

Witness Name: Shona Dunn
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INFECTED BLOOD INQUIRY

FIRST WRITTEN STATEMENT OF SHONA DUNN

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Section 1: Introduction

I, Shona Dunn, will say as follows: -

- 1.1. My name is Shona Hunter Dunn. I was born on GRO-C 1969. My professional address is 39 Victoria Street, London, SW1H 0EU. In April 2021 I became Second Permanent Secretary at the Department of Health and Social Care ("DHSC") and I remain in this role to date. At an earlier point in my career, between June 2016 and October 2018, I also served as the Director General for Economic and Domestic Affairs in the Cabinet Office.
- 1.2. I am providing this statement in response to a Rule 9 request from the Inquiry, dated 5 June 2023, which asks questions which relate to both of these roles.
- 1.3. In responding to these questions, I would like to make clear my deepest sympathies for all those, infected and affected, who have been so seriously impacted by the Infected Blood tragedy. I acknowledge in particular the concern regarding the time it has taken for the Government to address their issues.

Section 2: Employment History

2.1. The following table outlines my employment history:

Table 1 – Employment History

Date	Organisation	Role
1995 - 2005	Department for Environment (and its re-organisations: Department of the Environment, Transport and the Regions; Office of the Deputy Prime Minister; Department for Communities and Local Government)	Policy adviser
2005 - 2006	Westminster City Council	Head of Policy
2006-2008	Department for Communities and Local Government	Deputy Director Sustainable Buildings
2008 - 2011	Department for Communities and Local Government	Director of Fire and Resilience
2011 - 2013	Department for Communities and Local Government	Director of Planning
2013 - 2016	Department for Education	Director General, Education Standards
2016 - 2018	Cabinet Office	Director General, Economic and Domestic Affairs Secretariat
October 2018 to Nov 2020	Home Office	Second Permanent Secretary
Nov 2020 to April 2021	Cabinet Office No. 10 Department of Health and Social Care	SRO Community Testing and Managed Quarantine Services
April 2021 to present	Department of Health and Social Care	Second Permanent Secretary

Section 3: Roles and Responsibilities

- 3.1. I have been asked to provide a brief description of my roles and responsibilities as Director General for Economic and Domestic Affairs at the Cabinet Office.
- 3.2. In my role as the then Director General for Economic and Domestic Affairs at the Cabinet Office, I led a team of officials who provided policy advice and briefing to the Prime Minister (PM), the Minister for the Cabinet Office and the Cabinet on the Government's economic and domestic policies. This was done by working with officials across government departments to bring advice together which could be considered by the PM, Cabinet ministers and Cabinet committees on issues that required collective agreement. I was also responsible for the Prime Minister's Implementation Unit, which, working with government departments, monitored and supported the implementation of the PM's top policy priorities across Government.
- 3.3. I confirm that in my role as the Director General for Economic and Domestic Affairs, I was not a member of any committees, associations, working parties, societies or groups relevant to the Inquiry's Terms of Reference.
- 3.4. I have been asked to provide the same description in relation to my role as Second Permanent Secretary at DHSC.
- 3.5. As the Second Permanent Secretary at DHSC I act as the Permanent Secretary's deputy in all Departmental matters. I carry particular responsibility for all strategy, finance and people related matters, and for the operation of the Department and its enabling functions. Being Second Permanent Secretary means I am also an additional Accounting Officer ("AO"). Some of the work I have undertaken consistent with my role as an additional AO relevant to this written statement is described further below at paragraphs 5.9 to 5.11. My involvement, in this role, with any committees, associations, working parties,

societies or groups relevant to the Inquiry's Terms of Reference, is set out in Sections 5, 6 and 7 of this written statement.

