



UK COVID-19 PUBLIC INQUIRY
BEFORE BARONESS HEATHER HALLETT IN THE MATTER OF THE PUBLIC INQUIRY
TO EXAMINE THE COVID-19 PANDEMIC IN THE UK

CLOSING WRITTEN STATEMENT ON MODULE 5, GOVERNMENT PROCUREMENT
FROM UK ANTI-CORRUPTION COALITION (UKACC)

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Introduction

1. This written closing statement is submitted on behalf of the UK Anti-Corruption Coalition (UKACC), a core participant in Module 5 of the UK COVID-19 Public Inquiry. Module 5 examined the procurement and distribution of key equipment and supplies during the COVID-19 pandemic. UKACC's submissions, including our written and oral evidence and our opening and closing statements, have been informed by our extensive experience in public procurement, our analysis of government contracting data, and the international expertise of our member organisations, including Transparency International UK, Spotlight on Corruption and the Open Contracting Partnership.
2. We will not repeat the detailed analysis from our Rule 9 submission, which can be found on the Inquiry website; this closing statement provides additional interpretation and evidence based on what we learnt from the hearings and to rebut erroneous and misleading statements made by some witnesses. We also offer final, forward-looking recommendations to the Inquiry.
3. Our ultimate goal as a Core Participant is to provide constructive and practical recommendations to the Inquiry that will help the UK and devolved governments learn the lessons from this emergency, ensure that effective procurement processes are embedded in government, even during emergencies - the government can buy fast and efficiently whilst maintaining public trust. Public procurement touches every part of our lives – from roadworks to school meals to critical medicines – it is where citizens see governments deliver on promises or fall short of their expectations, damaging trust in the fairness and effectiveness of government, so it is vital to get procurement right and to learn lessons from Covid failures. In emergencies, effective systems are crucial not only for pandemics, but also for other crises, such as natural disasters, climate change mitigation, conflict and defence, and industrial accidents.
4. The COVID-19 Inquiry must serve as a clear reminder of the seismic and tragic consequences of poor procurement. This reminder should be at the forefront of the minds of those tasked with procurement during a future emergency.

Emergency and urgency

5. The oral evidence presented to the Inquiry in March 2025 by Supply Chain Coordination Ltd (SCCL), Department of Health and Social Care (DHSC), the Cabinet Office, and former ministers paints a deeply concerning picture of the processes, decisions, and outcomes associated with the public procurement of key healthcare equipment during a national

emergency. While acknowledging the exceptional nature of the crisis and the extreme challenges faced during the pandemic, the evidence overwhelmingly demonstrates widespread systemic procurement failures, including critical shortcomings in preparedness, delivery to the frontline, assurance, efficiency, value for money, fraud prevention, transparency, governance, and accountability in public contracting. We discuss these in more detail below.

6. The senior politicians who testified to the Inquiry emphasised the urgency of the situation and the need for speed to save lives, particularly following the collapse of the NHS Supply Chain arrangements. There were and still are well-informed, internationally recognised procurement protocols that allow for flexibility and speed in emergencies, which were not utilised. No one testifying to the Inquiry had a convincing explanation as to why these approaches, like open frameworks or buyers' lists, were not used. Instead, testimony doubled down on rhetoric that these were extraordinary times or that the priority was to save lives. Whilst recognising this challenge, we contend that if saving lives is indeed the priority, a professional, structured process that delivers PPE is more effective, rather than hugely risky contracts with untested suppliers. Listening to the witnesses, we did not hear anyone say there was a considered emergency procurement strategy, only that a VIP Lane was set up to *"was set up deliberately to handle ministerial office requests"* as Sir Gareth Rhys Williams stated in his testimony to the Inquiry on 5th March.¹ Reflecting on the general lack of a strategy, Lord Agnew said, from his view inside the government, that they were *"rabbits in the headlights"* and that he *"was a platoon commander defending the perimeter of Dunkirk...but it was a military disaster in its own right"*².
7. Indeed, we heard clearly both in testimony and in written evidence how the VIP Lane actually distracted attention from more credible suppliers. In our own Rule 9 response [INQ000527634] in paragraph 219, we evidenced that there were *"Multiple examples of civil servants flagging concerns over the VIP Lane process were uncovered within days of the VIP Lane being established"*. The volume of referrals from Ministers, Peers and MPs became problematic. An email exchange between civil servants on 14 April 2020 claimed that officials were *"drowning in VIP requests"*.³ The full exchange reads: *"This contact has already been allocated a team member- unfortunately if he jumps to the front of the queue, it then has a knock on effect to the remaining offers of help. We are currently drowning in VIP requests and 'VIP' contacts that despite all of our work and best efforts do not either hold the correct certification or do not pass due diligence"*. Another email exchanged

¹ Sir Gareth Rhys Williams 5/03/25 - 20

² Lord Agnew of Oulton 18/03/25 - 137/138

³<https://www.theguardian.com/politics/2021/apr/22/vip-lane-for-covid-suppliers-left-uk-civil-servants-drowning-in-non-credible-bids>

between officials on 29 April 2020 discussing "VIP work" claims VIP Lane enquiries "*do not always align with priorities in terms of PPE items and volumes but the resultant impact of pressure from ministers' can become more of a distraction from the substantive priorities*".

8. In paragraph 220 of our original submission, we also evidenced that "*NHS officials also expressed some concerns*." On 20 April 2020, the NHS published its daily Programme Management Update which stated, "*VIP escalation is obstructing progress of more viable opportunities for larger/scalable manufacturers*" and "*VIP escalation is consuming bandwidth for progressing viable opportunities with larger/scalable manufacturers*" PM/32a [INQ000507623] and PM/32b [INQ000507572].
9. Dawn Matthias-Jackson, a PPE caseworker seconded from the Department of Education, said: "*Some days I feel like I am in a looney bin... I was promoted yesterday to the VIP Supplier Team, basically allocated to dealing with the suppliers who feel it is important for them to contact Boris, Matt Hancock, Gove, Gareth & other Minister [sic] etc directly. So now basically jumping through hoops to get quick responses to them before they complain that we are not taking it seriously. Only one so far has proved any use.*"⁴
10. We further note that there is significant evidence that credible companies with a strong track record were somehow ignored or lost in the government's response. This evidence is subject to parliamentary privilege and therefore cannot be shared with the Inquiry.
11. We also heard evidence during the Inquiry that VIP suppliers were, on average, paid 80% more per unit than other suppliers, and some contracts were agreed at more than four times the average unit price.⁵
12. Senior politicians doubled down about the VIP lane process and ministerial/MP referrals. Matt Hancock described this practice as being "*an entirely common process in Whitehall*", "*There are mechanisms for MPs to directly contact parts of the system' on behalf of their constituents, for example for assistance with queries about passports, driving licenses or the Homes for Ukraine scheme.*"⁶ Whilst we accept that part of the role of an MP's office is to assist constituents with receiving basic government services, the extension of this to include direct referrals for multi-million pound procurement contracts is not credible. We note that no actual evidence was presented to demonstrate that politicians were in a good position to select who had credible stocks of PPE and who did not. Indeed, we have shared

⁴ INQ000565319_0001

⁵ <https://goodlawproject.org/vip-lane-contracts-inflated-by-925m/>

⁶ INQ000536350_0030

evidence with the Inquiry that the VIP Lane deals had a higher failure rate than other sources. Spotlight on Corruption's data indicates that some 59% of the spending through the VIP Lane known about at the time supplied unfit-for-purpose PPE.⁷ This percentage compares to 17% spent on unsuitable PPE from the normal channel contracts known at the time.

13. Was it really a good idea to award mission-critical PPE contracts worth over 1 billion pounds in total to companies specialising in lingerie, drinking straws, beauty and fashion accessories, confectionery, investment management and HR consulting? It seems that ministerial referrals helped prioritise less reliable companies that charged the taxpayer significantly more money, which is hardly an effective mechanism for prioritising PPE sourcing and saving lives. It is essential that the Inquiry thoroughly examines the evidence on this topic and determines whether advantaging political referrals helped or hindered the COVID-19 PPE response.

Preparedness

14. A central theme emerging from the evidence presented is a profound lack of preparedness for procurement during a public health emergency of this scale, coupled with poor decision-making in the initial stages of the procurement response. The expert report authored by John Manners-Bell⁸ highlights critical vulnerabilities within the UK's healthcare supply chains prior to the pandemic. Mr Manners-Bell notes the importance of understanding the types of relationships with suppliers, their flexibility, scalability, and the location of manufacturing, yet the evidence suggests a startling lack of such fundamental knowledge within the government at the onset of the crisis.
15. The initial scramble to procure Personal Protective Equipment (PPE) revealed a stark absence of robust systems, sourcing data, processes and sourcing expertise. The evidence from SCCL and the testimony of witnesses involved in the procurement efforts indicate a chaotic environment where basic inventory management and demand forecasting were severely lacking. Dame Emily Lawson of NHS England⁹, in her witness statement, highlighted the inability to track what individual NHS trusts held or the specific products being bought by institutions like SCCL. This lack of visibility across the supply chain hampered effective procurement and distribution and undoubtedly contributed to both

⁷ Spotlight on Corruption article Half of VIP lane companies supplied PPE worth £1 billion that was not fit for purpose 11 February, 2022 <https://www.spotlightcorruption.org/half-of-vip-lane-companies-supplied-ppe-worth-1-billion-that-was-not-fit-for-purpose/>

⁸ INQ000474864

⁹ INQ000572261

shortages in some areas and the accumulation of vast quantities of unusable or surplus PPE elsewhere. This problem is intrinsically linked to another issue of poor data infrastructure, which we will address later.

