

Witness Name: **Jon Fundrey**

Statement No.: **1**

Exhibits: **JF/01 – JF/24**

Dated: **13 February 2025**

## **UK COVID-19 INQUIRY**

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### **FIRST WITNESS STATEMENT OF JON FUNDREY**

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I, Jon Fundrey, will say as follows:

1. I make this statement in response to a request from the UK Covid-19 Public Inquiry (“the Inquiry”), dated 11 December 2024, made under Rule 9 of The Inquiry Rules 2006 (“the Request”) asking me to provide a witness statement setting out the key aspects of my involvement in respect of my role. The Inquiry wishes to understand the role I played from 1 January 2020 until 28 June 2022 (“the Specified Period”).

#### **Background**

2. Prior to the pandemic, I had been a Director in the Civil Service for over 12 years in two of the larger departments – HM Revenue and Customs (“HMRC”) and the Department for Work and Pensions (“DWP”) – and the Medicines and Healthcare products Regulatory Agency (“MHRA”), which was a trading fund and agency.
3. I was the Financial Controller at the DWP and, before that, I worked at HMRC. During that time, I undertook a number of significant procurements (e.g. those requiring the Official Journal of the European Union process, i.e. those procurement exercises which would be required to be published due to them being above the relevant financial threshold) and I was the Senior Responsible Owner (‘SRO’) for two Government Major Programme Portfolio (‘GMPP’) projects. These would have covered consultancy services, IT software development and services, significant outsourced services, and recruitment contracts.
4. As Chief Operating Officer at the MHRA, I had responsibility for the Commercial/Procurement function. A large part of the value and complexity involved

in those procurements related to the National Institute of Biological Standards and Control ('NIBSC') which had Category 3 laboratories, undertook batch control testing for the 'flu' virus vaccinations (and ultimately Covid-19 vaccinations), and undertook a wide range of health-related research. The MHRA had a scientific and health contingent which helped me build significant experience in this area.

5. Prior to my civil service career, I worked for the BOC Group, a FTSE40 company. I worked for three years in their Global Healthcare Division which manufactured and sold anaesthesia equipment, anaesthetic gases and medical devices. This role gave me a good understanding of the industry.
6. From the end of March 2020 until August 2020, I was loaned to the Department of Health and Social Care ("DHSC") where I became the Co-Director of Finance, alongside the existing Finance Director, Chris Young. He and I had delegated authority from the Accounting Officer ("AO") to enter into contracts for the purchase of personal protective equipment ("PPE") up to a financial limit of £100m (JF/01 - INQ000563653). The approach to deals which breached the £100m threshold is set out below at paragraph [28].
7. There was no training provided; however, I had already completed AO training and SRO training. I had been the SRO for a number of projects involving significant procurements, including Government Major Projects Portfolio ("GMPP") projects, which are those that require spending above departmental expenditure limits, require primary legislation, or are innovative or contentious. I did not feel I required training to carry out the role as I had significant experience and had already completed a substantial amount of training. I did not have prior experience of emergency procurement because one of the main aims of normal government procurement legislation and practice is to avoid that situation.

### **Day to Day Responsibilities**

8. The majority of my time was spent on discharging my delegated authority for purchasing approvals up to £100m. Initially this was for ventilators as hospitals and the Nightingale hospitals expanded capacity; however, my duties quickly turned to approvals for PPE as the decision was taken to centralise procurement and significantly increase the capacity of the teams to undertake that.
9. There were two phases of the procurement response to the pandemic. There was an initial phase which is best described as an emergency response and so lacked

structure. As the pandemic progressed, we entered the repeatable phase, where things became far more controlled and organised. The nature of my working patterns and role changed between the two phases.

10. During the initial phase, my role consisted of 12-14 hour days working seven days per week. Much of my role involved assessing proposals for the purchase of PPE. We would often receive deals at random times, for instance there were multiple proposals coming from China either end of the day which impacted our working structure. We needed to respond quickly as there would be multiple countries trying to secure the same products, so it was a very competitive environment.
11. As we moved into the repeatable phase, my role became more organised and less chaotic. It became possible to arrange for myself and Chris Young to take a day off on Saturday or Sunday, with the other one covering.
12. I also took over the line management of four or five of the deputy directors in the Finance team during the pandemic, this included both existing deputy directors and ones seconded in from across the Government Finance Function ("GFF"). They would work on the financial aspects of the pandemic response, for example vaccines, and I would support them in this role. A substantial part of my role thus involved line management activity.
13. There was always a call with our spending team at HM Treasury and representatives from the National Health Service ("NHS") at the end of the day which either Chris Young or I would usually chair. This would provide for visibility of what further orders would be received and whether there were further increases to the budget. This was to ensure ministerial approvals were aligned.

