

Witness Name: Antony Gerard Mannix

Statement No.: 1

Dated: 14th January 2025

UK COVID-19 INQUIRY

WITNESS STATEMENT OF ANTONY GERARD MANNIX

I, **Antony Gerard Mannix**, will say as follows: -

1. I am currently a Strategic Adviser - Retail Logistics at GXO Logistics, Inc ("**GXO**"). I am authorised on behalf of GXO to make this witness statement in response to a letter dated 4 November 2024 from the UK Covid-19 Inquiry (the "**Inquiry**") requesting that GXO identify an individual to provide a written witness statement in respect of certain matters detailed within that letter concerning the public procurement of key equipment and supplies across the UK public sector in relation to the Covid-19 pandemic (the "**Rule 9 Request**").
2. As I explain in paragraph 5 below, I have been in my current role since April 2023. Previously I was the Chief Executive Officer of Clipper Logistics Plc ("**Clipper**") between May 2014 and March 2023, a UK-based company which was acquired by GXO in February 2022. For this reason, while I am able to address some of the matters set out in this witness statement from my own knowledge, and overall am an appropriate person to provide this statement on behalf of GXO, my first-hand knowledge of all the matters covered in this witness statement is unavoidably limited. Some of the knowledge and information that I have about the matters discussed in this witness statement has instead been provided to me by others in the GXO group, who shared this information in their capacity as Clipper employees. Where the facts and matters in this witness statement are not within my own knowledge, they are true to the best of my knowledge and belief.
3. The topics set out in Annex A of the Rule 9 Request (each of which I address in this statement) concern the procurement and distribution of key health care equipment and supplies including PPE by Clipper between 1 June 2020 and 28 June 2022 (the "**Relevant Period**"). As explained in paragraph 2 above, Clipper was acquired by GXO in February 2022, towards the end of the Relevant Period. After GXO acquired

Clipper, the Competition and Marketing Authority ("**CMA**") issued an initial enforcement order ("**IEO**") to ensure GXO operated Clipper independently while awaiting CMA's clearance of the acquisition. This IEO stayed in effect until 12 September 2022. Unless explicitly indicated, all activities detailed in the statement were undertaken by Clipper, not GXO. My statement is structured as follows: Part A provides background and context to my role, as well as the operations of Clipper and GXO. Part B describes the circumstances surrounding the awarding of public sector contracts to Clipper during the Relevant Period, including the terms and values of such contracts. Part C discusses Clipper's experience in managing the warehousing and distribution of PPE under these contracts. Lastly, Part E outlines the role of Clipper's Executive Chairman, Steve Parkin, in respect of the relevant public sector contracts entered into by Clipper during the Relevant Period.

PART A: BACKGROUND/CONTEXT

GXO

4. GXO is a global logistics company that specialises in managing supply chains and warehousing. The company provides a diverse range of services, which include distribution, warehousing, order fulfilment and supply chain optimisation. The company has an extensive network of 770 warehouse locations spread across 27 countries including the United Kingdom with over 200 million square feet of warehouse space. GXO's operations are performed by a team of 130,000 employees working across its network to ensure the efficient delivery of services.

My role and professional background

5. I was appointed to my current role as a Strategic Adviser – Retail Logistics in April 2023. In this role, I work closely with GXO to ensure the company achieves operational and commercial success, while prioritising exceptional customer care.
6. My time at Clipper began in 2006 when I joined as Managing Director, a role I held for just under nine years until May 2014. Subsequently, I took on the role of Chief Executive Officer from May 2014 to April 2023, after flotation of the business on the London Stock Exchange. By this time, Clipper had already established a reputation as a leading logistics services provider, with a focus on retail and "e-tail" logistics. In my role, I was responsible for leading the senior team, driving the business development function, creating marketing initiatives, interfacing with our brokers and investors, and managing the day-to-day operations of the business. My goal was to

ensure that we continued to drive innovation and provide outstanding customer support. Clipper was widely recognised for its ethos of "agility matched by ability". I reported directly to Steve Parkin, the Executive Chairman and founder of Clipper.

7. My professional background is deeply rooted in logistics within the retail sector, with a career spanning over 35 years. I graduated as an Architectural Engineer in 1984 but after a few years in construction I moved into logistics where my career began at the Burton Group, which at the time was a large chain of UK-based retail stores specialising in fashion/clothing across multiple brands, where I served as a warehouse manager for five years from 1987 to 1992. I then worked as Logistics Manager and then Distribution Director for Rosebys (a soft furnishing business which floated in the early 1990s). The business became the Homestyle Group, a large scale home furniture group that included Rosebys, Bensons for Beds, Harveys Furnishings and Sleepmaster. I worked for this business for thirteen years from 1992 to 2005. Before joining Clipper, I was involved in the management buyout of part of the Homestyle Group and served as Logistics and IT Director at The Furnishings Place, another large-scale furniture/household textiles company in the UK for two years, from 2004 to 2005. I am also Chartered Fellow of the Chartered Institute of Logistics and Transport.