16. The establishment of the Parallel Supply Chain, caused by the collapse of SCCL at a very early stage of the pandemic, while intended to expedite procurement, was characterised by a lack of clear processes and an over-reliance on individuals with limited or no prior experience in large-scale PPE procurement. The testimony of Mr Wood¹⁰ for the PPE Buy Cell, who arrived at Skipton House and was *“briefed quite literally to buy as much PPE as we possibly could, because people were dying,”* underscores the urgency but also hints at a strategy driven by volume rather than strategic need and quality assurance.¹¹ While the dedication of those involved in the procurement of PPE is absolutely not in question, the lack of established procedures or the use of existing e-procurement systems in DHSC and the Cabinet Office and the sheer volume of offers from the questionable ‘call to arms’ clearly completely overwhelmed the system, giving birth to the VIP Lane.
17. Rather than setting out clear technical, performance, and packing specifications at the outset with an orderly structured qualification process, or setting up open frameworks for PPE procurement to which companies could present their credentials and join as a supplier, like many other countries did - which we highlight later - the UK took an approach which led to the overwhelming of the entire system, which was then triaged and prioritised by political referrals through the VIP Lane.
18. The overloading of the procurement system and the VIP Lane led to political referrals chasing civil servants about the status of certain offers, often on behalf of a friend, political contact, or donor. These pressures then led to considerable ‘noise’ and distraction, which emerged as a key theme during the hearings, possibly leading procurement staff to defer to ministers or other individuals, such as Baroness Mone, and proceed with high-risk and high-cost contracts that they would not have otherwise undertaken and which then went wrong. Many suppliers lacked expertise in supplying PPE, which opened up significant risks that were not properly addressed and, in some cases, materialised.
19. To help mitigate the threats of high-risk procurement during future pandemics, the UK should maintain stockpiling, ensuring a consistent and long-term commitment to stocking essential supplies, regardless of the immediate threat environment, to pre-emptively

¹⁰ Andy Wood 6/03/25 -158

¹¹ INQ000540488_0061

address future health emergencies. The UK Government should develop pre-planned emergency frameworks for purchasing goods, such as PPE, and pre-qualify suppliers that meet the long-term emergency needs. It should also establish arrangements for rigorous quality control and pre-shipment inspection of PPE supplies during a pandemic. Governments across the UK should systematically map critical supply chains to identify PPE manufacturers and pinpoint bottlenecks and vulnerabilities that may pose challenges during extended emergencies. Additionally, they should locate suitable alternative suppliers and develop contingency plans, such as for when UK manufacturing can be repurposed. The recommendations of John Manners-Bell, the Inquiry's expert witness on supply chains, should certainly be taken forward, particularly in relation to supply chain management, UK manufacturing, stockpiles, and quality control.

20. The UK Government should support the development of commercial and procurement personnel as professionals empowered to engage with the market and individual suppliers, understanding what is possible, encouraging innovation, and retaining commercial acumen.
21. Regarding the new Government's objectives as part of the Procurement Act 2023, it will need to rebuild its own commercial and collaborative capabilities, especially in contract management. The role and functions of SCCL in any future emergency should be carefully considered, and alternative options identified if it is not deemed fit for purpose. Wider training and support should be available to everyone across the government who gets involved in commercial activity, upskilling the legions of informal buyers across the public sector. Early evidence suggests strong uptake of the Act's Learning and Development offer, and we strongly support continued investment in this area and that the offer around best practices for emergency procurement should be reviewed and strengthened. Given the transformational opportunities offered by digital tools and AI, we would also suggest that the government consider establishing a Royal Commission on digital transformation skills in government, working with relevant chartered institutes in the UK to distil better the common principles and practices across state, market, and educational establishments for the 21st Century government.
22. A comprehensive emergency procurement strategy for a UK-wide disaster must be developed as a matter of urgency, including planning for cross-government coordination, surge staffing, centralised purchasing, and clear leadership and accountability. Other countries have developed proactive procurement frameworks to scale domestic production and delivery of crucial items in emergency situations (e.g., Chile's response to earthquakes). The Inquiry should consider recommending that the UK adopt a similar approach.

23. It is self-evident that Exercise Cygnus¹² in 2016 did not stress-test the procurement systems in place to cope with emergency procurement during a pandemic. The government should conduct regular pandemic preparedness exercises, war games, and simulations to ensure that its procurement systems are fit for purpose in the event of a new pandemic occurring without warning.

Lessons from across the procurement cycle

24. Below, we draw out the key failures and/or weaknesses we have heard around the UK's emergency procurement of Covid PPE across the procurement cycle and offer constructive suggestions for improvements.

Sourcing - weaknesses

25. The "call to arms" resulted in a large number of offers, many from well-meaning but inexperienced individuals, as well as some fraudulent ones, making it challenging to identify the most reliable sources.

26. A simple request for quotation process, which outlines the government's needs in detail and requires a formal response from interested suppliers, was not used, thereby introducing increased risk and necessitating extra effort for evaluating unstructured offers, in some cases for unwanted items.

27. Reliance on intermediaries posed risks. Informal intermediaries were a symptom of a non-functioning supply chain, and the government was over-reliant on traders.

28. The VIP Lane was introduced to manage VIP referrals, raising concerns about potential corruption, favouritism, and the inappropriate allocation of public resources, as personal relationships were influencing supplier selection rather than merit. It breached equal treatment rules and was ruled unlawful by the High Court.

29. Difficulties in predicting demand and a lack of contact with overseas manufacturers of PPE put the UK at a disadvantage, increasing risk, cost, and contract failure.

¹² DHSC Policy paper Annex A: about Exercise Cygnus Updated 5 November 2020
<https://www.gov.uk/government/publications/uk-pandemic-preparedness/annex-a-about-exercise-cygnus>

30. The sheer volume of offers overwhelmed the manual document¹³ based system, as available technologies such as e-procurement were not deployed.¹⁴
31. There were issues with a lack of a coherent strategic approach to the overall procurement effort, as well as coordination between different procurement streams and the devolved nations.

Sourcing - recommendations

32. In future pandemics, the government should create and openly disseminate clear guidelines for assessing and prioritising offers, including managing conflicts of interest and avoiding systemic political bias in contract awards during a national emergency.
33. The government should proactively work with smaller domestic manufacturers to rebuild a domestic PPE supply chain.
34. Procurement staff should prioritise offers based on credibility and the content of the offer when there are more offers than needed.
35. DHSC and the Cabinet Office should develop a plan to efficiently triage offers supported by e-procurement and AI.
36. DHSC and the Cabinet Office should establish a range of partnerships to benefit from various types of collaboration with the private sector for emergency responses, ensuring the Government is prepared to activate its emergency procurement system during a pandemic on a 'war footing'.
37. NHS Trusts should invest in stock control systems so that, in the event of a pandemic, the DHSC can have a comprehensive picture of PPE stock positions and reorder needs.

Evaluation of offers - weaknesses

38. The eight-stage due diligence process was not consistently applied, particularly to those referred through the VIP Lane. Due diligence was fragmented and, in some cases, lacked a robust audit trail.

¹³ Email, Word, Excel, SurveyMonkey and a web form

¹⁴ DHSC changed e-procurement providers within a few months of the start of the pandemic.

39. Technical specifications sometimes assumed knowledge that new manufacturers lacked, were unclear about the required evidence, or focused narrowly on existing standards.
40. The scale of efforts to triage and refine offers was substantial, underscoring the vague nature of the 'call to arms' and the complexity of the initial assessment.
41. There were "red flags" associated with politically connected companies and newly formed entities offering PPE, but mitigation measures were not always implemented, resulting in contract failures that put the taxpayer at a disadvantage and led to a lack of PPE at the frontline.
42. Conflicts of interest were not always proactively disclosed or managed effectively, especially in the VIP Lane. Ordinary rules on handling conflicts of interest were effectively turned on their head.
43. Value for money was not always adequately assessed.
44. There was a lack of access to experts on PPE to properly assess offers against NHS needs.

Evaluation of offers - recommendations

45. Strengthen the due diligence process, including the documentation of associated decision-making. Ensure the due diligence process is consistently applied and red flags are robustly addressed.
46. There should be clarity on the terms of reference used by healthcare providers when awarding PPE and Healthcare Equipment contracts, defining "quality" and properly weighting decisions to consider supply chain resilience.
47. Proactive disclosures of conflicts of interest by both referrers and suppliers should be required for a fair system of procurement.
48. Political connections and the new company's status should raise red flags and should require very careful scrutiny.
49. Future emergency procurement should utilise more robust data and systems to support the evaluation of offers.

Contracting - weaknesses

50. Too many contracts were direct awards, which was the quickest way to place orders initially, but they bypassed competitive tendering for too long, which would have provided more certainty about the government's technical requirements.
51. The use of direct awards continued for much longer than necessary. As Lord Agnew acknowledged to the Inquiry, *"there were too many direct awards"* and that *"we took too long to pivot to competitive tenders once the initial panic subsided."*¹⁵ We detailed just how abnormal this pattern was compared to the UK's European peers in our original submission to the Inquiry, and we provide further details below under "International Comparisons".
52. Supplier technical specifications formed the basis for contracts, rather than the technical specifications provided by the government, which increased the risk of misunderstandings, incorrect supplies, and contractual disputes.
53. Standard government procurement practices and contractual terms were not always effectively applied due to the urgency of the situation.
54. There were delays in securing supplies due to unconfirmed terms and conditions.
55. Negotiating prices was sometimes problematic, as purchase orders were blocked due to a lack of agreement on pricing.
56. Contractual processes and procedures were poor, partly due to the volume of contracts and a lack of NHS data on historical demand.
57. The contract documents were not specifically designed for emergency procurement and lacked the appropriate details concerning the technical specifications of the PPE required.

Contracting - recommendations

58. Deprioritise the over-emphasis on direct awards in future emergency procurement, with a clear presentation of alternative options, such as modifying existing contracts, utilising framework agreements, or using e-procurement to accelerate the management of competitive bidding.
59. Contracts should include a technical specification provided by the government, which should take precedence in any contractual dispute over the supplier's technical

¹⁵ INO000536345_0016

specification provided in its original offer.

