

Private sector and Conservative Party cronies reap over £17 billion in government contracts during pandemic

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Vast profits were made by a small number of UK companies during the first wave of the pandemic, in what was akin to war profiteering.

At least 15 companies handed contracts without tendering or oversight had connections to the Conservative government in what is being described as a “chumocracy”.

A report by the National Audit Office (NAO) into 8,600 contracts signed during the pandemic found that government officials awarded contracts worth £17.3 billion to private sector firms. Of this £10.5 billion (58 percent) was awarded directly without any tendering of contracts. £12.3 billion was paid out by government for the supply of personal protective equipment (PPE) and £2.9 billion in Testing and Tracing contracts.

The government utilised European Union procurement laws to sidestep having to put contracts out to competitive tendering that is supposedly designed to ensure best value for money.

Several huge contracts went directly to friends of government ministers and others with close connections to government figures. Some awarded lucrative contracts worth hundreds of millions had no experience of working in the medical supplies industry.

To push through awarding contracts without the usual scrutiny, the government set up, via the Department of Health, a high priority channel to process the claims of individuals wanting to supply PPE that had been raised by ministers, MPs, peers and senior NHS staff.

According to the *Times*, “About one in ten suppliers whose offer was processed through this channel (47 out of 493) obtained contracts to supply PPE, compared with less than one in a hundred suppliers that came through the ordinary lane (104 of 14,892). It [the NAO] added that the sources of the referrals to the high-priority lane were not always recorded on the team’s case-management system.”

Among those receiving contracts was Alex Bourne, who used to run a pub, The Cock Inn in Thurlow, frequented by Health Secretary Matt Hancock. The pub is located close to the Hancock’s former constituency home in Suffolk.

Hancock attended the pub’s reopening after a refurbishment in 2016 and nominated it for an award the following year.

Before he moved from his constituency home in 2018, Hancock posted a photo of himself pulling a pint in the pub with Bourne on his parliamentary website. When the deal became public knowledge, Bourne, a former captain in the British army, commented, “I know Matt Hancock, he’s not a friend, he’s an acquaintance.”

Bourne won a government contract for supplying medical vials, a business he had no expertise in or even basic knowledge of, by sending a personal WhatsApp message to Hancock. He wrote, “Hello, it’s Alex Bourne from Thurlow.” The message set in train a fast-track process under which it is estimated that Bourne received contracts worth at least £30 million for supplying vials for coronavirus tests. Bourne and Hancock exchanged text and email messages over several months, with Bourne also admitting, according to the *Guardian*, that he participated in a Zoom meeting in August “attended by Hancock, [Prime Minister] Boris Johnson and several dozen suppliers in the Covid test-and-trace programme.”

Literally anybody, with the right connections, was able to reap lucrative rewards from the public purse.

In 2018, Bourne set up Hinpack, a manufacturing company which produced plastic cups and takeaway boxes for the catering industry. It was through repurposing this company that Bourne was able to win his DHSC contract.

NHS products of the kind Bourne was to manufacture must be produced in a sterile environment. Bourne had no “clean rooms” from which to produce products vitally important to public health. Instead, the *Guardian* reported, Bourne “paid a manufacturer of bouncy castles and blimps to make him a specially commissioned inflatable structure to unpack and decontaminate incoming supplies, which his lawyers described as a room that was intended to be ‘comparatively contamination-free’ but ‘not medical-grade sterile’.”

From this makeshift operation Bourne supplied the National Health Service, via several distributors, with tens of millions of vials and 500,000 plastic funnels for test samples.

Conservative Party councillor Steve Dechan won several contracts to import PPE from China. Dechan was elected to

Stroud Town Council as a Liberal Democrat, before defected to the Tories in 2018. In the 2019 general election he campaigned for sitting Tory MP Siobhan Baillie.

P14 Medical, also known as Platform 14, was suffering large financial losses in 2019 but was able to win the contract without any tendering process. In July the government published who had won a number of contracts, with P14 securing the third largest awarded. P14, specialists in pain management technologies, won three PPE supply contracts worth £272 million.

Dechan commented after the contract details were made public, “I only know a couple MPs through local campaigning on issues, only met ministers (no current ones) on [general election] campaign trails. Never discussed PPE.”