Background to Clipper

8. Clipper was founded in 1992 by Steve Parkin, a businessman and entrepreneur with experience in the logistics sector as a former HGV driver. It initially operated as a "man and van" company, focusing on deliveries from UK depots to retail stores. In 2001, the company expanded its operations by acquiring Gagewell Limited, a Brighouse based haulier which specialised in the UK distribution of cigarettes and alcohol. Clipper expanded its operations in the pre-retailing clothing sector (which concern the preparation of products for sale before they reach the retail environment, such as processing, steaming, tagging, sorting products and order consolidation) in 2004 with the acquisition of DTS Logistics, at that time one of the UK's leading garment logistics companies specialising in that sector. In 2005, Clipper acquired Northern Commercials, an Iveco and Fiat truck dealer, to further grow its UK presence. As Clipper's major retail customers began transitioning to an online presence in the early 2000's, the company adapted to meet their needs. For instance, during that period a major national supermarket chain selected Clipper to implement an e-retail system to process and distribute orders from their direct sites

and deliver goods nationwide. Clipper has seen significant growth and expansion over the years through strategic acquisitions. In 2008, Clipper acquired the German logistics business Beständig, a move that broadened the company's logistics capabilities across Europe. The company further expanded in 2014, with the acquisition of Servicecare Support Services, a specialist in returns logistics services for consumer electronic manufacturers and retailers. This acquisition enhanced Clipper's "Boomerang" brand which focused on returns management services for the clothing and non-electrical general merchandise sectors. In 2018, Clipper added another company to its portfolio, RepairTech, another specialist in consumer electronic repairs services, which further strengthened Clipper's range of returns management services.

9. Clipper's company ethos consistently emphasised its availability to help. The "buzz words" within Clipper were "agility" and "ability". "Agility" referred to its sharp focus on the retail supply chain and therefore its speed to act in the sector, catering to both offline and online retail businesses. 'Ability' signified its expertise in logistics and its determination to find solutions for its customers. Clipper cultivated a culture where customers knew that they could call on it when they encountered a problem that needed to be swiftly resolved. This was reflected by Clipper's reputation in the retail and logistics industry for reliability and problem-solving. By 2020, Clipper was a pan-European leader in logistic solutions, e-commerce and e-fulfilment. The company held numerous contracts for the provision of warehousing and logistics services with very well-known retail and e-commerce customers such as John Lewis, Amazon, the Very Group and Sports Direct.
10. By 2020, Clipper's operations spanned 55 sites across Europe manned by a team of approximately 10,000 employees, a fleet of approximately 450 large vehicles and an extensive in-house professional driver team supported by agencies. As discussed in paragraph 9 above, Clipper had earned a reputation for agility and ability. Clipper's approach was to offer easy access to the senior team which allowed for rapid solution development. This direct access to Clipper's senior team, project management, implementation experts and experienced operational management teams, ensured the swift delivery of effective solutions. Clipper was recognised as an expert not only in retail and high value logistics but also in handling contracts of all sizes. This was due to the company's extensive facilities, efficient processes, comprehensive fleet, skilled personnel and shared use ethos. This shared use ethos was a response to the challenges of predicting future needs in a dynamic and

evolving market. Traditionally, retailers preferred to operate dedicated sites. However, Clipper advocated collaboration and shared infrastructure, which offered increased flexibility and enhanced cost efficiencies, which is now a widely accepted concept.

PART B: CLIPPER'S PUBLIC SECTOR CONTRACTS

11. By way of context to my recollection of this period, the World Health Organisation (the "**WHO**") declared a public health emergency of international concern on 30 January 2020 and the UK proceeded to raise the risk level of Covid – 19 from low to moderate on the same day. The Covid-19 outbreak was declared a pandemic by the WHO on 11 March 2020.
12. The Government began holding daily press briefings led by the Prime Minister or Government ministers and advisers starting 16 March. Prime Minister Boris Johnson advised everyone in the UK against non-essential travel and contact with others as well as to work from home if possible and avoid visiting social venues such as pubs, clubs, or theatres. The Government announced that all schools in the country would shut from the afternoon of Friday, 20 March, except for those looking after the children of key workers and vulnerable children. The Prime Minister also ordered all cafes, pubs, and restaurants to close from the evening of 20 March, to tackle Covid-19. All the UK's nightclubs, theatres, cinemas, gyms, and leisure centres were told on the same date to close "as soon as they reasonably can".
13. On Sunday 22 March 2020, in my capacity as Chief Executive Officer of Clipper I received a phone call from Neil Ashworth. Mr Ashworth was an acquaintance of mine, who I had known by then for approximately 15 years and with whom I had worked on a number of logistics projects over the years. Mr Ashworth had previously served as Supply Chain Director for Woolworths and Tesco and was also Chairman of the Chartered Institute of Logistics and Transport. At the time he called me, he was working with the British Army's Engineering and Logistics Staff Corps. He informed me that the Ministry of Defence ("**MOD**") was seeking assistance with the distribution of personal protective equipment ("**PPE**") around the UK, on behalf of the Department of Health and Social Care ("**DHSC**"). Mr Ashworth explained that the MOD, under the leadership of Brigadier Prosser, Commander of the 101 Logistic Brigade, the Royal Logistic Corps had been drafted in to assist with the delivery of PPE and had swiftly realised that the existing supply chain was close to being overwhelmed. The MOD had approached Mr Ashworth to identify immediate

