Neilson: Yes, it was.

- Q32 **Caroline Flint:** So it was one of the senior managers. Were they one of the people who were then disciplined?

John Neilson: Yes, they were.

- Q33 **Caroline Flint:** So you could say that that individual possibly suppressed more discussion around a junior member of staff's concerns?

John Neilson: Possibly. I can only take it at face value. They investigated the specific issues being raised relating to the destruction of documents and came to the finding that they did. If you remember, this is in a context where this whole issue has not been managed properly. It has been managed in a particular way over a period of time, and they carried on behaving that way.

- Q34 **Gareth Snell:** Mr Neilson, the NAO Report says that there was a report in the east midlands in 2011-12 and a further report in 2014 of 250,000 documents, and you say you were not aware until 2016. When would you like to have been made aware? At what level would you have expected the teams in those processing centres to have alerted someone else? Given that there was no KPI for this particular part of your service, what confidence can we have that, had this not been raised, anybody would have looked into this at any point? The lack of a KPI presumably means that unless someone had come forward and said, "There's a problem," this could have carried on unabated for many more years, because nobody was looking at whether or not there was a problem in that particular part of your contract.

John Neilson: You asked a number of different questions. In terms of your first question, I would like to have known in 2011. We did not appear to have a problem in the period 2008 to 2011, which was the first contract from the north-east of London. The problems seemed to manifest themselves particularly with the east midlands contract. I would like to have known at that time, not least because what had arisen here was different from how we were operating in north-east London.

- Q35 **Chair:** I am just going to chip in here. You said earlier, Mr Neilson, that what Mr Bradshaw raised in the House of Commons was not relevant to this area. He talked in a Westminster Hall debate on 8 November 2011 about the comparison between the quality of support services in his own area of Devon, and he said very specifically—I quote from *Hansard*—"in the south-west 91% of patient records are transferred within the maximum target time of six weeks, and the east midlands used to boast a similarly good figure but performance has fallen to 76% since SBS took



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over at the end of 2010. North London was the first and is the only other area where SBS runs the primary care support services, and performance there is just 35%." A Minister was briefed to go to the House of Commons to answer that debate.

John Neilson: Perhaps I could—

Q36 **Chair:** Could I just ask the question? Why didn't anybody think to look into the issue about how SBS was running? Maybe that is a question for you, Mr Wormald.

John Neilson: Can I just respond? Those figures are misleading. At the time, for the east midlands, we did sign a contract in 2010. We did not actually pick up the service—the service was picked up progressively during the course of 2011 through to August 2015. One of the statistics we are most proud of is our management of the processing of complete medical records. In terms of the six-week timeline that Mr Bradshaw is so proud of for Devon, we were processing our component of it; we had a KPI of doing it in five days and were actually processing it in 48 hours through the east midlands office thereafter. So we introduced significant automation improvement to that service, and the figures he was referring to are at the point before the service transferred to us.

Q37 **Chair:** So you are saying that by the time he had that debate, you had already sorted it.

Sir Chris Wormald: Just to be clear, the figures you are quoting are about a different service from the one we are describing here.

Q38 **Chair:** I heard what Mr Neilson said, but the point is that this is a shared business service that was managing paperwork. We are talking here about patient records, which is different, but still, performance had gone down. You say you then solved it.

John Neilson: It was before we took it on.

Q39 **Chair:** But it was raised as a concern. Did the Department then look into SBS and see whether anything needed to be sorted out there? The Minister was briefed to go out and be very positive. I will not quote everything, but other positive statements were made about the importance of this general outsourcing.

Q40 **Sir Chris Wormald:** Sorry, I will need to check exactly what was said in 2011.

Chair: I can send you a copy of the *Hansard*. Mr Bradshaw has probably done it already.

Sir Chris Wormald: That did not raise the mail redistribution question that we are addressing now.

Q41 **Chair:** But if you have got an organisation that has been raised by an MP on the Floor of the House—I quote what was said to me. A previous Health Minister said there is a very direct correlation between MPs' complaints about hospitals, say, and what is actually happening there on



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the ground. If an hon. Member of this House who is a former Health Minister—not that any of us is just any old Member, but he really knew what he was talking about—raises something in all seriousness, what steps do the Department take to look at this and say, “Hang on a minute, is there something we ought to be looking at here?”?

Sir Chris Wormald: I think your wider point is very fair. I was merely making the distinction between the different types of contract, and the one we are talking about here—

Chair: But we can get very narrow, and actually the issue here is—

Sir Chris Wormald: I will go and check what was said around those issues in 2011 and come back to you.

Chair: If you could, please, and in writing.

Q42 **Gareth Snell:** Isn't that fundamentally the problem that happened with this contract—rather than looking at it in its broadest context? If somebody stood up on the Floor of the House of Commons and raised an issue with the East Midlands centre, would you not have expected there to be a slightly broader approach to the efficiency and operation of that particular centre than the very narrow part of that contract? Would you not agree? When running a business, you look at all components to see where the problem is. This question is also for you as well, Mr Neilson, as somebody running that bit.