### **The Approvals Process**

14. During the early days of the PPE Cell, it is fair to say that the systems and processes for approvals were not as fully developed as they were later in the life of the PPE Cell.
15. There was a centralised process to collate deal materials, due diligence, and other information pertaining to the deal. The deal proposal would also include a summary form setting out the basis of the deal.
16. The approval request would be received in both my email inbox and Chris Young's inbox. The email would be sent by the Covid-19 Finance email address. Given the urgent nature of the approval requests, Chris and I would often be notified via a

message in the Rapid Response Team WhatsApp group (JF/02 - INQ000563180). This process was simply to draw our attention to the emailed approval request, all decisions and responses to the requests were provided via email. These messages were received on my DHSC provided mobile phone. I returned this phone upon completion of my secondment and as such I no longer have access to these messages.

17. A request for approval would ordinarily consist of a cover email setting out the key elements of the offer as well as a 'submission pack', being a set of underlying documents on which the approval was requested (JF/03 - INQ000563664). Depending on the nature of the offer and the supplier, this 'submission pack' would have comprised of the following documents:

- a. Standard terms and conditions including evidence of acceptance by the supplier or a summary of any variations, highlighting the risks/reasons and subsequent external law firm legal advice (if sought);
- b. The Department's 'Order Form', usually signed by the supplier;
- c. Advance payment quotation;
- d. The Department's 'New Supplier Form' including bank details and a conflict of interest declaration;
- e. A PDF supplier letter confirming their bank details (this would be validated);
- f. CaPA approval (or MoD QA);
- g. Technical documentation including photos and certificates for items;
- h. The Department's 'Requisition Form', which sets out the quantity and value of the offer;
- i. Foreign currency payments form (if appropriate);
- j. HMT Delegated Funding Approval form including:
  - i. A comparison to the average price,
  - ii. A benchmark process,
  - iii. An explanation of why the offer was reasonable or better to proceed in the circumstances,

iv. The 'Submission to DHSC Checklist'; and

k. If the supplier was based abroad, FCDO approval for the company concerned.

18. Therefore, at the stage I received a request for approval, a deal proposal would already have been through a substantial amount of assurance, analysis and due diligence. I was asked to carry out an AO Assessment on the basis of the material provided to me with regard to the current levels of supply and anticipated demand of that item.

19. The Cabinet Office provided some resources to carry out due diligence reports but, in the early days, it was not at all unusual for a submission to be made to me without such a report.

20. At an early stage, the submission form would confirm that "Standard Procurement Cell due diligence" had been undertaken. To my mind, at that time, the work being done in the Buy Team on due diligence was not sophisticated because they did not have any specialist tools. I understood this to mean there would have been basic checks done on the internet – Companies House and similar. I judged that, in the emergency circumstances and the factors above, this was imperfect due diligence but it was adequate to justify proceeding in this manner at this stage.

21. When I considered a proposal, I would apply the four key elements of the role of an AO as set out in the Managing Public Money policy guidance (**JF/04 - INQ000496882**). This guidance sets out the approach that should be taken when determining any public spending decision including the making of an AO Assessment:

- a. Regularity – compliant with the relevant legislation (including EU legislation) delegated authorities and following the guidance in this document;
- b. Propriety – meeting high standards of public conduct, including robust governance and the relevant parliamentary expectations, especially transparency;
- c. Value for money – ensuring that the organisation's procurement...processes are systematically evaluated to provide confidence about suitability, effectiveness, prudence, quality, good value for the exchequer as a whole, not just for the AO's organisation; and
- d. Feasibility/Deliverability – AOs should seek direction where there is a significant doubt about whether the proposal can be implemented accurately,

sustainably, or to the intended timetable i.e. was there any doubt as to whether it could be completed.