national warehouse space and transportation distribution options with the support of a third-party logistics company. Mr Ashworth explained that the DHSC's core logistics partner was Unipart Logistics Limited, a UK-based logistics and supply chain company. He explained that Unipart was already handling 220,000 order lines a day, including food, beds, ventilators, syringes, and materials for the new Nightingale hospitals, and could not keep up with the required distribution of PPE or quickly establish a new system. Mr Ashworth asked me to telephone Brigadier Prosser to discuss.

14. I called Brigadier Prosser on the same day. He explained that there was a real risk that the DHSC supply chain for the national distribution of PPE was a number of weeks away from being completely overwhelmed. Brigadier Prosser asked me whether Clipper had the capacity to assist Unipart and the MOD to help resolve the urgent supply chain PPE challenges facing the DHSC, by carving out a separate PPE transport and warehousing network. He explained that there were around 250 product lines of PPE that needed to be urgently distributed to 400 to 500 hospitals nationally. The potential scale of this operation did not concern me, as Clipper's retail logistics business often dealt with the delivery of hundreds of thousands of product lines for customers that may need next day delivery, 7 days per week. We also operated large transport solutions by many UK retailers and were well used to the need for urgency and timed deliveries. He stated that the MOD needed warehouse space, people to deliver the products, and a transportation solution. It was looking for a company that could receive PPE that had been manufactured by third parties, store it in a warehouse, unpack it, sort it, enter the stock onto a warehouse management system and once allocated by others, distribute it to hospitals.
15. Brigadier Prosser informed me that if Clipper wanted to get involved, he would include us in a detailed telephone briefing with the Unipart team at 9am the following day, Monday, 23 March.
16. Following my calls with Mr Ashworth and Brigadier Prosser, my initial reaction was that Clipper should do everything possible to assist the Government given the national public health emergency. To assess our capacity, I reached out by telephone to the senior leadership team at Clipper. This included a number of my direct reports at the time: Stefan Van Hoof (Operations), Martin O'Grady (Chief Operating Officer), Rebecca Kilduff (Solutions & IT Director), Richard Ball (Transport Director), Steve Parkin (Executive Chairman) and David Hodkin (Group Chief

Financial Officer). The team agreed with my initial reaction. Our first thought was that, in the face of a national crisis, it was our duty to get involved and offer our expertise and resources where we could. While Clipper had not previously worked with the healthcare sector or with the public sector, we felt comfortable that our proposed role fell well within our expertise as warehouse and logistics specialists with a wide national network. The role envisaged was not dissimilar to the warehousing, pick/pack and transportation operations that were commonplace within the business. It is my understanding that Mr Ashworth and the MOD approached other logistics companies for assistance, but we were used to working at pace and therefore we were able to meet the tight timescales needed, whereas other companies may have doubted their abilities.

17. We immediately began to assemble a Clipper 'taskforce' to tackle the challenge. This taskforce included Martin O'Grady and Richard Ball, who would oversee logistics and transport respectively, and Rebecca Kilduff, who would assist with preparing an IT solution.
18. The Clipper senior leadership team met at Clipper's head office in Leeds at 7am the following day, Monday, 23 March. We discussed the likely scope of the operation and identified resources that could be utilised such as delivery centres, transport and IT solutions/design. We had a leased warehousing facility in Daventry in the East Midlands, that had previously been earmarked for another contract which had been put on hold due to Covid, and that we thought we could deploy as the main Clipper base. We had sufficient employees and transport available to support this project, as many of our clients had slowed down their high street businesses due to the pandemic. However, we did not have a warehouse management system in place ("**WMS**") and so this would need to be established as a matter of urgency. A WMS is a computer software programme that helps businesses manage and optimise their warehouse operations and can help with supply chain management and picking and packing of products. Clipper used a BlueYonder WMS (BlueYonder provides Tier 1 supply chain software solutions used extensively by global businesses) in its warehouses to manage products, in combination with the use of barcoded stock keeping units ("**SKUs**"). Each SKU comprises a unique combination of numbers and letters that provide information about a given product, including its size, type, colour, and via the WMS, its physical location. Together, SKUs and a WMS help warehouses to track inventory, ensuring efficient and accurate handling of stock.