Sir Chris Wormald: It is difficult for me to comment, because I do not know what investigations were done on those things at that point. Yes, you would expect—members of the Committee who have been Ministers will know this—to look around a question like that. I do not know if that was done at the time. It may well have been, but I will come back to you on that point.

Q43 **Caroline Flint:** Can I clarify when this first came to the board at which a DH representative was there?

Sir Chris Wormald: That was March 2016—the same day. It was actually it had come to NHS England.

Q44 **Caroline Flint:** How often does the board meet?

John Neilson: It meets six times a year, plus there are three audit committees.

Chair: So there is a five-year lag.

Q45 **Heidi Allen:** It is that breadth question that really is setting off alarm bells in my head. I am not sure if this a question for Simon or Chris—forgive me; I am not sure who is best placed to answer it. We talk a lot about grip in the NHS, and this, to me, is admin grip. SBS took over a small backlog, but it was a backlog none the less. All right, we have apologised and realised that perhaps it was not given the scale of consideration it needed, but a small thing we got wrong ended up costing £6.6 million, and that is £6.6 million of taxpayers' money that could be



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better spent on so many things. Aside from just looking at this particular contract and this type of mail, or that part of the contract, what have we learned about all aspects of shared services admin throughout the NHS? These little oversights can cost a lot of money, and to me that is grip of the highest order. What have we learned, and how are we doing it better?

Chair: Permanent Secretary? I have a lot more saved up for Mr Stevens. He can rest for a minute.

Sir Chris Wormald: As I said, for the Department, although it would not have helped in this particular case, when we reviewed our work around this we did want to revamp our governance of the companies that we own, of which there are six. We have centralised all our Government responsibilities in a single team so we have people who are much more professional governors and we have reviewed who our board members are and our governance arrangements. The Department—this is where the question moves to my friend here—is responsible for very little direct delivery in the health service. That is the way we are set up. It really is those six companies where we directly interface with the system. So there were things for us to learn around this, as I say, even though they would not actually have helped in this particular case, as it were. Then, I think there are a number of things on the contracting side of the picture which is for NHS England—

Q46 **Heidi Allen:** I do not underestimate how complex the NHS is—it really is incredibly complex—but this detail matters. This is how an organisation does or does not function effectively.

Sir Chris Wormald: Yes. I agree with all of that. When we went to look, we found that these are for the Department, which, as I say, is not in the business of delivering health services. We have this range of companies that have ended up with us, mainly for historical reasons, and we didn't have enough focus on how they were governed. As I say, that doesn't affect this particular incident, but the wider learning from the point you are making is, I think, correct.

There were then a series of contracting questions. Again, in this case—I am sure Karen will say more—a lot of the weak contracts without KPIs were legacy contracts from PCTs. There are questions about how that happened in the first place. Karen, I think this is probably your—

Karen Wheeler: Shall I say something—

Chair: Ms Allen, did you have any further questions?

Heidi Allen: I am finding this breathtaking, to be absolutely frank. I am really zipping it.

Chair: Hold on for a minute; if you can, channel your breath taking into a question. I will bring in Mr Clifton-Brown.

Q47 **Geoffrey Clifton-Brown:** So, Chris, you started this hearing very



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confidently, telling us about 708,000 or 709,000 items that had been sifted, with 987 to be dealt with by December, and that none of this stuff had had any detriment to patients. You then tell us the bombshell that while trawling through 80% of local trusts you found another 12,000, and then you have found another 150,000 items. What is the situation today with dealing with all of this backed-up?

Sir Chris Wormald: I think this is Simon's—

Simon Stevens: Precisely. That is what we have done in the light of this to make sure that we are completely on top of the totality of what is happening. We are applying precisely the same clinical review processes to those cases as we have done for the tranche one, right up to ensuring that, where necessary, individual notes are not only reviewed by GPs but by consultants at Leeds Teaching Hospital who have been specially brought in to do this.

Q48 **Geoffrey Clifton-Brown:** That is fine, but until you have sifted through them, you don't know whether there is a serious case out there from which somebody is dying because their notes have not been transferred. When are you going to get on top of this situation?

Simon Stevens: I think we are on top of the situation, and as I said—

Q49 **Geoffrey Clifton-Brown:** You are on top of it in totality, you think, but are you in actually dealing with it on a case-by-case basis, so that every single one of those 12,000 and 150,000 are actually going to be sifted through to make sure there is no important information out there that hasn't been transferred?

Simon Stevens: Yes. We want to get all of those 12,000 and any other related cases back to GPs to make that assessment, where that is needed, by the end of December. We will then be in a position to have more detailed clinical reviews when required after that.

Q50 **Geoffrey Clifton-Brown:** That's the 12,000. What about the 150,000?

Simon Stevens: The same for them. We will get the 150,000 and the 12,000 back to the relevant GPs by the end of December.

Q51 **Geoffrey Clifton-Brown:** It is all very well getting it back to the poor old GPs, who are well overworked anyway. How long is it going to take them to sift through 150,000?