22. In March 2020, the Cabinet Office published a Procurement Policy Note (PPN 02/20) – “Supplier relief due to COVID-19”, which applied to all public bodies including central government departments. At paragraph 8, it stated that: “Central Government organisations should note that Managing Public Money prohibits payment in advance of need in absence of Treasury consent as this is always novel contentious and repercussive. However, in the circumstances Treasury consent is granted for payments in advance of need where the AO is satisfied that a value for money case is made by virtue of securing continuity of supply of critical services in the medium and long term. This consent is capped at 25% of the value of the contract and applies until the end of June 2020.” **(JF/05 - INQ000514447)**

23. There were various exceptions to PPN 02/20 and on 4 April 2020, I was written to by the Senior Policy Adviser for Health Spending confirming an increase in the delegated funding envelope. The conditions for the increase were as follows **(JF/06 - INQ000551556)**:

- a. Ensure any foreign companies were considered reputable by FCO and the local British Embassy, and ensure assurances had been provided to the Department in writing;
- b. Ensure all equipment has the appropriate medical certification and commercial colleagues have sought and taken all reasonable action to review timestamped pictures of the equipment;
- c. Confirm that all stock will be medically inspected as fit for purpose before distribution to NHS Trusts and/or use;
- d. Ensure commercial teams have reviewed purchase contracts and confirmed they see no terms and conditions that represent unacceptable risk to Government;
- e. Make all reasonable attempt to ensure prices are <25% above the average unit price paid to date;
- f. Ensure the Department AO has signed off each payment given potential issues with propriety, regularity, value for money and feasibility;

- g. Share details with HMT of all individual procurements; including supplier, product type, volume of goods purchased, unit cost, certification details and written assurances from Embassy/FCO;
  - h. Provide HMT with a weekly tracker on purchases made and potential upcoming purchases, and how progress tracks against demand in the system; and
  - i. Keep any deposit payments and prepayments to a minimum.
24. If there were queries, then there would be email correspondence sent to the shared Covid-19 finance mailbox and whoever was on duty would seek the information to be able to respond to the query.
25. There would be information provided in terms of financial due diligence and whether they were an existing supplier. In the initial phase, I would make a judgement regarding the due diligence but once the Deals Committee was established, they would also carry out scrutiny of viability.
26. If I felt a proposal was unclear, or the demand information inconsistent, I may have asked for further information (JF/07 - INQ000563669; JF/08 - INQ000563663; JF/09 - INQ000563662; JF/10 - INQ000563656).
27. If there was a marginal proposal or there were elements which I was minded to refuse, I may have discussed this with Chris Young or shared the email request with him (JF/11 - INQ000563659).
28. As mentioned above, Chris Young and I had delegated authority from the AO to enter into contracts for the purchase of PPE up to a financial limit of £100m. If there was a deal which would breach the threshold, I would consider the proposal and prepare a recommendation which would be sent to David Williams. On occasion, such recommendations would have prompted further questions from David Williams via email correspondence (JF/12 - INQ000563668). In particular circumstances, there may have been a call convened to discuss the proposals.

### **Volume of Information**

29. It is very difficult to provide a figure as to how many approvals Chris Young and I were asked to provide, I know that we were being asked to provide assessments on multiple proposals on a daily basis during the pandemic.

30. At the outset of the pandemic, there was limited information on demand. As such, we had to make decisions on the basis of understanding of the wider demand. The quality of information, and our ability to gather and interpret this information when making procurement decisions, improved as the pandemic continued.
31. There were regular examples of other nations procuring PPE at a much higher rate than we had been willing to pay (JF/13 - INQ000563639). Availability drove procurement decisions as there was such a high demand for PPE.
32. The daily briefings (JF/14 - INQ000563151) resulted in data dashboards being prepared and published. The dashboards were managed by the Strategic Finance and Estates Policy Manager, a junior official. I cannot comment on the accuracy of the underlying data as we were only provided with the analysis rather than the underlying data. These dashboards underpinned the basis on which submissions were considered and how we approached the attachments contained in the submissions (JF/15 - INQ000563657).
33. The demand signal was captured in a series of documents:
- a. A daily excel spreadsheet, known as the PPE Dashboard (“the Dashboard”) which, for each category of PPE, would record known data about inventory, distribution and orders (JF/16 - INQ000563145). It would contain a tab called “Stock Out” which promulgated the then model’s estimate of the number of days stock held by the PPE Cell of each item of PPE – this data was used in the daily 18:00 meeting and shared daily with Chris, myself and the DHSC Finance Team;
  - b. A daily update from the project management office (“the PMO Update”) (JF/17 - INQ000563655) which contained a summary version of the Dashboard as well as Status Updates (which explained the main effort for the day ahead) and points for discussion;
  - c. For the 18:00 meetings there would be a PPE daily pick list decision brief (“the Decision Brief”) which recorded specific agreed actions from previous 18:00 meetings and slides for issues which would be discussed at that day’s meeting (JF/18 - INQ000563147). It would usually also record the Pick List Decisions from the previous day (i.e. what PPE products were the priority, whether trusts could simply order the quantity they wanted, or if there were any special considerations needed to take account of particular shortages);



- d. An email was sent after the 18:00 meeting which recorded the actions from that meeting but also set the buying priorities for the next day ("the Pick List") (JF/19 - INQ000563179); and
- e. There was also a weekly report on PPE inventory and usage rates ("the Summary Dashboard") (JF/20 - INQ000563176). This collated evidence about each category of PPE and presented it using tables and graphs.