- 60. The government should ensure standard contractual terms are applied effectively and adapted as necessary.
- 61. There should be a quicker transition from direct awards to competitive tenders once the initial urgency subsides.
- 62. DHSC and the Cabinet Office should include protective clauses in contracts, such as provisions for pre-shipment inspection linked to payments, refunds and termination due to quality issues.

Contract management - weaknesses

- 63. Contract monitoring arrangements were not as robust as expected in non-emergency times, with incomplete documentation for many contracts.
- 64. There was a lack of integrated or common databases, which hindered procurement and contract management, a situation that could have been avoided by utilising an end-to-end e-procurement system specifically designed for emergency procurement.
- 65. Difficulties in understanding the degree of need led to massive over-ordering of PPE.
- 66. There were multiple contractual relationships with various incentives, resulting in significant risks, complexity, and potential loss of accountability.
- 67. Significant delays in publishing contract notices and contracts reduced public trust.

Contract management - recommendations

- 68. DHSC and the Cabinet Office should develop more effective systems for contract management, including robust monitoring and comprehensive documentation, to ensure optimal performance and compliance.
- 69. The DHSC should establish integrated or common databases for improved data collection and sharing by adopting e-procurement tools for contract management. Additionally, it should enhance demand forecasting processes and models to prevent shortages or excess stock of PPE.

70. Consider the strengths and weaknesses of contracting out functions, such as procurement and distribution, to organisations like SCCL.

71. DHSC and SCCL should publish contract notices promptly to enhance transparency and the sharing of information between buyers and suppliers.

Quality assurance - weaknesses

72. Many shipments of PPE were rejected due to quality control issues, which were only identified after the PPE arrived in the UK.

73. The normal checking of products in advance was not done despite the government including this function in its contract with its logistics supplier, Uniserve.

74. Contract specifications were sometimes inadequate or unclear, undermining quality assurance.

75. There were issues with new suppliers being untested, which were not addressed by obtaining samples of the PPE prior to contract award.

Quality assurance - recommendations

76. DHSC, SCCL, and NHS Trusts should develop and implement resilience measures, such as maintaining strong supplier relationships throughout a crisis and simplifying standards, and ensuring thorough technical assurance and validation of offers.

77. Develop pre-approved designs for key equipment, such as PPE, taking into account the needs of ethnic minorities and gender.

78. Increase testing house capacity for PPE and ensure procured equipment is fit for purpose and meets the needs of end-users.

Logistics - weaknesses

79. PPE shipments sometimes arrived without proper identification.

80. There was unclear supply pipeline visibility.

81. The complexity of structures established by DHSC may have prevented greater uptake of supplies by Trusts.

82. The large number of intermediaries and organisations resulted in multiple contractual relationships and potential inefficiencies.

83. Distribution challenges were a significant issue, as the government lost track of the quantity and location of PPE delivered to the UK.

Logistics - recommendations

84. Implement tracking systems to provide full visibility of the supply chain from factory to hospitals, GP surgeries and care homes.

85. Consider the complexity of supply chain structures and strive for simpler, more transparent and accountable systems.

86. Learn from international experiences in managing the distribution of key healthcare equipment and supplies.

Payment - weaknesses

87. There were concerns about unsecured advance payments, inflated contracts and overpayment for PPE.

88. The appetite for risk was much higher than normal, with speed prioritised over financial controls.

89. Purchase orders were sometimes blocked due to price disagreements.

90. There were instances where Treasury ministers reluctantly agreed to spend despite concerns.

Payment - recommendations

91. Ensure spending controls are applied effectively.

92. Make all reasonable attempts to ensure prices are not excessively above the average unit price.

93. Maintain a focus on value for money even in emergencies.

Dispute resolution - weaknesses

94. There was a lack of transparency about dispute resolution processes during the emergency phase.

95. The Government only commenced legal proceedings against one supplier of PPE, despite obvious contractual failures by many other suppliers of PPE.

Dispute resolution - recommendations

96. Establish clear processes for resolving contractual issues, including direct negotiation, mediation, and escalation pathways.

97. Ensure contracts include clearer termination clauses.

98. Learn from the experience of the Dissolution Team to inform future contract management and dispute resolution strategies.

99. These observations and recommendations highlight several key areas where the emergency procurement process can be improved for future crises, with a focus on better sourcing, transparency, due diligence, supplier management, and robust contractual frameworks.

e-Procurement, Data and AI

100. Beyond poor preparation and decision-making, the evidence sessions also highlight a more fundamental issue: the underutilisation of modern digital procurement systems and infrastructure to support effective public procurement during a crisis. Repeated references to manual data gathering and the use of Excel spreadsheets, as well as crude, simplistic tools like SurveyMonkey, highlight the difficulty of communicating between different teams involved in the process, and the absence of integrated databases, all of which underscore a public sector procurement function struggling with outdated tools and methods. This became a problem for both buyers and suppliers. The lack of a centralised, accessible digital platform for managing offers, tracking offers and contracts, and monitoring the supply chain undoubtedly exacerbated the chaos and inefficiency of the procurement response. Other countries were able to use their existing e-procurement systems, structured digital workflows for contracting, and real-time data dashboards. The rudimentary approach the UK took must have put the UK at a significant disadvantage in competing with other countries that were using more sophisticated digital procurement tools to secure urgently needed PPE.

101. The Inquiry should establish why the DHSC, NHS Supply Chain, and the Cabinet Office did not utilise their existing e-procurement systems, and consider making recommendations for these tools or suitable new e-procurement tools to manage the end-to-end procurement process for future emergency procurement.
102. We also found widespread human error in procurement data, with one notable example being the understatement of the value of contracts awarded to a VIP Lane supplier by over £400 million. These errors hinder transparency and accountability in the use of public funds, eroding trust in public data. Much of this is caused by poor controls on data entry. Not only is this crucial for the procurement process within government and for businesses, but learning from international examples, such as Ukraine, and establishing a citizen-friendly dashboard for monitoring public contracts, including emergency contracts, is essential for fostering transparency and public trust.
103. The consequences of not using digital tools were recognised soon after the pandemic reached its peak. The positive news is that the Procurement Act 2023 and its accompanying commitments include the systematic use of the Open Contracting Data Standard (OCDS) - a global best practice open data scheme for the entire procurement cycle - to link all the UK's public contracting and procurement notices, providing a single source of truth across the UK's public purchasing. Improved data will be vital for enhanced planning, purchasing, and performance. More details on what has been done are covered in the Cabinet Office's report on "Transforming Public Procurement - our transparency ambition" dated 30 June 2022.¹⁶ Currently, public sector organisations use various procurement systems, which do not always facilitate the easy sharing of data with central purchasers or framework providers. Most have been required to publish procurement data using Cabinet Office systems; however, compliance has been poor, and enforcement has been lacking. A positive point about the new Procurement Act is that it reduces the amount of work contracting authorities have to publish contract award notices and the legislation and accompanying guidance requires the publication of all the UK's procurement notices across the whole procurement cycle on a 'Central Digital Platform' which is an upgraded version of Find a Tender Service (FTS).¹⁷ This updated platform is designed to support the new procurement regime through three key components: sign-in and registration, organisation information, and an enhanced 'Find a Tender' functionality. The new platform

¹⁶ Cabinet Office. 30 June 2022. *Transforming Public Procurement - our transparency ambition*. Available at: <https://www.gov.uk/government/publications/transforming-public-procurement-our-transparency-ambition/transforming-public-procurement-our-transparency-ambition#where-do-we-go-from-here>

¹⁷ Scotland is not subject to the Procurement Act 2023 but is required under UK obligations to the WTO GPA (Agreement on Government Procurement) to publish above threshold notices on Find a Tender Service

has the potential to deliver a significant increase in publicly available data, and by using agreed data standards, it could result in higher-quality data that is more easily searched and analysed. We support continued investment in this area and believe the Inquiry should make a strong recommendation in this regard. There is a critical need for accurate, real-time information on PPE availability, pricing, technical specifications, and delivery times, which was lacking during the COVID-19 pandemic. We note that other countries were able to develop such data quickly and effectively as a core part of their pandemic purchasing coordination, and, indeed, the Open Contracting Partnership published accessible and easy guidance to this end. Although the UK could and should have done this during the COVID pandemic, with its new notices and improved data collection resulting from the Procurement Act reforms, there can be no excuses for not preparing to do this in the future.

104. The return on investment could be substantial, with the government's own estimated potential savings from improved value for money through higher competition in the range of £4- £7.7 billion annually. If the public procurement landscape becomes easier to navigate for businesses, it will also lead to better economic opportunities across the private sector and a higher overall GDP.

105. Importantly, a lot of the hard work of investing in policy and procedures to structure and improve the data across the UK has been done under the Procurement Act reforms (as discussed above), we think that a small investment in data analysis and visualisation to improve performance tracking and market effectiveness could yield major results. Open Contracting Partnership estimates that a business intelligence and red flags analytical system on top of the platform would cost approximately GBP150-200K to implement outside of staff time, with maybe the same again for a full online training program and resources for users (based on similar programs OCP has supported elsewhere).