Section 4: Awareness of the decision to hold a public inquiry

- 4.1. I have been asked what awareness I had of the then Prime Minister's (Theresa May) decision in July 2017 that there should be a public inquiry into the circumstances in which people were infected by blood and blood products when I was a Director General in the Cabinet Office. I have also been asked what involvement I had in that decision and/or setting up of the Inquiry.
- 4.2. In my role as the then Director General in the Cabinet Office, it is possible that teams I oversaw were aware of, or involved in, the preparation of advice to the PM on the matter of the setting up of the Inquiry, and it is also possible that I was personally involved in some meetings at which such advice was discussed. However, I have no recollection of being directly involved in the preparation of such advice, nor do I recall being involved in any discussions specifically about the setting up of the Inquiry, or about the then Prime Minister's (Theresa May) decision in July 2017 that there should be a public inquiry into the circumstances in which people were infected by blood and blood products. Given the volume of documentation that would have passed through my office during this period, it is likely that numerous documents were copied to me, but unless my direct involvement was required, they may not have been brought directly to my attention. As part of efforts to recall the events that transpired during this period, I understand that Cabinet Office colleagues have searched the inbox records from my time as a Director General in the Cabinet Office and they have found no documents that suggest I had any involvement in the then PM's decision to set up the Inquiry or the setting up of the Inquiry at the time.
- 4.3. I have been asked what consideration was given by me or, to my knowledge, others within the Cabinet Office, to the possibility of compensation for those infected and affected. Given the above, I can confirm that I have no memory of giving any consideration to the possibility of compensation for those infected and affected by contaminated blood or blood products during this period. I can

also provide no information on who within the Cabinet Office might have given such consideration at the time.

Section 5: Consideration of compensation as Second Permanent Secretary at DHSC

- 5.1. I have been asked when I first gave consideration, as Second Permanent Secretary at DHSC, to the question of compensation for people infected and affected by the use of infected blood and blood products.
- 5.2. Under Section 3 of this statement, I have set out my roles and responsibilities as Second Permanent Secretary at DHSC. I would like to expand upon this to clarify my specific involvement in the DHSC work relating to Infected Blood.
- 5.3. I became Second Permanent Secretary at DHSC in April 2021. The Permanent Secretary, Sir Chris Wormald, had recused himself from anything related to the Infected Blood Inquiry in March 2021 due to a personal connection to a witness. The then Second Permanent Secretary dealt with all relevant matters that would otherwise have come to a Permanent Secretary level until his departure in April 2021. I took on his role at that point, and it was at this point that I became aware of the question of compensation for people infected and affected by the use of infected blood and blood products.
- 5.4. Before turning to the detail of my consideration of these matters, I wish to set out the nature of my role in more detail.
- 5.5. I have explained my role as Second Permanent Secretary in DHSC at paragraph 3.5. In relation to Infected Blood, my role is in line with what would be expected of a Permanent Secretary, and focuses primarily on matters of strategic significance to the Department. Day to day policy work on Infected Blood, including engagement with ministers, and with the Cabinet Office, has largely been led by the responsible Senior Civil Servants ("SCS"). The Permanent Secretary (and here by extension the Second Permanent

Secretary) retains overall responsibility for the work of the Department and its advice to ministers, but does not routinely clear or manage progress on each piece of advice, unless matters are specifically escalated to them. In general, the responsible SCS would put submissions directly to ministers where a ministerial decision was required or if ministers needed to be updated.

- 5.6. It may be helpful to offer a description of how this arrangement works in practice. My Private Office is routinely copied into all submissions to ministers as well as a large volume of other official material. As would be the case in Private Offices across Government, my Private Office staff review those documents and escalate to me only those which require my personal attention or decision in accordance with my responsibilities. Other material may be summarised for me but not all correspondence will be communicated to me. The fact that I am copied into an email does not therefore mean that I will have personally read that email, but there will be an email record of any comments or decisions I have made with respect to a specific document.
- 5.7. With respect to Infected Blood, I have empowered the responsible SCS with undertaking all day to day work including briefing ministers, as needed. However, I expect to be, and have been, consulted and briefed by colleagues on any aspects which have strategic implications for the work of the Department. My responses to the questions in Sections 5, 6 and 7 of this statement should be viewed in this light.
- 5.8. Returning then to the question that I have been asked by the Inquiry about my knowledge of the issue of compensation for those infected and affected:
- a) My first recollection, as the new Second Permanent Secretary, of being aware of compensation as an issue is when the-then Secretary of State for Health and Social Care, the Rt Hon Matt Hancock, was preparing to give evidence on issues of financial and other forms of support to the Inquiry in May 2021. Although I was not involved in those preparations, I recall being present on one occasion when these matters were

discussed with him. As the Inquiry will be aware, Mr Hancock's oral evidence to the Inquiry included his comment that, "...*what I can say to you is that we will respect the outcome of the Inquiry and if the Inquiry points to compensation, as opposed to a support scheme, in the future then the Government will pay compensation.*" (Mr Hancock's oral evidence on 21 May 2021, [INQY1000121] at 151:15-19).