Simon Stevens: We have asked GPs for the first tranche—we have obviously had a bigger volume of that that we have already successfully dealt with, with the support of GPs—to typically have a four to six-week turnaround. We put extra funding into the system to do that, as you know, to the tune of £2.5 million. We will need to further resource this final stage of the activity.

Q52 **Geoffrey Clifton-Brown:** When would you expect to look this Committee in the eye and say that every single one of these back items will have been assessed, and that there is no patient out there suffering because of this whole messy incident?



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Simon Stevens: For the main tranche one, which we referred to in the audit report, by the end of December.

Geoffrey Clifton-Brown: No, I am talking about the 12,000 and the—

Simon Stevens: For wrapping up the other items we have described, I would hope it is by the end of March. That will depend a bit on the volume of responses we get back from GPs and the sort of ratios—i.e. the very low proportions of cases actually that then required detailed clinical review. There is no reason to think that wouldn't be the case with this tranche as well. If that is the case, the end of March is a feasible goal.

Geoffrey Clifton-Brown: Chair, I think we need an updated note on this.

Chair: Absolutely. We can certainly have an update in writing, and we will consider a recall. Mr Stevens, are you convinced you are now at the end of this, or is there another pile of paper buried somewhere in a locked room?

Q53 **Heidi Allen:** And does the £6.6 million cover all of this, or will the bill go any higher?

Chair: We will touch on the money in a minute.

Simon Stevens: It's not, so I think we will have to—

Q54 **Chair:** Can we have one question at a time please, Mr Stevens? Are you convinced you have got to the bottom of this now?

Simon Stevens: That is—I am telling you honestly what we know as we sit here today. We have been pretty rigorous, as I say, about going and lifting stones, even in areas where we would not have had a prior reason for thinking to. We will obviously keep you updated if that situation changes.

Q55 **Chair:** How many GPs responded—well, hopefully most of them responded. How many did not respond to the question about whether there was potential clinical harm to their patients? I think they were being paid a fee to do that. That's right, isn't it?

Simon Stevens: Yes.

Karen Wheeler: Sorry, I don't know the exact number.

Q56 **Chair:** Could you please write to the Committee?

Karen Wheeler: I will do, yes.

Q57 **Chair:** But it was not 100% of GPs that got this, turned it round in 24 hours and sent it back or whatever. Some did not.

Karen Wheeler: There was something like 2,000 GPs, but I will get you the exact number that did not respond to all our prompting.

Q58 **Chair:** Please do so. Ms Allen has rightly highlighted the point about how much this is costing. We have the cost so far in the NAO's investigation—the figures there. What is it going to cost overall? You are going to have



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to pay people, presumably, this extra fee to look at these extra records that Mr Clifton-Brown was asking about, that he highlighted as a bombshell.

Simon Stevens: We will, and I think it is right that we do that, given the extra clinical time involved. I can't give a firm number on that until we know exactly how many cases require that—

Q59 **Chair:** Is there a limit? Have you got a cap on what you are—

Simon Stevens: The order of magnitude? I would think it is more likely to be in the zone of £1 million rather than £2.5 million—incrementally, but that would be our expectation.

Chair: I am going to bring in Sir Amyas Morse and then Mr Snell.

Sir Amyas Morse: I am a little bit mystified by how the 12,000 cases suddenly appeared. Is this the responsibility of SBS or of NHS England? When did you find these? I remember being given a statement saying, "We have gone through everything, every single case," so how could there possibly have been a lacuna of 12,000 cases that you have now come up with? I just don't understand that statement.

Simon Stevens: As I understand it—well, Karen, you probably know the answer definitively—

Karen Wheeler: Again, in terms of understanding why this was not found, as a result of this incident and the various reviews the incident team went up to look at some of the current PCS archives—well, not archives but—

Sir Amyas Morse: Sheds?

Simon Stevens: Storage facilities.

Karen Wheeler: Document management storage facilities, and they uncovered these boxes, which had been labelled as SBS boxes. I believe they had been sent by SBS into the new PCS service, but had been assumed to be records for filing and therefore had not been processed and had not been uncovered by the contractor. They therefore were sitting there, assumed to be records for filing rather than unprocessed correspondence.

Sir Amyas Morse: Thank you for explaining that so honestly. I suppose what I would ask now is: given the unreliability of the assurances you had in the first place, are you going to arrange to have a physical check of any locations where records could be being held? I think it is necessary to do a bit more than just get assurances from them, particularly as your relationship with them is winding down.

Karen Wheeler: I agree. That is the sort of process that is now under way to look at some of these—

Sir Amyas Morse: Sorry, but "sort of process"? Be a bit clearer, please.



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Q60 **Chair:** Yes, that is not clear. Are you checking? Are you going in and doing a physical audit, effectively? This is the Comptroller and Auditor General; let's be clear. He knows of what he speaks. If he is saying, "Go and count them," the hint is—

Sir Amyas Morse: Where are you working now, by the way, Karen?

Karen Wheeler: I am now working in HMRC.