106. For a fully transactional and functional country-wide e-procurement system that covers the whole process of procurement and delivery of government contracts, a 2023 peer-reviewed paper by the World Bank, OCP and Copenhagen Consensus Institute estimated that the *"The costs of setting up an e-GP [e-procurement] system include an initial investment of \$9.03 million, on average, for the planning, design, and build phases spread over a 5-year period. Annual operating and maintenance expenses during the pilot and deployment phases are estimated to be \$1.1 million per year. In total, it is estimated that the net present value of costs to design, build, test, deploy, and operate a robust e-GP system is \$16.7 million for a typical low- and middle-income country, using an 8% discount rate. While there are many tangible benefits of e-procurement, the benefit assessed here is the reduction in the prices of goods, works, and services paid by government buyers. Using*

an average percentage reduction in procurement prices of 6.75%, the savings from an e-procurement system are valued at \$637.9 million and \$5.2 billion for low- and lower-middle-income countries, respectively. The benefit–cost ratio of implementing an e-procurement system in an average low-income country ranges from 8 to 58, and is 142 to 473 for a lower-middle-income country. The size of the procurement market, the reduction in procurement prices, the duration of the implementation process, and the penetration rate of e-GP throughout government are principal determinants in the return on investment.”¹⁸

107. The UK, being a significantly larger economy, could potentially reap even greater benefits. Applying that 6.75% saving to the UK’s GBP 300 billion spent on procurement gives a potential saving of GBP 20.25 billion. We note that the UK is also a more mature market than the emerging market investments the paper was intended to analyse, but it suggests that the government’s estimate of the potential benefits from improved competition is not inappropriate. Applying a real-world example that OCP knows well: Ukraine built an award-winning fully transactional electronic procurement system from scratch for USD 5 million, and the benefits in savings and improved competition were approximately USD 1 billion per year.¹⁹ Korea estimates that its e-procurement system Koneps saves the government USD 2 billion a year in transaction costs and saves businesses of the order of USD 8 billion a year in the same.²⁰
108. For any future pandemic requiring emergency procurement, we also strongly recommend that the government integrate Artificial Intelligence (AI) into its procurement processes to enhance data analysis and supply chain management, too. AI-powered systems can analyse vast amounts of shipment data to provide a comprehensive overview of the supply chain, enabling better decision-making to prevent shortages, avoid delays, and optimise inventory levels. Furthermore, AI can be used to develop sophisticated demand forecasting tools, similar to the digital tool used in Ukraine, which can predict requirements for essential supplies based on hospital capacity and other relevant data.
109. To effectively leverage AI, the government should invest in creating a "digital twin" of the UK’s PPE and healthcare equipment inventory, encompassing stocks held by various

¹⁸ Bosio,E, Hayman,GRF and Dubosse,N. Spring 2023. The investment case for e-Government Procurement: a cost-benefit analysis. Journal of Benefit-Cost Analysis 14(1): 81-107. Available at: <https://www.cambridge.org/core/journals/journal-of-benefit-cost-analysis/article/investment-case-for-egovernment-procurement-a-costbenefit-analysis/1BC5D35109D488269F4C8F3E95C0B714>

¹⁹ Open Contracting Partnership. 14 Dec 2018. *How your money gets spent (and what you should do about it): this week’s other big news from the UK*. Available at: <https://www.open-contracting.org/2018/12/14/how-your-money-gets-spent-uk/>

²⁰ Ibid.

organisations across the four nations. This centralised data platform, powered by AI, would provide unprecedented visibility over available resources and potential vulnerabilities in the supply chain. By analysing historical data from the COVID-19 pandemic and integrating real-time information, AI can identify trends, predict future demand with greater accuracy, and facilitate the proactive switching on of domestic manufacturers when global supply chains are disrupted. Moreover, AI can assist in assessing supplier offers, prioritising those that offer the best value and reliability, and supporting a more efficient and resilient emergency procurement response.

110. Other nations will likely utilise AI for emergency procurement in any future pandemic, and without it, the UK would be at a competitive disadvantage, as other nations scramble to cope with a seller's market. The Government commissioned an Independent report, the AI Opportunities Action Plan, which was published on 13 January 2025, alongside a Policy paper, AI Opportunities Action Plan: Government Response. However, the report only mentions the procurement of AI tools, not the broader use of AI in public procurement or its application during a pandemic. It is important to address these omissions.

The VIP Lane and Political Referrals

111. As we have commented many times, the establishment and operation of the VIP Lane serves as a particularly egregious example of flawed thinking and decision-making - a process not only vulnerable to abuse and corruption but also one that became a dangerous distraction for officials trying to procure resources effectively. Evidence presented to the Inquiry, and indeed the findings of the High Court in the 'Pestfix' judicial review, have clearly demonstrated that the use of the VIP Lane breached the obligation of equal treatment. This preferential treatment afforded to potential suppliers with connections to ministers and other high-profile contacts raises profound concerns about fairness, transparency, and the potential for undue influence, which appears to have allowed inexperienced but well-connected suppliers to receive PPE contracts that often went awry, leaving frontline staff short of PPE.
112. The Inquiry has heard evidence regarding individuals and companies with links to the then-party of government featuring in the VIP Lane. When asked if they would repeat the VIP lane process in a future emergency, there were mixed responses from witnesses. Many officials and civil servants stated that they would not repeat the VIP lane in a future emergency, although we note that ex-ministers continue to defend it.

113. As mentioned earlier, the VIP Lane system was not only a poor system on principle, but political referrals chasing civil servants about the status of certain offers - often on behalf of a friend, political contact, or donor, led to considerable 'noise' and distraction, which emerged as a key theme during the hearings. We observe the exchange where Sir Gareth Rhys Williams slightly downplays the potential impact of the VIP Lane's "noise" on the wider procurement process, suggesting that officials *"are trained to ignore things outside of the matter of the contract or the subject of the offer"*.²¹²² However, evidence indicates that the VIP Lane required a significant amount of time and resources due to the demands for feedback, and this is confirmed by the evidence of Max Cairnduff, who clearly indicates that the 'chasing' by ministers and referrers was a distraction.²³ This impact is also clear through the survey conducted by the Inquiry, revealing two-thirds of caseworkers in the VIP Lane felt that these contracts were treated differently throughout the process compared with contracts awarded outside the VIP Lane.²⁴ The UKACC is concerned that this "noise" could have diverted attention and resources from other potentially viable offers, creating inefficiencies within the procurement system and distorting decision-making. The evidence for this point is subject to parliamentary privilege and therefore cannot be shared with the Inquiry.

114. The evidence submitted to the Inquiry by the Government concerning the number of suppliers awarded contracts through the VIP Lane is also conflicting and inconsistent. While government officials initially downplayed the scale of the VIP Lane, data published by the Good Law Project and evidence submitted to the Inquiry suggest a much larger operation than initially indicated, with potentially as many as 68 suppliers and an additional £1 billion of undeclared VIP Lane PPE contracts. Moreover, UKACC's analysis points to significant gaps in transparency, with evidence suggesting that many PPE suppliers referred to the VIP Lane were not subjected to the government's standard eight-stage due diligence process. Nor, it seems, can the Government's transparency data be relied on, as in the case of one VIP Lane supplier, which received payments of £450 million (50%) in excess of the value of PPE and logistics contracts declared by the DHSC.

115. In opposition, the current Government supported an amendment to the draft Procurement Bill to outlaw VIP lanes²⁵. This amendment was rejected and has not been

²¹ Sir Gareth Rhys Williams, 05/03/25 - 31

²² To give a fair record to the witness, Sir Gareth Rhys Williams indicates general regret about the VIP Lane system and advocated against some early decisions during the pandemic, including the call to arms.

²³ Max Cairnduff, 06/03/25 - 27

²⁴ INQ000581860_0009

²⁵ Lord Scriven's amendment, Clause 40 Procurement Act 2023 Report stage Amendment number: 72https://bills.parliament.uk/bills/3159/stages/17049/amendments/93999?utm_source=chatgpt.com

addressed by the current government in regulations or guidance; the risk of the government resorting to VIP lanes during a future crisis remains. The Government should therefore develop and publish regulations or guidance prohibiting the use of VIP lanes in future.

Late publication of contract award notices (CANs) and contracts

116. It is important to set the record straight on Matt Hancock's dismissal of the impact of late publication of procurement notices, as we believe that this information was mission-critical to the COVID-19 response. Transparency and data are vitally important to coordinate an emergency procurement response, not an afterthought. In his oral testimony with Mr Wald, Matt Hancock described concerns over the late publication of such information as "ludicrous". The full exchange on 19th March 2025 was as follows:

"[Mr Wald] I'm just trying to focus on my question, you said statutory declaration --

[Mr Hancock] "Declarations, yeah. So I'm referring to the court case mentioned earlier, yeah."

[Mr Wald] "The contract award notices?"

[Mr Hancock] "Contract award notices, is that what they're called?"

[Mr Wald] "This the notices of what -- the procurement awards that"

[Mr Hancock] "Yeah, and we were a couple of weeks late with some and there was then a case about it, and it was -- the whole thing was ludicrous"

[Mr Wald] "Yes, indeed. And you had that -- well, I'm not sure it was ludicrous but --"

[Mr Hancock] "Well, it was. That's my evidence"²⁶ ²⁷.