19. At 9am on 23 March, Mr O'Grady, Mr Parkin and I joined a conference call led by Frank Burns, the Managing Director of Unipart. Mr Burns explained that Unipart had an existing contract in place with the DHSC for the supply of medical devices and hospital consumables and forecasted an enormous spike in the volume of PPE which would need to be stored and distributed nationally over the coming weeks. He emphasised the need for a standalone PPE distribution network separate to the existing Unipart network, and asked if Clipper could assist. We discussed the scale of the operation and initial thoughts on the size and structure of the required network. Unipart had a distribution centre in Normanton (in Wakefield, West Yorkshire), and Mr Parkin, Mr O'Grady and I arranged to visit the facility that same day. This visit was in order to observe Unipart's operations and identify any potential challenges or issues that might not have been apparent from our initial discussions. We then visited Unipart's warehouse in Wakefield and provided feedback to Unipart and the DHSC during a call.
20. Following our visit we participated in two additional debriefing calls later that same day, both requested by Emily Lawson, the Chief Commercial Officer of the NHS. These calls took place at 6 pm and 8 pm respectively. Ms Lawson, having previously worked for Morrisons, was familiar with Clipper due to our work with that company. These calls were attended by representatives from the MOD, Supply Chain Coordination Limited ("**SCCL**") (including its then CEO, Jin Sahota), and representatives of Unipart. During the 6 pm call, we were asked to share Clipper's initial impressions, discuss our capabilities, and confirm whether we were in a position to provide the requested assistance. The 8 pm call was more focused on practicalities of the operation, with discussions revolving around potential utilisation of the Daventry warehouse. By the end of the call, we had agreed to meet SSCL the following day in Daventry to agree on next steps.
21. On the same day, 23 March, the UK Prime Minister Boris Johnson announced the implementation of the first national lockdown effective immediately (however, this only became legally effective from 1pm on 26 March) in response to the pandemic. This led to the closure of all non-essential high street businesses from that day. People were instructed to stay at home and permitted to leave only for essential purposes such as buying food or for medical reasons. Despite these widespread restrictions, Clipper, being classified as an essential service due to its extensive online activities for many retailers/e-tailers was permitted to continue operations.

This classification allowed our sites to remain open and functional, ensuring the continuity of crucial supply chains during this critical period.

22. The following day, 24 March, commenced with a 9 am site visit to our Daventry warehouse. Representatives from SSCL, Hatmill Consulting (a supply chain and logistics consultancy), and Clipper were in attendance. We were informed that the NHS had hired Hatmill to help co-ordinate and manage the warehousing and distribution of PPE. The main representative from Hatmill was Terry Murphy, who was known to Clipper as he was formerly the National Distribution Centre Operations Director for John Lewis, a long standing customer. Hatmill's responsibilities included the provision of daily insights to the DHSC to inform Government decisions and Number 10 press conferences. One of the SSCL representatives at the visit was their Chairman, Jim Spittle, who I knew previously through my work in the logistics sector and who was aware that Clipper's role in this operation would be well within our skill set.
23. Mr Parkin, Mr O'Grady, Mr Van Hoof and I then joined an update call at 11 am with representatives of SSCL, MOD (including Brigadier Prosser) and Unipart. Following this, I received an email at 3pm from Major Eb Mukhtar, the Covid – 19 PPE distribution military lead who was introduced by Brigadier Prosser to provide on-site-assistance. Major Mukhtar suggested that it would be helpful if Clipper could produce a "one or two pager" outlining its solution to DHSC's warehousing and transport PPE operation. This was in preparation for a call at 5pm that day with the DHSC and their consultants to decide whether Clipper should assist with the operation. Given the tight timeframe I prepared a note outlining Clipper's solution to the operation, which included warehousing, transportation and inventory control. This paper was sent to Major Mukhtar and Gareth Uden, Operations Director at Unipart. Both Major Mukhtar and Mr Uden provided comments on the document. Mr Uden confirmed that the assumption was that the DHSC, rather than SSCL, would manage the procurement supply and stock coverage of PPE whilst the initial budget was to be agreed and audited by Unipart.
24. At 5:30 pm that evening, Mr Parkin, Mr O'Grady, Mr Van Hoof, and I joined a call with representatives of the DHSC and their consultants (Efficio, McKinsey and Hatmill). This was a "go/no go" call to discuss whether Clipper should set up a PPE warehousing and distribution operation in Daventry. By the end of the call, we were informed that Clipper had been given the "green light" to proceed. Mr Parkin, Mrs

Kilduff, Mr Ball, and I then joined a final update call with representatives of the DHSC, Unipart, and the MOD at 8:15 pm to discuss a plan for the following day. It was explained to us by the MOD representatives that there would be 180 SKUs which would need to be distributed to approximately 500 national hospitals, with daily replenishment. It was agreed that, given the DHSC already had a pre-existing contract in place with Unipart, it would be quicker and most efficient for Clipper to step in as a subcontractor to Unipart.