Sir Amyas Morse: So who is the generalissimo running all of this sweep-up operation exactly?

Q61 **Chair:** Sir Amyas, can we let Ms Wheeler answer the question: are you actually doing a physical check, first of all? Or Sir Simon.

Simon Stevens: As I understand it, the reason it has been possible to do the physical check and this arose—frankly, what I am about to say is not without its controversy or issues in its own right, but nevertheless, for the sake of comprehensiveness, the reason this issue got triggered was the very fact that the SBS services were transferring to Capita on 1 April 2016. That was the trigger for exactly what is going on here. As a result, a number of physical locations where this material had been kept—in some cases, going back some time—then had to transfer, physically, those records to, I think, Darlington. And it was in the light of that, going and looking at what was there, that these additional—I think this casts a bit of a spotlight on the handling of archive, legacy administrative records in the national health service going back years, decades actually. Obviously, the older the record, the less likely that it is of contemporary clinical relevance, but it was the transition from SBS to Capita and the new PCS service, which has had its own teething problems and will be the subject of a further review by the NAO, that shone a spotlight on this, which had been going on for years.

Sir Amyas Morse: Just to finish, how do you know that you have actually found all the records now? I am sorry, but you have to be sure that you have drawn a line under this. How do you know that you have found those records?

Q62 **Chair:** Mr Stevens, are you physically looking for them, or is your successor looking for them? Who is doing it? Who is physically there?

Simon Stevens: Paul Baumann is the national director who is taking on responsibility for that, given Karen's generous offer to go and provide national service helping the nation prepare for Brexit, which she is doing—

Chair: Fine, but can we stay focused on the point?

Simon Stevens: Paul Baumann is the national director responsible for it, and there is a national incident team that we stood up in the light of the SBS, and it is continuing to work on the wider material. The fact that all the records are physically concentrated, which they were not when they were distributed around 40-odd local offices, means that—

Q63 **Chair:** Who has been to see what records—



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Simon Stevens: Our national incident team. It was in that process that the new materials arose.

Chair: We are going to pick up more on that, but I want to bring in Ms Flint, then Mr Clifton-Brown briefly, and then Mr Snell on this point.

Q64 **Caroline Flint:** For me, and perhaps for people watching, it is the idea that redirected mail that might contain very little of importance, but we know had things like child protection notes and test results—personal information about people—is piled up in boxes or sacks somewhere with no one taking any responsibility for it. I find it hard to understand, permanent secretary. Any mail that comes through the NHS should be regarded as containing personal information about someone’s medical situation. Everyone, from the lowest paid person in the organisation to the highest paid person in the organisation, should understand the importance of that. That has failed here, has it not?

Sir Chris Wormald: Sorry—

Q65 **Caroline Flint:** That has failed here.

Sir Chris Wormald: Yes—

Chair: You said yes. Good. You have to call a spade a spade.

Q66 **Caroline Flint:** I am finding it a little bit difficult to understand why you even have to have a KPI for something like that. You have boxes all around you. You go in every day and see the boxes and think, “What are we going to do about sorting this out?” Why everything has to come down to a KPI when it is common sense baffles me.

Sir Chris Wormald: To be fair, I do not think Mr Neilson is standing behind that. I think he has been very clear that SBS did not get this right, and he has explained why. In answer to the basis of your question about whether this should not have happened, of course it should not have happened. What has clearly happened is that NHS England has done this investigation, which started from this incident, and in the light of that a range of other things were found to be going on that no one around this table would want to see happening.

Q67 **Caroline Flint:** Just so I am clear about that last exchange and the additional amounts of mail that have been found, how much of that newfound material was linked to the SBS contract, or is that totally different?

Karen Wheeler: The 12,000 is totally SBS.

Q68 **Caroline Flint:** Okay. Mr Neilson, you explained earlier why you only raised an eyebrow in 2016. Why has it taken a team of people from NHS England to try to track down, across 40 offices or whatever it is, the 12,000 pieces of mail that you should have been discovering much sooner, rather than waiting for NHS England to come in?

John Neilson: I am afraid that today is the first I have heard about the 12,000.



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Caroline Flint: Really?

Q69 **Chair:** What?

John Neilson: Today is the first I have heard of it.

Q70 **Chair:** Are you running this organisation or what?

John Neilson: I think I heard Simon say that it resulted from some investigative work that was carried out at the Capita site. It may be boxes that would have come from us. I do not know; I am not aware of it.

Simon Stevens: In fairness, I think Mr Neilson is right about that. SBS is not responsible now for—this may have been stuff that did not get done while SBS was in charge, but SBS is not currently contracted to provide this service.

Q71 **Caroline Flint:** Hang on. We may need some further written input on this. If the boxes have been transported from SBS and they were additional to the numbers that were contained in the previous report, why was there not a disclosure of that by SBS back into the Department of Health or back into this Committee to let us know?

John Neilson: I was not aware that we had transferred 12,000 pieces of paper.

Caroline Flint: So at the moment, we do not know who has ownership of this additional 12,000.

Q72 **Chair:** With these boxes, do they get moved here and there with no one counting them?