34. Our procurement decisions were informed by quality assurance and technical assurance information. The former was received from the warehouse team and the latter from the procurement team. Throughout the pandemic, the warehouse team would test PPE inventory prior to its distribution. Supply Chain Coordination Ltd (SCCL)'s CaPA framework, which was in place from the start of the Parallel Supply Chain, provided the early technical assurance function whilst the Technical Assurance Team within the Parallel Supply Chain was formed. The Technical Assurance Team was primarily made up of volunteers from MoD and later, the Defence Quality Assurance Field Force. Both the CaPA team and the Technical Assurance Team received the technical packs, gathered by the Opportunities Team, to review and assess whether the evidence submitted by a manufacturer met technical specifications. To meet the criteria, it had to be evidenced that the product complied with the required standards and met relevant regulations for the technical specifications of the product. The 'submission pack' for a potential offer contained a recommendation from the CaPa team or the Technical Assurance Team that the product met the requisite standards and guidance from the relevant authority.

35. The quality of the information provided by the warehouse and procurement teams improved as the pandemic progressed. During the initial phase, there was a finer balance to be struck between obtaining technical assurances and securing stock of PPE inventory, due to the limited availability of products. Once we entered into the repeatable phase, substantially more documentation was provided to assist our procurement decisions, for example, evidence of relevant certificates and that testing had been carried out. I understand the Inquiry has had sight of a number of AO packs.

### **Approach to AO Approvals**

36. I have already set out the criteria that I applied in line with the Managing Public Money Guidance and the experience that I had developed in order to make AO Assessments.

37. More generally, I considered the following as being particularly pertinent when carrying out assessments:

- a. Demand. We would be provided with a list of stock such as masks and gowns which was in demand, our focus was on those products which had less than one week of supply in stock. Where there was any uncertainty on demand, guidance was sought from Emily Lawson: (JF/21 - INQ000563660) or Jonathan Marron: (JF/22 - INQ000563661 and JF/23 - INQ000563670);
- b. Price. The aim was to ensure tolerance within 25% in line with HM Treasury's delegated funding envelope conditions, but in reality we had to accept prices outside of this due to other countries being willing to pay such prices, and we would also consider the price of the items in relation to current or previous deals (JF/24 - INQ000563626);
- c. Availability and reliability of supply; and
- d. Payment Terms. We were reluctant to agree contracts which required substantial up-front payments but exercised flexibility as the pandemic endured. Given that other countries were willing to agree such terms, we had to make concessions to ensure we did not run out of PPE. I have been provided with INQ000512313 and was aware during the pandemic of a relaxation of the criteria to be applied to technical assurance. The approach during the initial phase of the pandemic was that we did not want to lose opportunities to procure products which met the technical standards and the guidance in place at the time. Supply was paramount and so the focus was on speed and reliability of delivery. During the initial phase, we would approve non-standard terms such as where pre-payment was required. This was a trade-off between securing supply and potential non-compliance, the balance was in favour of supply as long as the products could be tested prior to delivery to front-line users.

38. As a result of the assurance process, there were frequent examples of where we would approve proposals only to find that the stock was no longer available. I can recall a specific example of where there were ventilators available and the proposal was approved, however, the supplier was subsequently offered a purchase price double the normal market price by another customer. The quicker we were able to give approval the more likely we were to secure the product. As we entered into the repeatable phase, there was a re-balancing and focus moved to be on price rather

than deliverability; we moved to favour regular and reliable supply. I can recall refusing approval during the repeatable phase where proposals required up-front payments as there were alternatives available that did not require up-front payment.

39. I have been asked to provide my views on the following:

“the table meets the basic sniff tests as laid out in the ... ‘Request for approval of spend against HMT Delegated Funding’”.

40. I was not the author of these words and so the request is best directed to Chris Young. However, I can recall approval in principle being given and agreed with this approach. As a general approach, I would consider the basic sniff test to be a process of considering a proposal and establishing if anything was unusual, inconsistent or inappropriate, not dissimilar to the approach Chris Young and I were using for higher value approvals. My initial considerations when reviewing a potential order were centred around HMT’s funding conditions, for example, whether a foreign company was considered reputable by FCO, whether there was appropriate certification, and whether the price was <25% above the average unit price paid to date.