25. The following day, on 25 March, I joined a full day of meetings with representatives of the MOD and SSCL at our Daventry site. I met Major Eb Mukhtar, the Covid – 19 PPE distribution military lead who was introduced by Brigadier Prosser to provide on-site assistance. After these discussions, we then began preparing the Daventry site to receive PPE deliveries. Later, at 6 pm I joined another update call with representatives of the DHSC and MOD. This call served to keep all parties informed about the progress of the operation and to discuss any new developments. In addition, we added Laura Brawn to the Clipper operations team. Ms Brawn, an experienced Contract/Development Manager, was brought on board to provide support to Mr O'Grady. Her responsibilities included assisting with site management and supervising the overall reporting process.
26. The Clipper team's focus shifted on 25 March towards testing the operation of the WMS and the exploration of transport solutions at our Daventry site. This involved a range of tasks, from configuring the layout of the warehouse for optimal efficiency to setting up the necessary IT infrastructure for smooth operations. A significant milestone was achieved when our WMS for Daventry went live on 26 March. Following the successful setup of the WMS, Clipper began preparations to receive stock, setting the stage for the next phase of operations.
27. We were informed on 27 March by SSCL that stocks of PPE held within the UK were on their way to Clipper's Daventry site. Additionally, we were informed that more PPE was being procured from overseas, although it had not yet arrived in the UK. Simultaneously, we successfully completed the setup of the Daventry warehouse. Under normal circumstances, the average logistics company might typically require around ten to twelve weeks to set up a new warehouse and delivery system. If complex automation is involved, this timeframe could extend even further. In contrast, our dedicated team managed to set up the IT infrastructure and WMS in four days and the entire operation went live in the span of five days. This involved

preparing a 200,000 square foot warehouse in Daventry and the creation of a WMS. We were able to commence outbound deliveries to over 500 locations on 3 April 2020. The start of this new supply chain was formally revealed through a regulatory news service announcement on the same day. This swift response was a testament to the Clipper team's commitment and efficiency in navigating an extremely challenging situation.

28. As a company, we decided at this time to adopt a flexible approach with our resources, ready to lend support to other businesses grappling with the challenges brought on by the pandemic. This included applying our experience and network to other sectors, such as the food retail sector which was also under pressure as a result of the pandemic. We decided that Mr Parkin would lend his experience to our work with the DHSC from an executive standpoint. He would be available for emails and calls as required. Meanwhile, I would concentrate on the core operations of Clipper, providing assistance to other Clipper customers who were also in need of help during those challenging times.
29. When our PPE supply operation was initially set up in March 2020, it was tailored exclusively for the DHSC with a specific focus on hospitals. However, there were at that time over 58,000 additional health and care settings across the UK encompassing care homes, community care providers, GP practices, and pharmacies. These settings had traditionally procured their PPE from wholesale providers, rather than through a national supply chain. Consequently, they did not benefit from the Government-managed PPE procurement. During the second week of April 2020, when concerns regarding the supply of PPE to health and care settings arose, the Government asked Clipper to help with the establishment of a new supply chain solution for these other health care and social care sectors, leveraging the existing stock within the operation already delivering to hospitals. This presented a very significant challenge, as we needed to rapidly expand our network from serving 500 hospitals to 58,000 health and care settings. To address this need, we collaborated with eBay to develop a new online portal. Clipper had substantial experience with the eBay platform through its work with existing retail customers. Additionally, my understanding is that Major Mukhtar worked with the senior eBay team on other project work. This platform allowed care homes to order PPE in small, medium, or large boxes, according to their needs. Under normal circumstances, such a project would take anywhere between six weeks to four months to complete. However, we managed to accomplish this in just a few weeks. Clipper did not have

any involvement in determining who could access the online portal, nor did they have control over whether providers not registered with the Care Quality Commission were granted access. Clipper's responsibility was to pick, pack and, arrange the delivery of completed orders, many of which were despatched by Royal Mail.

30. The growth of the inventory being procured and delivered to the UK quickly exceeded the capacity of the initial Daventry site. This resulted in the need to incorporate other facilities into the PPE solution. Between 2020 and 2021, Clipper expanded its warehouse capability. The company secured 11 warehouse buildings in and around the Midlands to assist with PPE storage and distribution, increasing the company's capacity to handle the surge in PPE stock and expanding the size of the operation. In addition to expanding its own facilities, Clipper also leveraged the resources of third-party companies such as Asda, Linkline and Malcolm's. These companies had additional capacity to store excess PPE stock, providing a valuable solution to accommodate the increased volume. This approach allowed Clipper to efficiently manage the influx of PPE stock during this critical period.

Sub-contracts with Unipart

31. Clipper initially entered into a sub-contract with Unipart in April 2020 for the storage and distribution of PPE. This contract was due to terminate at the end of September 2021. Per the contract, Clipper's role was to provide and manage warehousing and transportation. This contract was varied in May 2020 to include provisions about the online purchasing portal that Clipper developed with eBay. The total value of this sub-contract (including operating costs and management fees) over the period March 2020 to September 2021 was £134,967,710.19. This comprised the following monthly sums:

- A. March 2020 – £222,480.98
- B. April 2020 – £1,908,200.71
- C. May 2020 – £2,767,099.97
- D. June 2020 – £3,932,472.23
- E. July 2020 – £4,028,158.78
- F. August 2020 – £4,727,115.58
- G. September 2020 – £5,030,588.61
- H. October 2020 – £7,758,274.85