John Neilson: There will be a record. This is the first I have heard of this today.

Q73 **Chair:** Will there? Could you please write to us? If this is really the first you have heard of it, why is it the first you have heard of it? Also, what were your record-keeping procedures for moving this sensitive information—as Ms Flint highlighted, it can be very sensitive—around the place? You were responsible for people's very private data. Have you got anything to say to patients, Mr Neilson?

John Neilson: Clearly we have made mistakes and I absolutely apologise for that. Clearly the service in this part is not good enough. The specifics of these 12,000 pieces of paper—I don't know where that has come from. I need to go back and investigate.

Chair: We might have to have another hearing on this if it carries on like this.

Q74 **Geoffrey Clifton-Brown:** I would like to ask Amyas's question in relation to the 150,000: 12,500 is one thing; 150,000 is a totally different order of things.

John Neilson: I don't believe that Mr Stevens said that the 150,000 was actually linked to us.

Simon Stevens: Correct.

Q75 **Geoffrey Clifton-Brown:** No, well where did the 150,000 come from?

Simon Stevens: When the service changed on 1 April 2016—in fact a year prior—GPs had been asked not to use a third party redirect, but instead to send it to the relevant practice if there was a change. A hundred and fifty thousand is a small proportion of the annual flow of record items around the NHS, which were wrongly sent, in this case to Capita.

Q76 **Geoffrey Clifton-Brown:** So how long have they been outstanding? Have they been outstanding since 2016?

Simon Stevens: There is a flow. A number of them have been dealt with, but we're looking at these items now applying the same triage processes as to the rest.

Q77 **Geoffrey Clifton-Brown:** So is this process still going on?

Simon Stevens: It is a process that needs further fixing, without a doubt.

Q78 **Geoffrey Clifton-Brown:** Right. So how long is it going to take to fix?

Simon Stevens: As I said, we are going to get all of those records back to the relevant GPs by December.

Q79 **Geoffrey Clifton-Brown:** I understand that, but I have raised a really important question. If this process is still going on, there are still records out there that are not being dealt with in the way that they should.

Simon Stevens: There is the number we've talked about, and the clear ask of GPs, which most GPs are doing, is to adopt the process that no longer requires a third party administrator to try to make a judgment about the correct handling of bits of paper flowing around the NHS. I think that's the right answer.

Chair: But long term.

Q80 **Geoffrey Clifton-Brown:** I understand the change of process and it may well be laudable, but if it is still giving rise to records not being dealt with appropriately, we have a real problem. What are you doing to fix that, because it really is unacceptable?

Karen Wheeler: This is a reducing number of GPs who, rather than returning letter to sender when it goes to the wrong place, are still sending it in to Capita, along with all their medical records and other things. What we have to do is to agree a business-as-usual process, so that we can start to redirect those back, so that the GPs themselves understand the new process properly and start to follow that new process. That will take some management centrally by us to make that happen. We are aiming to put that in place by December, as well, to make sure. But that needs to be a contracted and agreed service that we need to arrange with Capita, so that they can manage that incoming flow of materials that they still get from the GPs. But that is what we are aiming to do, so we kind of thought it was just business as usual.



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Geoffrey Clifton-Brown: We need to get an update on that.

Chair: I think we've got some thoughts about how we might take this further forward.

Q81 **Gareth Snell:** I have two very succinct points to make. Mr Stevens, give me a date by which you would consider it unacceptable for any of these cases to have not been dealt with to the full extent necessary.

Simon Stevens: I think what we were just saying is unacceptable right now, so I don't want to try and pretend that it isn't.

Gareth Snell: What I want is a date.

Chair: When will the patients be satisfied?

Q82 **Gareth Snell:** You are the chief executive of NHS England. You must have a date in your head, where you would look at a calendar and think, "Right this has actually gone on for too long and it isn't acceptable." What is that date?

Simon Stevens: I think it has already gone on too long, but to answer your question, it depends on the number of further clinical reviews needed, in response to Mr Clifton-Brown's question. I think by the end of March. That's what we should be gunning for, if not sooner. But with one caveat that if it turns out that the volume of clinical reviews is such that the relevant GPs and consultants can't do it, we would have to look at that on a targeted basis.

Q83 **Gareth Snell:** End of March. That's a date. I thank you for that. What I would then say is, we have talked a lot in this particular hearing about the recovered mail. You mentioned earlier on that there was mail that was destroyed as part of the contract. Now, Mr Neilson, what comfort can you offer this Committee, but also patients, that destroyed mail has not had an impact on clinical care? Because presumably it is much easier to trace mail that was sat in sacks, as Ms Flint pointed out, and in cupboards around the country, being unlooked at; but destroyed information—how can you give us that confidence?

John Neilson: There are strict guidelines that are laid down by the NHS and the Department of Health that we have followed; and they are the same guidelines that, largely, were in place when we inherited the contract. So that would have carried on—

Chair: I do not think we are very comforted by guidelines given that there was a huge backlog of paperwork lying around the place.