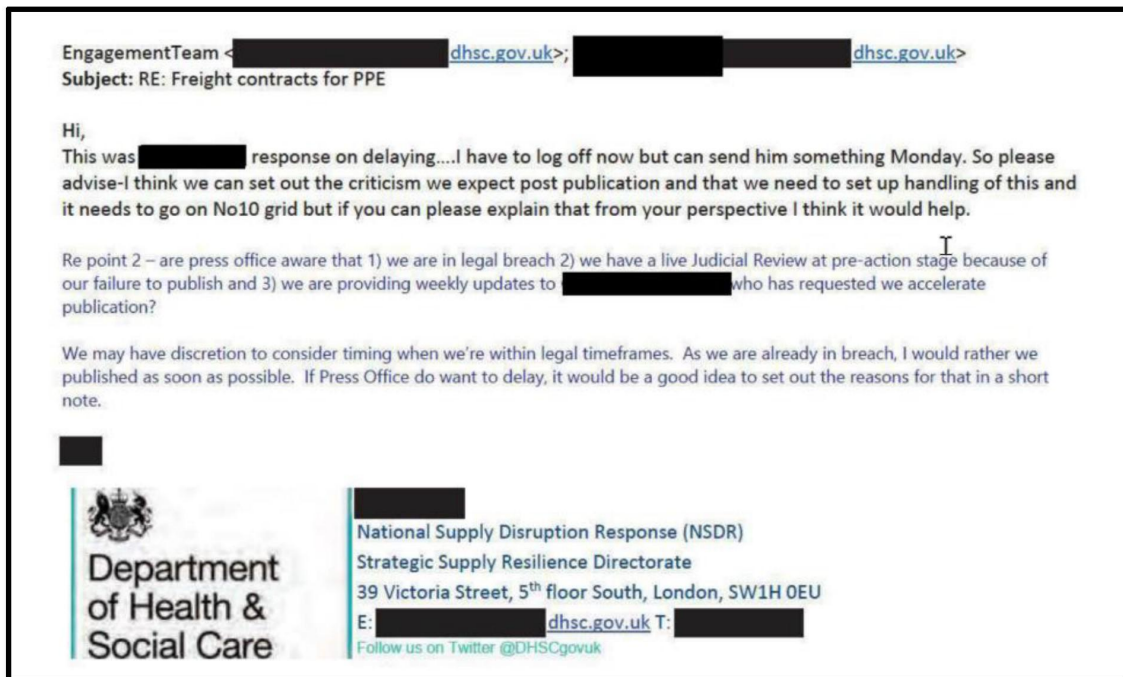
117. We assume that he is referring to the Good Law Project and three opposition MPs' High Court case, filed on 7th October 2020 (High Court case number CO/3610/2020), which Mr Hancock and his Department lost regarding the government's failure to publish contract award notices promptly.

118. Mr Hancock will have known when he gave evidence to the Inquiry on 19th March 2025 that the case was actually brought because, as Mr Justice Chamberlain put it, "*The Claimants [the Good Law Project] commissioned research by the procurement consultancy Tussell, which was exhibited to the witness statement of Jolyon Maugham, filed with the claim. It showed that, by the beginning of October 2020, when the claim was filed, the Secretary of State had spent some £15 billion on personal protective equipment ("PPE"), but the value of the contracts made public by that time was only £2.68 billion.*"

²⁶ Good Law Project Case Fight for transparency <https://goodlawproject.org/case/fight-for-transparency/>

²⁷ Matt Hancock Hearing 19th March 2025 Page 115 Line 2-4 <https://covid19.public-inquiry.uk/wp-content/uploads/2025/03/19172749/C-19-Inquiry-19-March-2025-Module-5-Day-11.pdf>

119. A redacted email²⁸ from DHSC even suggests that the government was fully aware of its “legal breach” then.

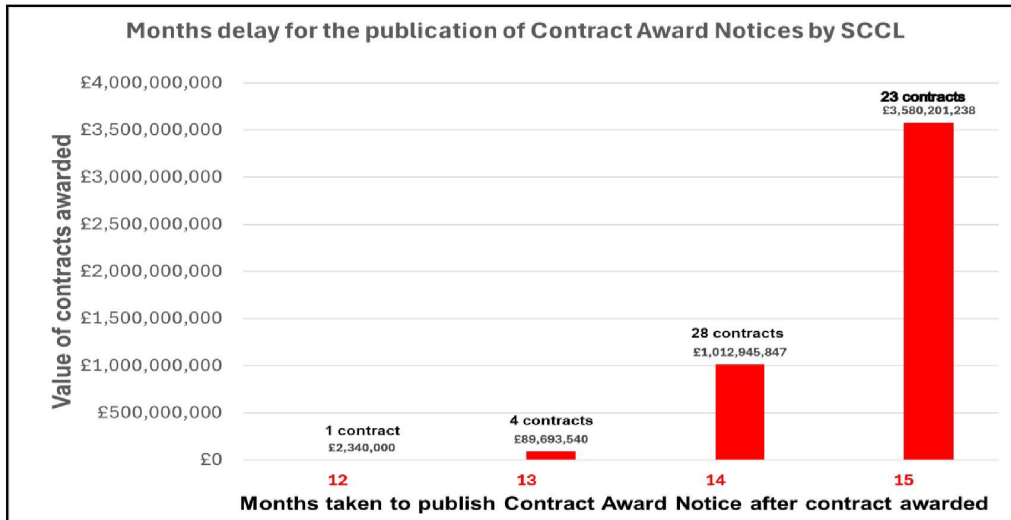


(Category 1)

120. We note that four months after the February 2021 judgement, in June 2021 and 12-14 months after contracts were awarded, 58 new CANs were published for contracts awarded in April and May 2020, worth £4.8 billion as demonstrated in Category 2 below.

²⁸ Good Law Project Case Update 4th February 2021 - Civil servants were asked to break the law for the convenience of No. 10 special advisers <https://goodlawproject.org/update/civil-servants-break-law-for-no10/>

Category 2 - Analysis of delay in publishing PPE Contract Award Notices which were published in June 2022 for contracts awarded worth £4.8 billion in April to May 2020²⁹



(Category 2)

121. As we detailed in our evidence to the Inquiry, our analysis of the dataset available from Contract Finder on contracts across government found that Covid PPE contracts were published on average 125 days later than non-Covid contracts. In a crisis, transparency and trust are key. The market is disrupted, and buyers and suppliers urgently need to connect. Transparency and data on who has access to supplies really matter, so it is perverse that this information was less likely to be shared; the Inquiry needs to get to the bottom of why that was the case. As we have also noted, other countries made a special effort to prioritise the publication of contracts to this end, and we cited examples from countries like Colombia, Lithuania, Paraguay and Ukraine.³⁰³¹³²

122. Transparency International UK also detailed that 124 high-risk contract award notices worth £11.8 billion were published after the legal disclosure deadline; six of these, worth a total of £706.8 million, were only published a year after their award.³³

²⁹ Source of data - Contracts Finder <https://www.contractsfinder.service.gov.uk/Search> retrieved 20 April 2025

³⁰ <https://www.open-contracting.org/2021/03/30/buy-open-buy-fast-how-open-contracting-helped-lithuanias-coronavirus-response/>

³¹ <https://www.open-contracting.org/2021/05/03/calling-for-accountability-how-paraguays-open-emergency-procurement-can-help-restore-public-trust/>

³² <https://www.open-contracting.org/2020/04/16/how-open-contracting-approaches-help-ukraine-to-tackle-covid-19/>

³³ <https://www.transparency.org.uk/publications/behind-masks-corruption-red-flags-covid-19-public-procurement>

123. When procurement information is not published proactively, the public can turn to FOI requests, but this is, of course, understandably more difficult during a national emergency. However, UK public bodies have increasingly avoided or postponed answering these, a practice that has grown notably since the pandemic. In 2021, a committee began investigating the use of a 'clearing house' – a unit within the Cabinet Office that allegedly coordinated the blocking of Freedom of Information (FOI) releases. The then-UK government largely dismissed the committee's findings and the Information Commissioner's Office (ICO) 's offer of an audit, instead opting for an internally commissioned review. Given the ICO's expertise in this area and its independence from government, it should be allowed to assess impartially whether Whitehall has truly reformed its FOI practices or merely rebranded them.

124. Contract documents play a crucial role in ensuring accountability for the terms of a procurement. They can reveal issues such as bias, large advance payments, or overly broad indemnity clauses, which are indicators of potential foul play. However, despite other positive elements in the legislation, the Procurement Act 2023 set a high £5 million publication threshold without clear justification from the UK Government. Had this rule been in place from 2020, we calculate that authorities would not have had to publish £2.8 billion worth of COVID-19 contracts at all. Additionally, the Act mandates that authorities publish contract award notices before contracts take effect, but does not require the same of the contract documents themselves. Adopting this approach would provide a strong incentive for compliance with the law and increase accountability for significant contracts, which typically have the capacity to fulfil these requirements.

125. UKACC emphasises that the prompt disclosure of contract details is fundamental to accountability and the prevention of potential corruption. It wishes to point out, in response to a question raised during the hearings by Judge Hallett, that transparency notices should normally take no more than 5-10 minutes to prepare for publication on Contracts Finder. Nonetheless, we acknowledge that the UK's limited digital tools and advanced electronic procurement systems mean that publishing notices does not align with the business flow of transacting with a company. Where time is really taken is if a public buyer does not have a clear record of its business transactions and its contract records. We note that this was the case in an email dated 14th October 2020³⁴ from DHSC submitted in evidence to the High

³⁴ Email from DHSC Commercial Directorate dated Commercial October 2020
<https://drive.google.com/file/d/1Mymr5vmJEjXd-KnmqslWrJgVfuFpq-72/view>

Court in a case brought by the Good Law Project,³⁵ where DHSC revealed its struggles to publish award notices as so:

The task is time consuming. It took 3 people 2 full days to compile the information to publish 18 notices. In order to find information, we need to search Mendix, Defenceshare, OneWorld, BMS, Atamis and various shared mailboxes. Some of these data sources are not well organised (defenceshare in particular requires manual searching). We also need to match any contract information we find against actual spend information.

(Category 3)

There is a list of Hard to Find Contracts, attached. These are proving more difficult for various reasons

- We can't find contracts documents
- Deals (sometimes large ones) have been agreed "on PO terms" meaning there is no contract. We can't publish what doesn't exist.
- Documents are unsigned
- Contracts have been cancelled
- Contract data and spend data does not match and we can't find evidence of the discrepancy

(Category 4)

126. It is not just an issue of contract award notice publication, and is symptomatic of a wider management issue from a failure to have proper processes in place to track contracts by DHSC.

127. Lord Agnew also touched on the lack of proper end-to-end contract management and inventory systems across government where he said that the Covid PPE response *"was over-ordering by an order of magnitude because we didn't have the data"* and that *"we had not got a clue what we had when we were ordering more"*³⁶.