- b) On 20 May 2021, the Paymaster General, the sponsor minister for the Infected Blood Inquiry, also announced the appointment of Sir Robert Francis QC to carry out work looking at options for a framework for compensation, and asked him to report back to the Paymaster General with recommendations before the independent Infected Blood Inquiry reported to meet the Government's commitment to consider a framework for compensation. The terms of reference of this study were still to be finalised.
- c) Once Sir Robert Francis had provided his report to the Cabinet Office, I was advised in my role as the Second Permanent Secretary in DHSC by the responsible SCS of the recommendations in Sir Robert Francis' Compensation Framework Study. The work on the Government's response to the report was being coordinated by the Cabinet Office and their Second Permanent Secretary.
- d) I subsequently had a conversation with Sue Gray, Second Permanent Secretary at the Cabinet Office on 20 July 2022, where we discussed the need for a proposal for interim payments for infected and bereaved partners (explored in my written statement below) and that the decision as to who would fund interim payments was a cross-Government issue.

5.9. At times, my role as the relevant DHSC Accounting Officer for this work has required a closer engagement with the Government's response to Sir Robert Francis' study and Sir Brian Langstaff's recommendations and interim reports regarding Infected Blood compensation. When the Government decided to make an interim payment to those infected and bereaved partners registered on UK Infected Blood support schemes in August 2022, the responsible SCS

took forward work to implement this policy. This fell to DHSC rather than the Cabinet Office because it was determined that the swiftest route to making payments was to do so through the mechanisms established in NHS Business Services Authority for the administration of the England Infected Blood Support Scheme. The funding necessary to make payments would therefore flow through DHSC making me the relevant Accounting Officer.

5.10. Consistent with my role as AO, I provided an Accounting Officer assessment of the proposal. Such an assessment is often used as a means of establishing the degree to which a significant policy proposal or plan measures up to the following standards:

- Regularity: the proposal has sufficient legal basis, Parliamentary authority, and Treasury authorisation; and is compatible with the agreed spending budgets.
- Propriety: the proposal meets the high standards of public conduct and relevant Parliamentary control procedures and expectations.
- Value for money: in comparison to alternative proposals or doing nothing, the proposal delivers value for the Exchequer as a whole.
- Feasibility: the proposal can be implemented accurately, sustainably, and to the intended timetable.

5.11. On 16 August 2022 I wrote to Meg Hillier, Chair of the Public Accounts Committee (PAC) about the interim payments policy. This letter was necessary because of the long-standing convention that Parliament should be alerted when a Department is intending to do something that establishes a contingent liability. In my letter I made the Chair of the PAC aware of the Government's intention to announce interim payments to infected and bereaved partners in accordance with Sir Brian Langstaff's recommendation. I also set out my reasoning (supported by HMT) for our handling of the contingent liability that might arise as a consequence of the expectation such an announcement could

create with respect to a future compensation scheme. I responded to Ms Hiller's questions arising from my letter in a further letter of 28 October 2022.

- 5.12. As noted previously, notwithstanding my involvement in the above, the work on Sir Robert's recommendations (and on those made by the Chair in his Interim Report) during this period continued to be coordinated by the Cabinet Office.
- 5.13. My level of involvement on the issue of compensation began to increase once Cabinet Office-led Permanent Secretary meetings began. I attended the first of these meetings on 30 November 2022. At that meeting I committed to DHSC working closely with Cabinet Office colleagues as they developed their understanding of the practical, legal and financial aspects of the recommendations made by Sir Robert Francis, with the intention of enabling Government to be ready to respond when the Infected Blood Inquiry reported (expected then in the summer 2023).
- 5.14. Since then, I have represented DHSC at Cabinet Office-led Permanent Secretary meetings on Infected Blood compensation, as well as some 'trilateral' meetings with the Minister for the Cabinet Office. With the advent of a Small Ministerial Group of relevant ministers from across Whitehall I was made aware of the relevant papers for that group and have commented where appropriate. Some of these papers have been prepared by DHSC officials as a contribution to the overall work of the Group.