- I. November 2020 – £9,704,437.68
 - J. December 2020 – £9,075,145.15
 - K. January 2021 – £11,576,747.02
 - L. February 2021 – £9,015,984.12
 - M. March 2021 – £9,733,448.00
 - N. April 2021 – £12,500,947.63
 - O. May 2021 – £9,316,962.29
 - P. June 2021 – £8,458,228.70
 - Q. July 2021 – £8,441,165.90
 - R. August 2021 – £8,337,496.46
 - S. September 2021 – £8,432,755.53
32. Clipper signed a further sub-contract with Unipart for the same services on 31 September 2021, effective from 1 October 2021; to terminate on 24 February 2024. The total monthly value under this sub-contract (including operating costs and management fees) over the period from October 2021 to June 2022 was £63,349,485.54. This comprised the following monthly sums:
- A. October 2021 – £7,653,315.61
 - B. November 2021 – £7,499,993.89
 - C. December 2021 – £7,790,336.38
 - D. January 2022 - £7,879,718.80
 - E. February 2022 – £6,366,693.17
 - F. March 2022 – £7,443,548.85
 - G. April 2022 – £6,073,953.53
 - H. May 2022 – £6,494,536.65
 - I. June 2022 – £6,147,388.66
33. The cumulative value of these sub-contracts from March 2020 to June 2022 was therefore £198,317,195.73.
34. The increase in costs between March 2020 and subsequent months is attributable to the expansion of the operation in response to national demand. As discussed in

paragraph 30, Clipper began to secure more distribution centres over the relevant period to accommodate the volume of PPE being procured. This expansion had a direct impact on Clipper's operational costs.

Accounts, Invoices and Reporting

35. I understand that negotiations for the aforementioned sub-contracts were conducted by Clipper's Legal Counsel, Guy Jackson, and Ms Brawn. Clipper performed each sub-contract on an "open book basis", allowing Unipart to access Clipper's financial records and anticipated costs on a monthly basis, promoting full transparency.
36. Unipart and Clipper agreed that for the purposes of payment, Unipart would serve as an intermediary between SSCL and Clipper. SSCL would provide the funds to Unipart, who would then pay Clipper's charges. These charges included Clipper's operating costs and management fees. The operating costs included expenses payable and actually incurred by Clipper in providing the warehousing of PPE and in relation to the transportation of products to and from Clipper's sites and the customers. In addition to the operating costs, Clipper also charged a management fee of 4%. In my experience, this was a standard percentage fee charged for the provision of the services in question. The payment of any amounts was always subject to the verification of invoices by SSCL. Clipper prepared a budget invoice outlining its estimate for total fees to be incurred that month, which had to be provided no later than the 15th of each month and would be sent to both Unipart and SSCL.
37. SSCL would then notify Unipart if the budget invoice had been verified and would provide Unipart with an amount equal to the budget invoice to pay Clipper. Within the first 21 days of each of SSCL's monthly accounting periods, Clipper had to provide monthly management accounts to SSCL. These accounts showed all operating costs and management fees incurred in respect of the previous accounting period. Any difference in value between the total operating costs and management fee set out in the monthly accounts and those set out in the budget invoice would either constitute a 'budget overrun' (where the total value of the relevant monthly accounts exceeded the total value of the relevant budget invoice) or a 'budget surplus' (where the total value of the relevant monthly accounts is less than the total value of the relevant budget invoice) as applicable.
38. Following this, SSCL would conduct a verification exercise over the monthly accounts and would then notify Unipart of the results. I understand that the contract

between Unipart and SSCL granted SSCL the right to audit sub-contractors. The objective of this audit was to confirm that the service costs claimed by Clipper were appropriate, accurately recorded, and supported by sufficient reliable audit evidence before making any payments to Unipart for the purpose of compensating Clipper. This arrangement gave SSCL transparency over Clipper's sub-contracts with Unipart, allowing them to verify that the costs under the sub-contract were accurate.

39. Unipart was responsible for informing Clipper within 15 days of receipt of each set of monthly accounts whether the monthly accounts in question, including the applicable budget overrun or budget surplus, had been verified as accurate and were therefore undisputed by SSCL. Within 5 days of receipt of any account verification, Clipper had to submit to Unipart (with a copy to SSCL) a credit note in respect of any applicable verified budget surplus and, within 30 days of such credit note, pay to Unipart a sum equal to the full amount of such budget surplus. Alternatively, Clipper would have to submit an invoice in respect of any applicable verified budget overrun which Unipart had to pay within 20 days of receipt, once Unipart had received payment from SSCL of an amount equal to the budget overrun. Clipper was also obligated to provide to SSCL complete and satisfactory evidence and explanations in relation to any of the operating costs, referenced in any management accounts and/or invoices submitted to SSCL.
40. As discussed in paragraph 30, Clipper and Unipart (or SSCL) had the flexibility to agree that Clipper could occasionally procure and contract with any third party on behalf of Unipart or SSCL. This was for the provision of warehousing and/or transport services related to the storage of PPE products and/or delivery of products by the relevant third party. The payment process for this mirrored the steps outlined in paragraphs 37 and 38, with the exception that the management fee was 2%. Additionally, Clipper made use of four existing sites within the company's network that had available space for PPE products. This space was designated for the storage of pallets and stock that was not expected to move. For these spaces, Clipper applied a charge covering the receipt, handling and dispatch rate of the pallets. These charges covered the cost of unloading pallets from the vehicle, storing them in the warehouses, and loading them onto the departing vehicles when called off. I understand that the charge applied was based on the market rate at the time.