128. Despite the above, we still do not understand why it took SCCL over a year to publish contract award notices for £4.8 billion amounting to a third of the total value of PPE contracts ordered by the UK and why DHSC did not exercise greater supervision of the compliance by SCCL with its transparency obligations under PCR 2015.

129. To help improve the timeliness of public access to information about the use of public money, parliaments, government, and civil society across the UK should monitor whether contracting authorities are complying with their obligation to publish contract award information on time and take steps to reduce delays if disclosures are still late. The 2023

³⁵ High Court of Justice Queen's Bench Division Administrative Court Royal Courts of Justice Final Judgement Mr Justice Chamberlain 18th February 2021 Courts and Tribunal Judiciary Website <https://www.judiciary.uk/wp-content/uploads/2022/07/GLP-v-DHSC-190221.pdf>

³⁶ Lord Agnew of Oulton 18/03/25 - 151, 152

Procurement Act makes the start of the standstill period contingent on publication of the Contract Award Notice, but this may not apply to emergency procurement, so enforcement may still be an issue in those circumstances. To improve business and public access to information about public sector contracts, the UK should also reduce the threshold for publishing copies of contract documents and should preferably be set to the thresholds in Schedule 1 of the Act, but should be no more than £2 million.

International comparisons

130. A World Bank Survey covering 103 countries between April and August 2020 found that transparency and accountability standards deteriorated for COVID-19-related procurement compared to standard procurement, particularly in terms of data accessibility for emergency purchases. Nonetheless, the UK stands out as unique in its use of a VIP Lane, where prioritisation of contracts was based solely on recommendations from senior politicians. We also review the data on the huge scale of direct awards and their continued use over a longer period than the UK's European peers.

131. One of the more successful approaches to COVID-19 PPE emergency procurement was to set up an emergency open framework, or a suppliers list, or marketplace that allows any provider of the required standard of PPE to meet with buyers to undertake due diligence and conclude transactions rapidly. During oral evidence sessions, it was clear that the UK's "call to arms" was not successful and overwhelmed the system. Contrast this with the Canadian system, which is a good example of a clear and accessible public call for PPE suppliers, which had very clear public specifications of what was being requested, was directly coordinated by *BuyandSellCanada*, the government's centralised demand aggregation and buying agency, and put suppliers into a structured and coherent process. Interested suppliers could also "*Sign up for a seminar on finding opportunities and supplying goods and services to the Government of Canada during COVID-19*" to familiarise themselves with how Canada does procurement and the steps of engagement. Throughout the process, clear processes and standards were in place, and everyone responding was clear about next steps.

132. Another effective approach included the use of supplier or vendor lists or standing offers. Canada's Office of the Procurement Ombudsman report on Emergency Procurement states, "*the ability to mobilize resources and respond quickly is often critical to the success of response efforts. One strategy used to reduce procurement lead-time and ensure the timely delivery of goods and services is the establishment of vendor lists or standing offers.*" A standing offer is an agreement between a potential supplier and a buyer to provide goods and/or services at pre-arranged prices, under specified terms and

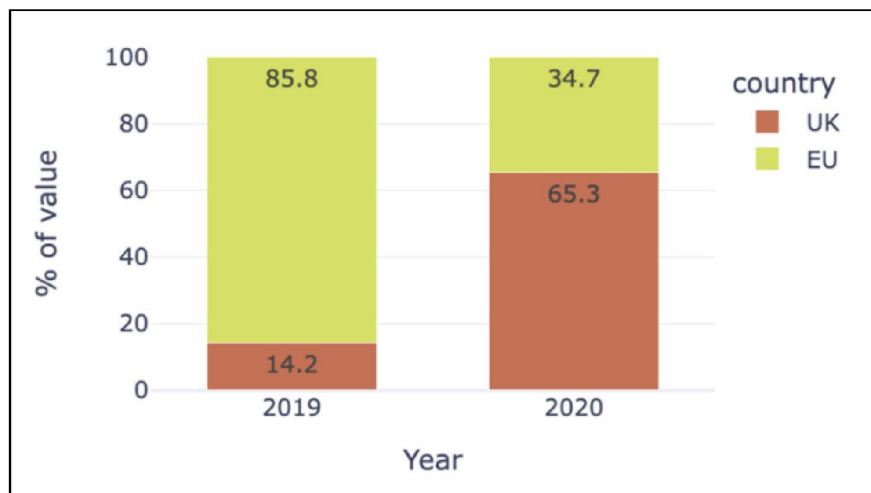
conditions, upon request. It is recognised as an efficient means of acquiring goods and services as call-ups (known as call-offs in the UK) against standing offers tend to be processed faster, involve less paperwork and have pre-arranged prices and terms and conditions already set. During a pressing emergency, relying upon already established standing offers not only minimises the time and cost associated with issuing a solicitation, but the prearranged prices may also protect the purchasing body from price gouging.

133. Our understanding is that existing closed PPE provision frameworks were used to supply about a third of the UK's initial PPE needs. We have also heard comments and expert opinions that pre-pandemic suppliers of PPE to the NHS were lost in the overwhelming response to the government's 'call to arms'. The full and proper use of existing frameworks remains unclear to us based on the available public data and information. For example, the UK utilised SCCL's pre-existing frameworks to procure £5 billion of PPE, but the contracts were never published. The list of unpublished contracts included two contracts for PPE with Full Support Healthcare Ltd worth £1.8 billion, where 90% of the PPE was left unused, resulting in a write-off estimated to be £1.4 billion according to SCCL's response to a BBC FOI request. Colombia is a good example of a country utilising open frameworks to source PPE.

134. Not every country adhered to its current procurement rules to tackle COVID, nor did it rely heavily on emergency (direct) contracts. Paraguay's Covid National Emergency Law 6524/2020, for example, authorised the use of two types of purchasing procedures to streamline government contracting processes: 'simplified direct contracting' and 'contracting by way of exception with subsequent dissemination'. The simplified direct contracting procedure has a much shorter bidding time, typically ending within five days of the tender notice being advertised. The procuring entity must issue the call for proposals, the award, and the contract via the DNCP's public system to allow it to be registered and published on their public portal. The other procedure, "exception with subsequent dissemination" allows procuring entities to award a contract without first publishing detailed specifications and conditions. Before the award, the entities are only required to register and publish an "intention-to-buy by exception with subsequent dissemination" in the system, which contains basic information about the intended purchase and is labelled with a "COVID-19" tag. The UK's 2023 Procurement Act allows for a new flexible competitive procedure, and the government should, as part of their emergency planning, provide guidance on how this can be adapted for the accelerated timeframes needed for an emergency, as opposed to just relying on direct awards.

135. In our written evidence to the Inquiry, we shared an illustrative comparison of major direct contract awards in the key COVID-19 procurement categories across similar EU economies. That comparison shows that, based on the best public data available, the UK used many more direct awards for COVID-19 contracts, for larger amounts, for much longer than its European peers. We noted that when presented with that comparative evidence by the Inquiry, Matt Hancock said the comparison was meaningless because only the UK has the NHS as a larger centralised purchaser and other European countries have different healthcare systems. He is incorrect and we published a detailed rebuttal of his assertion.³⁷ NHS or not, every European country (including the UK at the time) was obliged to report major tenders in the key procurement categories that we used for our comparison for items like “medical consumables” and “medical equipment” under the EU Procurement Directive. Our COVID-19 buying comparisons data and charts for the Inquiry, which draws on these procurement award notices across Europe, are a meaningful like-for-like comparison. Importantly, the UK was *not* an outlier in its purchasing before procurement. The UK is approximately 14% of the European economy, and, in 2019, it was 14.2% of the total value of procurement within the Covid PPE categories that were reported to Tenders Electronic Daily, Europe’s central procurement platform. In 2020, the UK bought so much in these key Covid procurement categories that it comprised 65% of the total European contract awards on TED. This analysis is shown in Category 5 below.

Category 5: Proportion of the total value of TED contract award notices by year in selected Covid PPE procurement categories by year

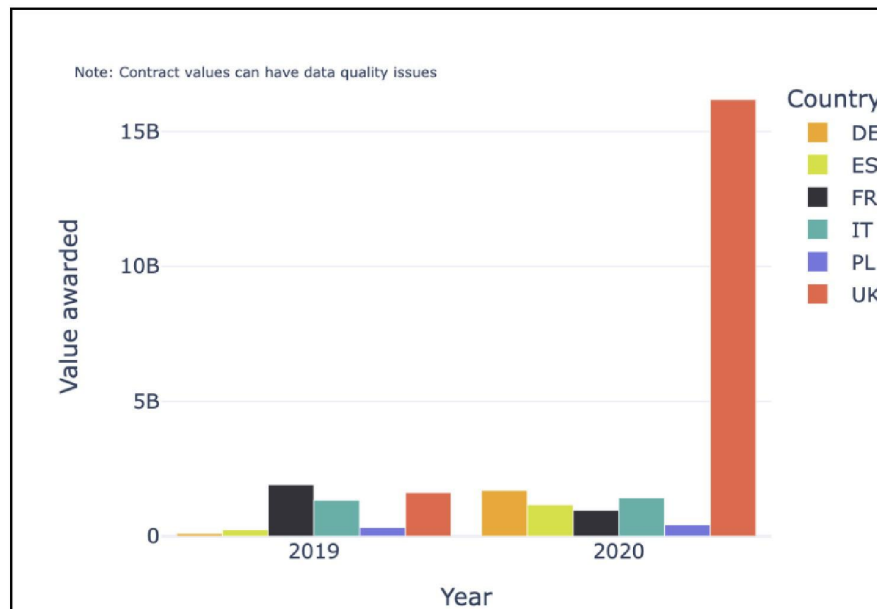


(Category 5)

³⁷ UKACC. 24 March 2025. *Matt Hancock is wrong to dismiss European comparisons to UK’s runaway Covid PPE purchasing*. Available at: <https://www.ukanticorruptioncoalition.org/blog/matt-hancock-wrong-ppe>

136. Similarly, if you compare the UK to its economic peers like Germany, France or Italy, the UK's pattern of buying in these key Covid PPE categories was comparable in 2019 but increased much more in 2020. Looking at all the publicly available data on PPE on Europe's TED portal, the UK spent under these contracts approximately 16 billion Euros in 2020, while Germany and France spent less than 2 billion Euros. This analysis is shown in Category 6 below.