Section 6: Understanding the impact of waiting for recognition of losses

- 6.1. I have been asked to describe the steps that I have taken as Second Permanent Secretary at DHSC to understand the impact of waiting for recognition of individual losses on people infected and affected by the use of infected blood and blood products.
- 6.2. From the involvement I have set out in the other sections of this statement, and in particular from my engagement with Sue Gray and subsequently with officials and ministers who have worked on these issues for some time, I am acutely aware of the significant concerns of those infected and affected connected with waiting for recognition of individual losses. Since April 2021, I have been regularly updated by the Infected Blood Inquiry policy team within the NHS Quality, Safety and Investigations Directorate at DHSC on issues relevant to the Inquiry and the evidence it has been considering. The Department's interaction with the Inquiry has emphasised the concerns that the holding of this Inquiry came far too late; that the moral responsibility to those harmed had not been acknowledged; and that the issue of compensation has not been sufficiently addressed. I am aware of the strength of feeling on all these issues. I fully acknowledge the impact that must have on the daily lives of those involved and echo the comments made in DHSC's closing statement to this Inquiry on 18 January 2023 in respect of the Government's acceptance that there is a moral responsibility to those harmed through the receipt of infected blood and blood products provided by the NHS.
- 6.3. Consideration of the implementation of the recommendations requires a number of complex issues to be addressed (see Section 7 below). In my experience, all those involved in considering the implementation of the recommendations in relation to compensation are working quickly and effectively, and in full recognition of the importance of reaching conclusions as rapidly as they reasonably and responsibly can. I want to emphasise again, that

I recognise that those people infected and affected, who have lived with these issues for a considerable period of time, are an ageing and vulnerable group for whom swift action is vital.

Section 7: DHSC response to the Compensation Framework Study

- 7.1. I have been asked to describe the steps I have taken to satisfy myself as to the response of DHSC to the Compensation Framework Study by Sir Robert Francis and the Inquiry's recommendations about compensation, and in particular the Second Interim Report of Sir Brian Langstaff.
- 7.2. I have already noted that the Cabinet Office has coordinated the Government's response to the Infected Blood Inquiry, including the responses to the Compensation Framework Study by Sir Robert Francis and the Second Interim Report of Sir Brian Langstaff. As is the case for all policy areas, the decisions about the final response to recommendations lie with ministers and not with officials. As the recent response by the Rt Hon Jeremy Quin, the Minister for the Cabinet Office ("the MCO") to the debate on 22 June 2023 confirmed, the decision-making process in relation to the recommendations *"...remains in practical terms an extremely complex and demanding issue that requires a huge focus to resolve. No final decision on compensation has yet been made"* (see [Hansard: HC, 22.06.2023, Volume 734, Columns 971-1008] for this debate).
- 7.3. On 23 March 2022, the Secretary of State for Health and Social Care was advised that Sir Robert Francis had submitted the Compensation Framework Study ("the CFS") to the Cabinet Office, and ministers have been updated on developments since then. I have been involved in some meetings and copied into submissions, but the Cabinet Office has continued to coordinate on this issue throughout, not least as it is a cross-UK matter and the Cabinet Office are the sponsors of the Infected Blood Inquiry.
- 7.4. As noted above, notwithstanding the Cabinet Office's coordination, DHSC officials, including myself, have been involved in meetings at various levels to

discuss options for responding to the Inquiry's recommendations including matters relating to the CFS and the Second Interim Report.