Transition from Unipart's PPE distribution to Clipper Logistics

41. There was no transition from Unipart to Clipper, as Clipper's role was not to replace the services that Unipart provided to the DHSC but rather to supplement those services. Our focus within Clipper was on the provision of warehousing and distribution of PPE to UK hospitals and then to other care centres nationally. My understanding is that Unipart's contract with the NHS centred around the supply of non-pharmaceutical goods to healthcare facilities, such as medical devices and hospital consumables other than medicines.

Framework contract with DHSC

42. I understand that on 10 February 2022, Clipper signed a framework contract with the Crown Commercial Service. This contract enabled Clipper to be considered for contracts that pertained to the transport, kitting, storage and recycling of PPE products known as "call off contracts". As per the framework contract, the DHSC was entitled to audit Clipper to verify all contract accounts and records related to the call off contracts. I also understand that Clipper achieved certain International Organisation for Standards ("ISO") certifications as required by the framework contract. ISO develops standards to ensure the safety, quality and efficiency of services, products, processes and systems. An ISO certification indicates that a company has successfully met the requirements set by the ISO. By 2021, Clipper had achieved ISO certifications related to quality management systems, environmental management systems, protection of patient identifiable data, and quality management for developing and testing software and medical hardware. On 29 April 2022, Clipper entered into an agreement with the DHSC for the use of 5,500 pallet storage locations at one of Clipper's warehouses for twelve months. The contract was worth £1,953,333, with the cost per pallet being £3.15 per week.

PPE recycling contracts

43. Throughout the Relevant Period, the DHSC purchased a large amount of PPE to respond to the Covid – 19 pandemic. Due to the rapid procurement and high volumes of PPE purchased, some equipment failed to meet necessary requirements concerning quality, safety, packaging, labelling, and/or other product documentation. By the start of 2022, the DHSC had amassed £4 billion worth of PPE that could not be used in the NHS and needed to be disposed of or recycled. Some items of PPE were not suitable for recycling due to the complex mix of materials

used in the manufacturing process and needed to be disposed of using a waste-to-energy facility, as the DHSC had adopted a zero landfill policy for PPE.

44. As Clipper was already storing large amounts of PPE for the DHSC through the Unipart sub-contract, Clipper entered into a call-off contract with the DHSC on 21 October 2022 for the disposal/recycling of PPE for a twelve-month period. This contract outlined that the DHSC was responsible for communicating to Clipper the SKUs approved for recycling. Clipper was then responsible for collecting a sample of the PPE product and assessing whether it should be disposed of and/or recycled. Following this, Clipper collected the PPE products and arranged transportation from the storage site to the end site of waste processing or recycling to ensure the product was recycled/disposed of correctly. The contract was worth £4.58 million. Clipper charged £0.58 per kilogram for the recycling or destruction of PPE. Clipper also hired three staff members for the role, an environmental manager and product lead, both of which were charged through the contract at cost with an additional 10% management fee, and a head of sustainability who was paid £800 a day and was anticipated to work two days a week.

PART C: COMPLIANCE WITH PUBLIC SECTOR CONTRACTS.

45. As discussed in paragraph 27 above, as of April 2020 my role in relation to the PPE distribution operation transitioned to a more supervisory capacity, allowing me to focus on Clipper's other customers. However, in my capacity as CEO I remained informed via updates from the team on-site in Daventry. Other members of the Clipper team attended the Daventry site daily (as described in paragraphs 17 and 25). The information I provide below is based on my recollection of their experience at the time and information that was subsequently relayed to me.

Initial operational challenges

46. Prior to the launch of our PPE warehousing and distribution operation and the commencement of deliveries, the DHSC supplied us with a manual list of all the hospitals to which deliveries would need to be made but did not provide details of the specific items that were due to arrive at our Daventry warehouse. Despite this departure from our usual practice, we adapted due to the urgent circumstances. Our primary role was to receive, log and deliver PPE stock. The surge in national need for PPE and increased procurement efforts by the DHSC challenged our storage capacity. The lack of information about specific items in each delivery, such as

priority items like medical gowns, complicated operations and impacted timely delivery to healthcare facilities.

Issues relating to quality assurance

47. We also faced challenges related to quality assurance of the PPE products. We were not engaged in the procurement process for the PPE products that were delivered to us, nor were we tasked with assessing the quality of the items that we were delivered. Despite this, we had to coordinate closely with MOD and DHSC representatives who assessed the safety and suitability of these products. For example, if a gown was described as waterproof, DHSC representatives would conduct a test, such as pouring water on the gown, to verify this claim. While this process was necessary given the circumstances, it introduced an additional layer of complexity to our operations. We also observed inconsistencies in products with the same SKU and received items that had been donated by individuals to support the national cause such as handmade PPE, which was unfit to be used as PPE. Such stock was stored in a quarantined location within the warehouse and marked in the WMS as unsuitable for supply. Additionally, PPE items procured from overseas were often not described in English, making it difficult to understand product specifications and meaning that additional time and resources were needed to ensure accurate understanding and handling of the products.