Category 6: Total value of recorded TED award notices (in Euros) by year in selected Covid PPE procurement categories



(Category 6)

137. We double checked this analysis and the comparability of the data with several other leading European public procurement experts- including EU and UK procurement data experts the Spend Network - and they all concurred that that tenders and purchases of items like medical consumables are in scope for the Procurement Directive and that the data is widely reported and that the type of health system you have doesn't affect publishing procurement notices for key categories of goods like medical consumables.

138. Again, this supports our previous assertions and analysis shared with the Inquiry that the UK was also not an outlier before COVID-19, but showed many more direct awards for larger amounts for longer than peers in 2020. This pattern of runaway buying in 2020 was confirmed in other testimony that we heard at the Inquiry, including that of Lord Agnew, which we cited earlier. As he also explained: *"the fault was that too many were direct awards ... and we took too long to pivot to competitive tenders once the initial panic*

subsided."³⁸

139. Our detailed witness statement includes more information about how other countries fared with open frameworks, supplier lists, accelerated mini-competitions, and transparency of contracts.³⁹ There are various examples of countries using emergency procurement best practices to ensure the successful delivery of healthcare equipment to the frontline. The objectives of those involved in this were to save lives and move at speed.

140. We looked across our global networks spanning over 50 countries around the world, and we know of no other country that had any response comparable to the VIP Lane, whereby PPE equipment referrals from politicians were placed into a special category for prioritised procurement treatment with its own special due diligence regime and where they were subsequently more likely to get contracts. The Inquiry's expert on procurement shared this position.

Due diligence

141. Several criticisms can be made regarding the due diligence process for PPE procurement during the COVID-19 pandemic. One significant point of criticism is the management of the tension between speed and thoroughness. The Inquiry heard that speed was of the essence in the early stages of the pandemic. This urgency led to an understandable decision to take on greater risks in buying decisions to expedite the process, including increasing the risk appetite to reduce the chances of losing deals. While the intention was to secure necessary PPE, prioritising speed over rigorous checks raises concerns about potential vulnerabilities, particularly regarding the lack of experience among some suppliers offering PPE, the quality of the PPE offered, and fiscal risks.

142. Furthermore, the sheer scale of the procurement effort and the volume of offers received without the use of e-procurement presented a significant challenge to effective triaging and due diligence. This suggests that the capacity to conduct thorough checks on every offer may have been stretched and compromised.

143. The evidence indicates inconsistencies and a lack of maturity in the due diligence processes, particularly in the early stages, with some contracts proceeding despite the presence of red flags. The due diligence process undertaken to test the proposed offer was designed to protect both against over-optimism and fraud, but was not mature. There was

³⁸ INQ000536345

³⁹ INQ000527634

no ready-made due diligence toolkit, and early checks involved basic desktop due diligence, such as checking for a website or Companies House registration. Financial due diligence, a critical aspect, was not in place from the outset and required time to establish.

144. The role of referrers, particularly into the VIP Lane, also raises concerns about the independence and rigour of initial checks. While the VIP Lane aimed to handle referrals made directly to senior figures, a significant proportion of referrers into the VIP Lane stated that they had not done any due diligence which suggests that a substantial number of leads entering the procurement process may not have undergone any initial scrutiny by the referrer, yet despite this, some referrers lobbied procurement staff hard on the credibility of the offers they had passed on.

145. Moreover, documentation of due diligence decisions has been inadequate. A Government Internal Audit Agency report found that some due diligence decisions were not fully recorded. In some cases where potential issues were identified during due diligence, limited documentation had been retained to evidence how the issues raised were resolved. This lack of a clear audit trail hinders the ability to scrutinise the decision-making process and can undermine the credibility of the due diligence process.

146. The definition and scope of "due diligence" itself seemed to evolve and were subject to interpretation. While procurement professionals understand it to mean assessing the economic and financial standing of a particular company, initial checks were more basic. The eight-step due diligence process was referred to, but it's clear that its consistent application was challenging, especially in the early, high-pressure environment.

147. While efforts were made to mitigate risks, the sheer volume and urgency often necessitated that due diligence was performed on a risk-based and proportionate basis. This pragmatic approach, while understandable in the crisis context, inevitably meant that some risks may have been accepted that should not have been without additional mitigation measures being put in place, particularly for offers from suppliers with no previous experience in supplying PPE such as those specialising in lingerie, drinking straws, beauty and fashion accessories, confectionery, investment management and HR consulting. Their lack of experience exposed the government to additional risks, which would not have materialised had they used an experienced supplier of PPE.

Debarment

148. Debarment from public contracts is recognised in several international instruments including the OECD Convention on Combating Bribery of Foreign Public Officials and the

UNODC legislative guide to the implementation of the UN Convention Against Corruption and is an important and effective sanction and deterrent for corporate wrongdoing, as well as a clear protection for public procurement from fraudulent activity and general misconduct. A well-implemented debarment and exclusion regime – where suppliers who commit corruption, fraud, money laundering, or other serious wrongdoing are precluded from bidding on or benefiting from some or all public contracts for a set period – can be an effective tool for ensuring the reliability and trustworthiness of government contractors. An effectively implemented regime will create wider social and economic benefits, including the following:

- a. greater public trust in government by mitigating reputational risks and protecting the government from association with unlawful behaviour;
- b. incentivising companies to put in place good corporate compliance procedures to prevent and detect fraud, corruption and collusion and deterring such acts;
- c. creating greater value for money for citizens and the government in public procurement;
- d. encouraging companies to self-report wrongdoing and cooperate with law enforcement authorities to avoid debarment, thereby reducing the financial burden on the criminal justice system of lengthy investigations into corporate malpractice;
- e. creating a level playing field for companies that abide by the rules; and
- f. Improving value for money in public procurement.

149. Throughout the pandemic, government departments were able to exclude suppliers on a discretionary basis where they engaged in 'grave professional misconduct'. This could have been used as a tool to prevent and sanction profiteering. However, there has been little culture of using exclusions in the UK to protect the public purse in contracting, with little relevant case law to guide contracting authorities.

150. The Chancellor of the Duchy of Lancaster said in January 2025 that the Government was exploring ways to enhance exclusion and debarment powers. One way of doing this would be to enable Government departments and local authorities to act on credible evidence of fraud and corruption rather than have to wait for a conviction. While the Procurement Act will allow authorities to do so where they have evidence of modern slavery, human trafficking or cartel offences, inexplicably, it does not allow for it where they have evidence that a company has engaged in fraud, corruption or other economic crime. The previous government argued that to do the latter would be "*a new burden on those investigating suppliers...and on suppliers themselves*". The trouble with the government's line on this is that waiting for a conviction for fraud or corruption is too late. Fraud prosecutions are at a record low, and investigations of fraud and corruption can take many

years to conclude, with prosecutions often taking even longer (with the low number of prosecutions relating to potential wrongdoing around PPE contracts being a case in point). In the US debarment regime, for example, officials can act on evidence rather than wait for a conviction.

151. Another way to enhance the debarment and exclusion powers in public procurement would be to address the significant gaps in the Procurement Act in the list of corporate offences that form the basis of mandatory exclusion from public procurement. For example, it is an anomaly that money laundering offences under the Proceeds of Crime Act are included as mandatory exclusion grounds, but criminal offences under the Money Laundering Regulations 2007 are not included. The same goes for sanctions evasion offences, with the Act containing no reference to criminal offences for sanctions evasion being grounds for mandatory exclusion. Similarly, while the Act includes the *'failure to prevent tax evasion'* offence as a ground for exclusion, *'failure to prevent bribery'* – the main corporate offence under the Bribery Act – is not, and nor is the new offence of *'failure to prevent fraud'*.

152. Deputy Prime Minister Angela Rayner recently announced that the government was investigating, under new powers available to it in the Procurement Act, a number of suppliers involved in the refurbishment of Grenfell Tower with a view to possible debarment from involvement in future public contracts. Similarly, we believe that the Government should proactively investigate debarment for any companies or directors of former companies that engaged in profiteering or provided unusable equipment during the pandemic. It is also important that the new Debarment Review Service in the Procurement Review Unit is adequately resourced to support implementation of the new regime so that the new debarment list is used proactively and it provides a robust deterrent to wrongdoing.

Sunset clauses to new emergency procurement powers.

153. To provide stronger checks and balances against executive abuse of new emergency powers, the UK Government should legislate to introduce a sunset clause for emergency procurement powers. Any emergency procurement regulation made under Section 42 of the Procurement Act 2023 should automatically expire (i.e. include a 'sunset clause') after 60 days from taking effect, with the affirmative procedure only usable twice within the same year for an emergency response. Any renewal should require a ministerial statement to Parliament detailing the continued need for the order, followed by an affirmative procedure in both Houses of Parliament. There should also be a legal requirement for the UK Government to commission and publish an independent review of

the use of these powers, no later than 12 months after the last crisis period recognised under these powers.

Wider standards of integrity in public life

154. There is a wider issue associated with the UK's procurement failings that the UK Anti-Corruption Coalition is also concerned about - the diminishing of public trust in politics. We believe some of the key failures in the procurement response were reflective of the former Government's wider failure to uphold high standards for those working at the very top in public life. This failure has contributed to the erosion of public trust in UK politics, which is at an all-time low. Our Coalition's separate work on political integrity has, like other independent experts, identified serious failings in the rules and watchdogs for maintaining high standards in government, many of which remain unaddressed by the new Government.