- 7.5. Over the summer and autumn of 2022, the responsible SCS delivered the pressing policy work on the delivery of the recommendation for an interim payment to be made. As discussed above at paragraphs 5.9 to 5.11, I was involved, in my AO role, in communication with the PAC about the new contingent liability created by the interim payments. The interim payments were made in October 2022.
- 7.6. As set out in paragraph 5.13 above, from November 2022 there have been Cabinet Office-led Permanent Secretary meetings to understand the practical, legal and financial aspects of the proposals.
- 7.7. In his statement in Parliament on 15 December 2022, the MCO advised that the Government had intended to publish a response to Sir Robert Francis' study alongside the study itself, but the complexity and wide range of factors revealed in Sir Robert's work meant it was not possible to publish a comprehensive response at that stage. The Minister then referred to the work undertaken across Government to ensure that the interim payments recommended in Sir Brian Langstaff's interim report were made and said that *"...those interim payments were only the start of the process, and work is ongoing in consideration of Sir Robert's other recommendations"* (see statement at [Hansard: HC, 15.12.2022, Volume 724, Columns 1249-1251]).
- 7.8. In early 2023 the Infected Blood Small Ministerial Group (SMG) was set up. Trilateral ministerial meetings have also been set up to ensure a consistent approach across Government; these are ongoing.
- 7.9. The meetings described here and the underlying policy work supporting them are working to resolve a number of the complex issues relating to compensation

that arise from the recommendations. Although this is not an exhaustive list, these include:

- The form and location of any Arms' Length Body (ALB), including its sponsorship arrangement. If such a body were directly answerable to Parliament (as recommended), it would lie outside of the normal procedures for ensuring the scrutiny of and accountability for public expenditure; in the debate on 22 June of this year, the MCO alluded to this stating,

"...Sir Brian's preference is for an arm's length body to be established in which the precise level of compensation under his framework would be determined by independent, legal and medical expert bodies. Sir Brian proposes that—I believe this is unique for anything like this scale—the ALB should report directly to Parliament rather than via a departmental accounting officer. While no decision has been made, were the Government to go down that route it would, as I alluded to in my previous statement, be a very significant step. It would also be extremely likely—the hon. Member for Putney (Fleur Anderson) referred to this—to require primary legislation, although I should also say that the same may well be required for other compensation routes."

- How any arrangement would involve the Devolved Administrations. As the MCO said on 22 June 2023,

"...we are mindful that health is a devolved matter. We are committed to working with those Governments to develop an effective response that delivers across the UK."

- The financial commitments and potential contingent liabilities implied by recommendations; work on this is ongoing, but it is complicated by a number of uncertainties such as the numbers of potential claimants. As the MCO said at the debate, *"...Sir Brian's expert statisticians did their utmost to come to a conclusion on the numbers of those impacted. However, given the sheer complexity of the question and the lack of readily available data, they were still forced to produce a very wide estimated range of potential applicants";*

- Funding: Any costs associated with the compensation, whether delivered in the immediate term or further in the future, will require substantial new funding to be secured from Government funds. As the MCO said, *“Just as it is critical to ensure that any scheme works effectively for the victims, the House should expect the Government to work through the estimated associated costs to the public sector. Those estimates have not yet been finalised. Much work continues to be undertaken, but that is work in progress.”*
- The need to resolve these policy and practical issues before the legislative basis for the payment of compensation is finalised. As the MCO said, *“It would also be extremely likely....to require primary legislation, although I should also say that the same may well be required for other compensation routes.”*

7.10. As can be seen from this list, the ongoing issues are complex and indeed some are unprecedented. They involve different departments and different stakeholders and as such require input from many different teams and individuals. Work is required to ensure that any compensation scheme is fully costed, funded and effective in achieving its aims.

7.11. As set out at paragraph 5.13 above, I have attended a number of cross-Government meetings on these issues, as well as considering papers relating to DHSC’s analysis. I have been asked about my assurance of the DHSC’s response and have explained in this statement how I have engaged with this work, consistent with my role as Second Permanent Secretary and Accounting Officer. The most recent Government position is set out in the MCO’s response to the debate mentioned above. The MCO has confirmed that the Government takes this very seriously. During the debate he said,

“The Government have made clear that they want the work to be done to ensure it is ready to respond to Sir Brian Langstaff’s final report as soon as possible. I have also made clear that that does not preclude us from making an earlier statement if we are in a position to do so.”

And later, in his response, the MCO said,

"We are all determined to take it forward to make certain that we produce a just and equitable settlement. I am sorry that I am not in a position to say more to the House at this stage, but we will continue to update hon. Members as we go through the work on an extremely complex issue—I know hon. Members recognise that—which, above all, we need to get right for the victims".

Statement of Truth

I believe that the facts stated in this witness statement are true.

GRO-C

Signed.....

5 July 2023

Dated.....