Effect of these challenges on Clipper's operations and Clipper's response

48. The issues described above in paragraphs 46 and 47 caused delays in the onward distribution of PPE. If items did not match their description, had incorrect paperwork, or were new and required a quality assurance check, they would be put on 'hold' and could not be distributed. Clipper staff frequently had to consult with on site representatives of the MOD, the DHSC, Hatmill and McKinsey for guidance, leading to many items remaining in quarantine until classified as "good" or "bad" stock. Clipper voiced its concerns in meetings with SSCL and Hatmill representatives and adjusted its systems to track stock ready for distribution and stock on hold due to quality assurance.

Online portal for care homes and other social care providers

49. The online portal described at paragraph 29 above was a success, allowing care homes and other social care providers to order small, medium, or large boxes of

PPE at no charge. The portal went live on 23 April 2020, and over 42,000 pieces of PPE were delivered during its pilot phase from 23 April to 26 May 2020. The storage and distribution of products ordered through the portal was managed through our Daventry 2 warehouse. Our ability to distribute stock was dependent on the levels of PPE within the warehouse, which was influenced by the factors discussed in paragraphs 46 to 48 above.

Clipper's interaction with consultants and the DHSC

50. At the start of the operation in March 2020, the Government had adopted a "pull" system whereby NHS Trusts could order the PPE they needed. However, as product scarcity became evident and that demand was much higher than supply, the Government began using the emergency 'push' distribution system, which took effect on 10 April 2020. This push system involved issuing essential equipment to NHS Trusts based on the expected number of COVID-19 patients rather than specifically requested items from the stockpile. Certain items, such as certain categories of gowns and body bags, did not go through the push model as they were often in single digits and there was not enough product to go around. NHS Trusts could telephone a specific number to order such products, which Clipper would seek to deliver on the next available trucks, subject to stock levels. Our role involved informing the DHSC, McKinsey, and Hatmill consultancy teams during a daily 6 pm call about stock levels in the warehouse. We were informed that this team of consultants had created a model to distribute the PPE per hospital. We were asked if we had received particular items and had to explain that unless the boxes had been opened and sorted, we had no way of knowing what items were in which boxes. Our role was limited to providing stock levels to the consultants, who would then pass them on to teams within the DHSC. We were not involved in deciding which hospitals would receive which stock.
51. At the start of the operation, Hatmill ran a daily situation report. This process involved manually gathering information about deliveries received the day prior and the stock levels of each product that could be sent out in the Daventry warehouse as of 5 am each day. Hatmill managed this task for the initial couple of weeks after distribution commenced in early April 2020. After this period, responsibility for managing the daily situation report was transferred to Clipper. Recognising the inefficiencies of the manual process, we decided to automate it using reports generated by our WMS every hour. These automated reports provided a more accurate and timelier

snapshot of the warehouse operations and stock levels. We provided these reports to Hatmill and McKinsey, who then relayed the information to the DHSC. This transition to an automated reporting process not only streamlined our operations but also ensured that the DHSC received the most up-to-date and accurate information, enabling more informed decision-making.

PART E: STEVE PARKIN'S ROLE IN RELATION TO THE PUBLIC SECTOR CONTRACTS

52. I do not believe that Mr Parkin's status as a donor to the Conservative Party was the reason Clipper secured the initial and subsequent contracts with Unipart. The initial call on Sunday, 22 March 2020 from Mr Ashworth came to me in my capacity as the CEO of an experienced company renowned for working with a diverse range of retailers, both large and small, and providing warehouse fulfilment and transport solutions. Our proficiency in managing large-scale operations was well-established, and through our national network, we had the capacity to provide rapid support.
53. As explained above, my recollection is that Mr Parkin had very limited involvement in the performance of the contract with Unipart. At the stage of setting up the Daventry operation and commencing distribution, Mr Parkin would sit on daily calls and would be copied on correspondence. This was to ensure that Clipper was providing the necessary resources and support, and to leverage his extensive personal knowledge of the retail sector for the benefit of the operation. His role related to overall performance monitoring and strategic oversight, given his extensive experience in the logistics field. This allowed him to focus on ensuring that the services were provided by Clipper efficiently and expeditiously. Given the substantial level of risk associated with the Unipart sub-contract that Clipper undertook, including in particular the speed, complexity and geographical reach of the operation, his oversight was highly valued. However, the day-to-day decisions and management of the process were handled by other individuals at Clipper who were dedicated to the operation. The company was able to establish a national supply logistics network in less than a week, demonstrating its ability to respond swiftly and effectively in a time of national need. This achievement reflects Clipper's capabilities and commitment, and not any preferential treatment.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed : Antony Gerard Mannix

Dated : 14th January 2025

Witness Name: Antony Gerard Mannix

Statement No.: 1

Dated: [x]

UK COVID-19 INQUIRY

WITNESS STATEMENT OF

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