Several firms securing contracts were connected to Prime Minister Boris Johnson’s former chief advisor, Dominic Cummings. *Open Democracy* noted last month, “Public First is run by James Frayne--who has been a close associate of Cummings for more than 20 years--and Rachel Wolf, a former Gove adviser who co-wrote the Conservative Party’s 2019 election manifesto.”

During the pandemic Public First secured more than £1 million of public contracts without tender.

Cumming worked with a company, Faculty, on the Vote Leave campaign in 2016. During the COVID crisis, Faculty was awarded three contracts worth £3 million for data analysis.

Ayanda Capital (specialists in currency trading and offshore property), were named in the NAU report after winning a PPE contract worth £253 million. The *Daily Mail* noted, “The deal was brokered by Andrew Mills, who was one of 12 advisers to the Board of Trade, chaired by International Trade Secretary Liz Truss. Mr Mills is also a ‘senior board adviser’ to Ayanda Capital.”

UK-based private healthcare corporation Randox, which develops, manufactures and markets diagnostic reagents and equipment for laboratory medicine with a distribution network in 145 countries, was granted nearly £500 million to provide private-sector testing. Despite it having to recall 750,000 flawed test kits its contract was extended. Among Randox’s board members is Tory MP Owen Paterson, who is paid £100,000 a year by the firm.

In August, a *Sunday Times* investigation found that 12 contracts were handed out to three firms with links to Conservative Party members or donors.

Meller Designs won deals worth £163 million, including for supplying hand sanitiser and face masks. The firm, normally supplying home and beauty products to high-street retailers, is run by Tory donor David Meller. Meller has gifted £65,000 to the Tories over the last decade. He was previously a trustee of the right-wing Policy Exchange thinktank, founded by Gove. The *Byline Times* website noted, “Meller Designs recorded turnover of £12.8 million in 2019 and £13.7 million in 2018. If the company didn’t trade for the rest of 2020, its turnover

would have increased elevenfold on the previous year, based on these Government contracts alone.”

Another major Tory donor, Steve Parkin, has given the party more than £500,000. A firm he founded, Clipper Logistics, secured a £1.3 million contract to distribute PPE.

Prior to the pandemic, the government slashed the national stock of PPE supplies by 40 percent in a criminal cost cutting measure. To offset the disaster they created, the Tories allowed literally anyone to supply PPE. A £32 million PPE contract was awarded to PestFix Ltd, a pest control company in Sussex.

Among those cashing in the PPE supply bonanza was Florida-based jewellery designer Michael Saiger.

Saiger was handed UK government contracts worth £200 million without any competition. The *Daily Mail* reported on the profiteering involved, “Some [contracts] appear to have been negotiated at well above normal market rates. For example, in a £70.5 million deal signed in May, the taxpayer acquired 10.2 million surgical gowns at an effective cost of £6.91 each. That was nearly 50 percent more than the average market price (£4.60) at the time, and seven times the pre-pandemic cost of £1.05.” It added, “It appears that when he signed the various DoH contracts... Saiger, a former male model, did not have a manufacturer in place to fulfil various aspects of them. He also had no obvious prior experience of supplying medical equipment or shipping it in large quantities to Europe.”

Saiger enlisted Gabriel Gonzalez Andersson, a Madrid-based businessman, to assist with “procurement, logistics, due diligence, product sourcing and quality control” of PPE. Andersson ended up being paid £21 million by the UK taxpayer for his work on just two government contracts to supply the NHS. Details of the profiteering only emerged after being raised as part of legal proceeding in a court case in Miami.

The BBC reported that Saiger signed three more agreements to supply the NHS in June with millions of gloves and surgical gowns. “When the UK government paid up, his go-between, Mr Andersson, would have been in line for a further \$20m in consulting fees. But the court documents allege that once the agreements had been signed, Mr Andersson stopped doing any work for Mr Saiger.”

It is unclear, said the BBC, if “Andersson received any of the money for this second batch of deals. This led to PPE deliveries being delayed to NHS frontline workers, Mr Saiger claims, and the company ‘scrambling’ to fulfil the contracts by other means.”



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