41. I would consider the following to be factors that would be applied when a decision was being made regarding approval in principles:

- a. Speed of supply;
- b. Credibility of supply;
- c. Price; and
- d. Basic due diligence was understood to have taken place by virtue of the proposal reaching me for approval, namely that I would have taken as a given that checks had been undertaken to ensure that the company was credible and that there was evidence of appropriate banking facilities.

42. The purpose of the form headed “Request for approval of spend against HMT Delegated Funding” was to summarise on a short document all of the information relevant to a procurement decision. The document assisted good governance in ensuring that we were in possession of the key information and had been provided with evidence required for the different phases of the approval journey.

43. I am asked to describe the approach I took to the weighting of information and balancing different criteria. As I have already set out within this statement, the weighting of information and balancing of different criteria depended on which phase of the pandemic we were in. There was a gradual movement during the course of the pandemic away from prioritising availability towards prioritising sustainability and favourable terms.

### **High Priority Lane**

44. It was immaterial whether an offer was received through the High Priority Lane ("HPL"), I applied the same criteria to each assessment regardless of its origin. As the individual carrying out the AO Assessment, I did not receive any chasers, nor did I have any personal contact from suppliers or intermediaries. The HPL did not impact on my assessment in any manner.

45. I have been asked by the Inquiry to consider contracts with Meller Designs Ltd and SG Recruitment Ltd. It was not a relevant consideration that Meller Designs, or any other supplier, originated from the HPL or that the approval request stated that this was a VIP request. In respect of SG Recruitment UK Ltd, I have been referred to an email chain involving Chris Young, I do not appear to have been involved in this procurement decision. It would not have impacted on the approach I took to any proposal that Lord Deighton, or any other politician, was on the board of a supplier. Conflicts of interest had been challenged and due diligence carried out prior to the AO Assessment process and was later part of the consideration of the Deals Committee.

46. The information regarding the referrer and supplier for the HPL was no different to any other proposal, the criteria applied were the same. As far as I am concerned, there was no preferential treatment afforded to any supplier with any link to senior officials, the Conservative Party, or to other political parties during the approvals process. I simply carried out assessments applying the proper guidance and criteria. I do not consider that any of those assessments over which I had visibility benefitted from any donor status or political connection. Once I was asked to make an assessment, there was no scope for these factors to have an impact on my assessment.

47. I have been asked if any of the following had any effect on decisions to award contracts:

- a. the identity, status and position of the referrer;

- b. the nature and extent of contact made by or on behalf of the referrer with you and/or other officials or ministers;
- c. the nature and extent of contact made by or on behalf of the supplier with you and/or other officials or ministers;
- d. the referrer vouching for the supplier;
- e. the making of profits by the supplier;
- f. the level of profits of the supplier;
- g. the distribution of profits by the supplier, including e.g. to the referrer and to charity;
- h. declarations about conflicts of interest; and
- i. the relationship between a referrer and a financial backer of the supplier.

48. The only factor that may have had any impact on an assessment was that the referrer gave a personal recommendation due to their own knowledge. Save as I have already addressed in this statement, for example in relation to conflicts of interest, the remainder of the factors did not have any impact on my assessment.

### **Challenges and Lessons Learned**

49. As the NHS is decentralised, this has the effect that real-time “on the ground” data simply was not available. In my view, real-time stock levels on the front line and in transit would have improved the procurement exercise.

50. The structure of the Buy Cell did not impact on the approvals process. There was a proposal package which was brought together by the stage that it was passed to me as an AO. From an approvals perspective, it did not matter to me where the deal had originated from internally, I was carrying out a governance exercise to determine whether a proposal should receive approval.

51. All of the information in respect of the approval request would be provided by email, there would be a number of attachments and this could reach as high as 30 attachments. This was not as user-friendly as it could have been, as it meant that I had to look at all of the different recommendations and documents as part of the decision whether to approve the deal. For instance, during the initial phase, we had to assess

the view of the FCO on a particular supplier in China ourselves, rather than a commercial member of the Cabinet Office providing a recommendation. The introduction of the Deals Committee was a welcome development as it meant that the proposal had been considered with members of each team present and providing input, as well as responding to queries in person. If time had permitted its development, a case management or workflow approval system would have made dealing with the volume of information easier.

### **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 of its truth.

**Name:** Jon Fundrey

**Date:** 13 February 2025

**Signature:** Personal Data