Q84 **Gareth Snell:** Do you have a comprehensive list of all the mail that was destroyed, so that you can categorically say that that piece of mail that was destroyed has not therefore had a clinical impact on a particular patient or individual?

John Neilson: No, because by nature you would need to say what that piece of paper was, and therefore you have not destroyed the document



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that is rightly supposed to be destroyed. So there is not that referencing system that you describe.

Q85 **Gareth Snell:** So there is no way of knowing what was destroyed and whether that would have had a clinical impact?

John Neilson: No.

Q86 **Chair:** Do you know whether there would have been duplicates of that destroyed information in the system? So, for example, if a consultant sends letters to a GP and a patient, some of that would have gone to Shared Business Services.

John Neilson: We can only deal with the information that comes into our centre.

Q87 **Chair:** Fine, we will leave it there. I want to move on, because we need to cover another couple of points, one of which is that, Ms Wheeler, you talked about GPs taking on the workload—but you paid GPs up front to do this. Yet some of the GPs—you cannot give us an exact figure—have not actually reviewed this. What are you doing about the fact that you have paid GP practices to do this work, and you have not had the results?

Karen Wheeler: We have been back to all those GPs on several occasions, to try to elicit a response.

Q88 **Chair:** Will you get the money back, if they do not do it, and if you have to take it somewhere else?

Karen Wheeler: We wrote to them finally to say, "On the basis that we have paid you and we have not heard from you we are working on the assumption that you either have action in hand with those patients or those cases are deemed to be of no harm."

Q89 **Chair:** Whoah! Are you absolutely sure that those GPs have not just been particularly busy, or lost it in another cupboard somewhere?

Karen Wheeler: Well, we do have to rely on those GPs doing the job that we asked them to do.

Q90 **Chair:** It is not just the GPs, is it? It goes through their administration, and you have already told us that there is a big issue there about wrong information being sent. It is not the GPs physically themselves putting the letters in the post; it is their admin staff.

Karen Wheeler: But it would be the GPs themselves, not their admin staff, who would be responsible for reviewing the individual—

Q91 **Chair:** Yes, if they get the letter. I am just slightly worried that we have got a bit of to-ing and fro-ing here, where we have got letters already still being sent to a third party—even that we have never been told to return to sender. That is not the GP individually, is it? It is the practice—the admin of the practice. You are assuming that a letter that you sent got to the right GP and that they took a decision and no response means it is all okay.



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Karen Wheeler: We are assuming that. We are assuming that when we write letters—when we write to GPs; when we write to give them money and to pay them and to require them to do things—that that does get paid attention to, by the GP. We have followed that up—

Q92 **Caroline Flint:** Why can't you get on the phone and ring them up?

Karen Wheeler: We have certainly been doing that as well. Certainly, for any of the correspondence which was of a high priority we have absolutely been in touch at a local level with the local teams who know the practices and can contact the practices directly as opposed to simply sending letters in; but some of this will have been done through—

Q93 **Caroline Flint:** May I ask how many are outstanding? What are the figures of people who have been written to or directly contacted by the local teams, and you are still awaiting?

Karen Wheeler: As I say, the number of GPs I cannot put my hand on at the moment. It was round about 2,000, I believe; and the number of pieces of correspondence that that relates to was about 100,000—101,000 pieces of correspondence relating to this.

Q94 **Chair:** But this has been going on since 2015 with the GPs. You are not there now, Ms Wheeler. It is always amazing how people move on. That is not a criticism of you personally; it is just the system. Yet 2015, it started, and we have still not got to the bottom of GPs. Mr Stevens, Mr Wormald: I do not know who feels they want to take responsibility for that bit of it. Your successor? When did you leave?

Karen Wheeler: I left in July.

Q95 **Chair:** Okay, so not that long ago.

Karen Wheeler: Not that long ago. This was something that was discussed with our national clinicians. Dr Arvind Madan, who was the deputy medical director, was overseeing the clinical practice associated with this whole incident from the moment it emerged. We discussed with him what the right approach was to the fact that that number of GPs had not responded directly on these items of correspondence, and this was the agreed and appropriate response that Dr Madan agreed we should take with those GPs.

Chair: Again, it seems like someone else is responsible.

Q96 **Shabana Mahmood:** Ms Wheeler, why isn't getting the money back from these GPs the right approach or the appropriate approach?

Karen Wheeler: We have taken the view—

Q97 **Shabana Mahmood:** Why?

Karen Wheeler: Well, we have taken the view that they have carried out the activities that they needed to—

Q98 **Shabana Mahmood:** But you don't know what they have done till you have received it!



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Karen Wheeler: That is true, but we—

Q99 **Chair:** There is a great trust in the professionalism of every GP practice—the admin team and the GPs themselves. If any bit of that goes wrong, it hasn't happened, has it? How are you auditing any of that?

Karen Wheeler: All we can say is that we have assumed that they have carried that work out, and that the only thing that they haven't done is write back to us to formally assure us that they have carried it out.