155. Quantitative and qualitative research undertaken by the UK Anti-Corruption Coalition in 2023 - in partnership with Survation - clearly demonstrates widespread public dissatisfaction with the way procurement was handled during the pandemic. Our research indicated that this was a major "cut-through" moment in UK politics regarding public trust in government and democracy. When asked to give reasons for why participants' trust in government diminished, the two following answers were reflective of our focus group findings, notwithstanding the impact of 'Partygate': *"The corruption involved in the procurement of PPE during the Covid crisis. The awarding of contracts to individuals who apparently had no expertise but happened to be donors to the governing party."* *"An example is the covid contracts handed out during the pandemic, where those who knew someone in the government could get them PPE even though they did not have any experience in that field."*

156. We think there needs to be a wider institutional response across government to raise standards in public life to win back public trust. The Advisory Committee on Business Appointments (ACoBA), the Independent Adviser on Ministers' Interests, and the Public Appointments Commissioner should all be placed on a statutory footing. We also think this applies to the Ministerial Code too, with a statutory requirement for the Prime Minister to issue it – similar to the code of conduct for the civil service – to prevent it being disregarded and to give it independence from the government.

Conflicts of Interest

157. Proactive management of conflicts of interest prevents cronyism in procurement decisions, ensuring a level playing field for businesses and maintaining public trust in government spending. During the pandemic, while other normal procurement practices such as open competitions were suspended to enable speedy contracting, rules on preventing conflicts of interest were not. Those making procurement decisions during the emergency were therefore legally bound to:
- a. take appropriate measures to prevent, identify and remedy conflicts of interest, to avoid any distortion of competition and to ensure equal treatment of all economic operators;
 - and b. document all stages of the procurement process, including steps to identify and manage any potential conflicts of interest.
158. However, this did not happen. Reports widely The NAO's report in 2020 on Official reports are very clear that the government's handling of emergency procurement was lacking in documentation about why suppliers were chosen, or whether and how potential conflicts were identified and managed. Two specific reports related to this are subject to parliamentary privilege and therefore cannot be cited before the Inquiry.
159. We also noted a clear misunderstanding of the basic rules around conflict of interest mitigation in testimony to the Inquiry. During his oral witness session, Lord Bethell, a Hereditary Peer and subsequently a government minister during the national emergency, had a distinctive interpretation about conflicts of interests: *"I think that if someone has put something in their register of interest and are utterly transparent about it, then it doesn't qualify as a conflict."*⁴⁰ We assume that Lord Bethell misspoke and that this position is not representative of Ministers' wider approach to basic conflict of interest management, where the duty to mitigate the conflict, not just declare it, exists.
160. The Procurement Act 2023 introduced changes to the UK's regime for managing conflicts of interest in public procurement. The Act fell short of fully implementing recommendations made in the various independent reviews into procurement, two reports by Sir Nigel Boardman commissioned by the government, and a government review of corruption and fraud in local government procurement published in June 2020.
161. Perhaps most importantly, a report, subject to parliamentary privilege and therefore cannot be shared before the Inquiry, revealed woeful conflicts of interest management across government which risked influencing the objectivity of its operations. Most public

⁴⁰ Lord James Bethell, 19/03/25 - 40

bodies did not have a working register of interests that can be used to manage conflicts. While some better systems had started to develop for procurement, these required a corporate-wide system including a well-managed standing record of potential conflicts, in order to be effective. To address these shortcomings the government should develop a centralised database of standardised conflict of interest recommendations to be made available for those making procurement and contract decisions; and departments should develop robust conflicts of interest guidance and policies, building on the guidance published by the Cabinet Office, to reflect their context and cover all aspects of identifying, managing, recording and mitigating conflicts of interest. The June 2020 local government procurement review recommended that conflict of interest declarations should be centrally collated in an electronic database and accessible as required. Meanwhile, Boardman recommended that declarations of interest be recorded and logged alongside the departmental gift register, and where appropriate, made available to those responsible for procurement and contract management.

162. Future government suppliers should be required to submit a conflict of interest declaration, including a statement on whether they are employing or retaining (whether in a consultancy, advisory or other role) any individuals who have held ministerial or senior office within the civil service in the past 2 years, as well as whether any current public official (including ministers, civil servants, and parliamentarians) have a financial interest in the company. This reform would reflect Boardman's recommendation that *"suppliers should be required to follow similar processes regarding declarations of actual or perceived conflicts of interest at the outset of a procurement, with appropriate sanctions for non-compliance."*

Anti-corruption

163. The growing catalogue of political and procurement scandals in the UK has led to an increasing recognition that the UK lacks an effective regime for enforcing and deterring domestic corruption. The United Nations Convention on Anti-Corruption (UNCAC) offences of trading in influence, abuse of functions and illicit enrichment, would have been crucial in tackling the more diffuse forms of corrupt activity that took place during the pandemic and would ensure those who commit serious abuses of power for private gain can be held criminally accountable. The UK has a common law offence of "misconduct in public office" which has been widely criticised, and has a high bar for prosecution. Current prosecutions of the offence are heavily skewed towards junior officials, particularly those in the police and prison forces, and towards prosecuting inappropriate relations. Research by Spotlight

on Corruption has found that of the 191 convictions for misconduct in public office since 2014 for which public information is available, 98% were for junior to mid-level officials.

164. The government has so far failed to act on the Law Commission's 2020 recommendation for the misconduct offence to be replaced with a corruption in public office offence and a breach of duty offence. This failure leaves senior public officials – whether in central or local government – who make decisions that benefit associates, causing large losses to the public purse, largely beyond any accountability.

Enforcement and the Covid Counter Fraud Commissioner

165. Despite the significant government resources expended on addressing the COVID-19 pandemic, no dedicated investigative resource was put in place to coordinate a response to combat fraud and corruption against the government. With such huge sums of government money being made available, extensive fraudulent activity was inevitable and predictable. A large number of different agencies were engaged to examine specific areas with some degree of responsibility for addressing potential fraudulent activity during the pandemic; however, there did not appear to be a strategic direction from the government or coordination of their response. Although dedicated resources were available in some areas, there was inconsistency in approach. There was no dedicated investigative and prosecution resource directed towards the key areas surrounding the procurement of PPE, hospital ventilators and LFD tests. Most law enforcement resources in the fraud arena were directed towards criminality, which affected individual victims rather than that which impacted government funds.

166. By contrast, the enforcement response in the United States was much stronger. In May 2021, the newly appointed Attorney General, Merrick Garland, established the COVID-19 Fraud Enforcement Task Force to marshal resources and coordinate law enforcement activities across the US Government. On 23 August, they reported that they had charged over 3,000 criminals with offences and recovered \$1.4 billion of COVID-19 relief funds.

167. The appointment of a Covid Counter-Fraud Commissioner is a significant step forward in revisiting the issues surrounding government contracting and expenditure during the pandemic. The job description highlights that the *“Commissioner will review losses of public money to fraud, error and underperforming contracts during the Covid-19 pandemic, with an initial focus on contracts for personal protective equipment (PPE).....The Commissioner will also receive assessments of fraud recovery work to date in other major Covid schemes such as Furlough, Bounce Back Loans, Business Support Grants, Eat Out to Help Out and Covid-era Universal Credit fraud.”* The role envisages looking back at past

expenditures during the COVID-19 pandemic, but also providing lessons and recommendations for the future. The Commissioner must be given the staff, other resources and institutional support they need to perform the role effectively and to galvanise the relevant agencies and departments.

Planning for future pandemics

168. Learning the lessons from this pandemic will be vital if the UK is to be prepared for the next emergency. With the Inquiry's focus on the events from early January 2020—when the first COVID-19 cases emerged in the UK up to and including its formal establishment on 28 June 2022 we also consider it important for the Inquiry to understand what measures the Cabinet Office, DHSC and NHS Supply Chain have taken to date with regard to procurement of equipment required when another pandemic hits the UK. It will also need to carefully consider whether the new legal framework that is now in place for procurement is fit for purpose for emergency procurement. Even more importantly, what pre-planning has been done? How resilient are our supply chains? What data and digital tools might we use? What training and scenario planning have been done? Have we set up the open frameworks and supplier qualification portals that we might need? If not, why not?

Conclusion

169. Citizens all over the world rarely stop to examine their government's detailed procurement regulations, but they will see their impact on a daily basis, whether they are taking a bus to work, reading textbooks in school, or walking under streetlamps outside their homes. Procurement is the everyday. It only comes into focus when it goes terribly wrong or during emergencies, when procurement decisions can often mean life or death, whether governments are responding to public health crises, natural disasters, or industrial accidents.

170. The financial element is also crucial, accounting for a third of all government spending, and it is considered a high-risk area for corruption. This risk becomes exacerbated during emergencies. Given the timing of this Inquiry and report, the recommendations will be directed to a government with a large majority, and a number of years to implement changes before a general election.

171. We contend that genuine accountability fosters better governance and helps to prevent potential corruption or misuse of public funds, even in times of crisis. The significant sums of public money spent on emergency procurement during the pandemic

necessitate thorough oversight. While speed and agility are undoubtedly important in an emergency response, the relaxation of standard procurement procedures underscores the importance of ensuring that mechanisms for oversight and accountability are not entirely suspended and indeed fair access to contracting opportunities, transparency and data - all of which the past government abandoned during Covid - help the emergency response, not hinder it.

172. We would like to express our sincere gratitude for the opportunity to contribute to the Inquiry and its important work on Module 5. We hope that the information and perspectives we have provided will assist the Inquiry in its vital work to understand the lessons learned from the emergency procurement during the COVID-19 pandemic and to inform recommendations for the future. We remain committed to supporting the Inquiry's objectives and hope that its findings will lead to greater transparency, accountability, and resilience in future public procurement across the UK, both in normal times and in future emergencies.

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