Q100 **Chair:** I have to say—and I think I speak for the Committee here—that we need to ask the National Audit Office to have a further look at this, because I do not think we have got to the bottom of it. But before we get to that, let me just ask a couple of other questions about money, Mr Stevens. Have you reached a settlement with SBS?

Simon Stevens: We have.

Q101 **Chair:** So you have got money back?

Simon Stevens: SBS have stepped up and have compensated the NHS for the costs that we have incurred.

Q102 **Chair:** What amount of money?

Simon Stevens: It was £4.34 million.

Q103 **Chair:** And is that enough to cover the costs of what you are now having to do to put this right?

Simon Stevens: It covers the £2.5 million direct payments for clinical reviews and the £1.84 million of additional costs.

Q104 **Chair:** So it is covering up the costs of clearing up the mess, but not anything on top of that?

Simon Stevens: That's right.

Q105 **Chair:** Is that good enough?

Simon Stevens: We think, inasmuch as it does compensate the NHS for these costs incurred as a result of the SBS mistakes, that that is reasonable.

Q106 **Chair:** Mr Neilson, it seems that you have apologised—sorry seems to be the hardest word—and you have covered the cost of clearing up the mistakes. But don't you think you have a moral obligation to the patients and to the taxpayer to have coughed up some money in compensation? You seem to have got off lightly; you are just paying for clearing up the mess that was created.

John Neilson: I don't feel that we have got off lightly at all.

Q107 **Chair:** Well, of course you have had to pay some money, because you made a mistake.



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John Neilson: We have stepped up to doing that, and of course we have also covered our own costs, which make up the full £6.6 million related to this.

Q108 **Chair:** Yes, but your own costs are because you have made the mistakes.

John Neilson: They are our own costs, and we have stepped up to—

Q109 **Chair:** I don't think you should be proud of the fact that you are paying for your own mistake.

John Neilson: I am not saying that I am proud of this. As I said before, we are very upset.

Q110 **Chair:** But that is not the same as compensation to the taxpayer.

John Neilson: We are upset that we have made these mistakes, and we have tried to put that matter right as effectively as we can.

Chair: We have time for some very brief questions from Mr Clifton-Brown, Mr Snell and Ms Flint.

Q111 **Geoffrey Clifton-Brown:** A very quick question. Is NHS England normally in the habit of paying out money to anybody until they have fulfilled a contract?

Simon Stevens: No.

Q112 **Geoffrey Clifton-Brown:** So why were they paid in advance? We are talking about 2,000 GPs and 1,000 items of paper. Why were they not told that they would be able to claim the money back when they had fulfilled the service?

Karen Wheeler: I probably need to go back and—

Q113 **Geoffrey Clifton-Brown:** Well, can we have a note of it?

Karen Wheeler: We can. This was an agreed process that we agreed and discussed with our own clinicians and with the BMA as an appropriate and sensible process for managing this with GPs.

Q114 **Geoffrey Clifton-Brown:** Could we have a note as to why it was done this way?

Karen Wheeler: Yes.

Q115 **Gareth Snell:** Very briefly, I just want to clarify the numbers, Mr Stevens. You said that you have received £4.2 million from SBS. Is that right?

Simon Stevens: It is £4.34 million.

Q116 **Gareth Snell:** Yet the NAO Report says that you estimate the cost of this incident to be £6.6 million.

Simon Stevens: Yes. That is because, on top of the £4.34 million, £2.3 million—or £2.26 million, I think—was incurred by SBS themselves.



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Q117 **Gareth Snell:** Ah, so that is the cost of the whole incident, and your split is £4.3 million.

Simon Stevens: That's right.

Gareth Snell: Okay. Thank you.

Q118 **Caroline Flint:** Ms Wheeler, you talked about the fact that there were new arrangements for the flow. Obviously, this is an ongoing process: there is the stop that we have got to do, and there is the flow coming in. Can you give me a date by which you can confidently say—maybe Mr Stevens might have to answer the end of this—that GPs will be utilising the new system and it will be operating at 100%?

Karen Wheeler: We can say we intend by the end of December this year to implement a process by which, if GPs are still sending correspondence into national PCS and Capita rather than returning it to sender, which is the right process, Capita will follow up a process, which has yet to be agreed, to make sure that that correspondence is dealt with at the time. What I cannot say is how quickly we will manage for every GP to stop doing that.

Q119 **Caroline Flint:** Okay, but will you be able to track in some way the amount of future mail that ends up back at Capita when it should have gone through the new process?

Karen Wheeler: Yes, we will.

Q120 **Caroline Flint:** And are you paying GPs for doing this service in a different way than they have done in the past? Are you paying them any more additional payments?

Karen Wheeler: No.

Q121 **Chair:** Mr Neilson, you balked at, or said you didn't recognise, the figure of the extra 12,000, and that the first time you had heard of it was today. You must have done some audit of the problem yourselves, given all this money you have been spending trying to sort it out. Did you have a figure for the number of items that you thought might still be a problem?

John Neilson: No, we thought the activity was complete.

Q122 **Chair:** So the NHS's fingertip search found 12,000, and you really had no idea that that was there?

John Neilson: No. Our audit report was in two phases, and the second part was a review of all our archives. All our offices were searched, and our archives were searched, with the sort of approach that was being suggested previously. We thought that the matter was bounded and complete. I don't know what these 12,000 documents are; we need to investigate—

Q123 **Chair:** So your audit threw up nothing, and the NHS's 12,000? Ashley McDougall on a point of clarification.

Ashley McDougall: NHS England asked their auditors to look at the



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archiving process to see whether it was completed. It says in paragraph 3.21 that the internal auditors provided no assurance that they had actually identified all archive material that should have been processed. So there was a process, and there was no assurance that it was—

Q124 **Chair:** Mr Neilson, are you happy that your organisation didn't have an assurance process in place?

John Neilson: It did have an assurance process in place—

Q125 **Chair:** So you disagree with the NAO?

John Neilson: No, I don't disagree with stating something which is factually correct. Our audit process satisfied itself that it was complete—

Q126 **Chair:** It is a bit like marking your own homework, I think.

John Neilson: It was independent external auditors who undertook the work. NHS England didn't agree with that, but as far as we were concerned, we had done that review of our archives.

Q127 **Chair:** You also talked about the cost: as well as what you paid the NHS, you had some costs yourself.

John Neilson: Yes.

Q128 **Chair:** Was that pure cost, or was there a profit margin?

John Neilson: That was pure cost.

Q129 **Chair:** I want to finish off. Normally, as a Committee, we don't talk about what recommendations we may make, but can I ask who was responsible for this? Are we going to have a game of PAC tennis? It was a joint venture with the Department of Health.

John Neilson: I should say that we did not deliver our service as we should, and therefore we are responsible for creating the backlog.

Q130 **Chair:** But we also had a partnership, and there was not a clear set of criteria, Mr Wormald, from the Department of Health, and clear criteria were not set by the NHS side of the equation. Do you think there is any shared responsibility?

Sir Chris Wormald: Yes. From my point of view, there were three things. One, there was everything that John has described. I think that probably is the biggest single cause of the problem. It has thrown up, as I described earlier, that we were not doing our governance as well as we could. Although that did not affect the individual, the incident needs to be dealt with anyway. Then—I don't think NHS England would disagree with this—the original contracts signed by the three PCTs didn't give the level of management oversight that was appropriate. I think Mr Clifton-Brown asked about learning earlier. Those three things are at the heart of this, but, as I say, I think Mr Neilson has given a very clear—

Q131 **Chair:** Mr Stevens, at the beginning of this, when you were confessing these new figures, you made a throwaway comment about going digital.



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Why are people still sending so many paper records around, and is there good practice anywhere in the NHS to stop this sort of stuff from happening?

Simon Stevens: Yes; the next chapter of the story, which is not—

Q132 **Chair:** Not too long, because we are—

Simon Stevens: —a completely brilliant one either, but will, I think, end up in a better place, is the transition from this way of operating to a transformed, digitised way of operating for a lot of these records. That is why we took the decision to run a full procurement process for an integrated national service rather than it being done through a hotch-potch of local offices, some third party contractors and all the rest. That is the service that went live in April.

Q133 **Chair:** But sometimes a national service means that you lose the local connection and understanding.

Simon Stevens: That is the trade-off. The version of the local hotch-potch is this; the national contract, which is from April 2016, has had teething and transition issues, but it has cut the cost to taxpayers of running these services by more than £30 million per year and as part of that, over the course of the contract duration, it will end up digitising a lot of these processes.

Q134 **Chair:** Digitisation is not the whole process. I have to say that I have personally sat in a GP's office and seen notes on a patient's records that were different from what should have been there. I think the Committee is of one mind that this is not where we will rest on this.

Sir Amyas Morse: Very quickly, I want to make quite sure that I understood your reply to the Chair there. In the costs that you included in this settlement, there is no element either of profit or of central overhead absorption or anything else like that? Is that what you are representing to the Committee? I just want to make quite sure; we will check this, so be quite sure what you are saying.

John Neilson: Our costs would have included allocation of central overheads, for sure, for the management of the incident and suchlike.

Sir Amyas Morse: What are we saying those are, roughly, in terms of the ordinary costs? Are they a significant proportion? Are they 20%? What is your add-on for central overheads?

John Neilson: I am afraid I would need to—

Sir Amyas Morse: You do not know? We will find out.

Chair: I must say, we thought that, after we raised this in February and it was raised in the House in July, we might be beginning to wrap this up by now. We are disappointed—I think I speak for the Committee—that we are still uncovering more problems. We cannot tell the National Audit Office what to do, but the Comptroller and Auditor General is sitting here and has heard this too, and has heard what we have to say. We will be



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producing our report as soon as we can; today's transcript will be out in the next couple of days and our report will be out in due course.

Thank you very much for coming along; we must move on now to our next panel on clinical negligence. The Permanent Secretary gets a third bite of the cherry; lucky you. Thank you, Mr Stevens and Ms Wheeler.