



HOUSE OF LORDS

Report from the Commissioner for Standards

# The conduct of Lord Chadlington

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## CONTENTS

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	<i>Page</i>
Summary of complaint	3
Relevant aspect of the Code	3
Summary of investigation	3
Lord Chadlington's written response	3
Response from the Cabinet Office	5
Response from Lord Feldman of Elstree	5
Finding	5
<b>Appendix 1: Email from Lord Foulkes of Cumnock to the Commissioner for Standards, 19 May 2022</b>	<b>7</b>
<b>Appendix 2: Letter from Lord Chadlington to the Commissioner for Standards, 9 June 2022</b>	<b>10</b>



# The conduct of Lord Chadlington

## Summary of complaint

1. On 19 May 2022, my office received a complaint from Lord Foulkes of Cumnock about the conduct of Lord Chadlington (see Appendix 1).<sup>1</sup>
2. Lord Foulkes complained that Lord Chadlington was reported to have referred a subsidiary of his own company for multimillion pound PPE contracts during the height of the pandemic through the so-called “VIP lane”.

## Relevant aspect of the Code

3. I determined that the allegations regarding Lord Chadlington’s conduct potentially engaged two paragraphs of the House of Lords Code of Conduct.
4. Paragraph 9 (d) of the House of Lords Code of Conduct says that:

“Members of the House must not seek to profit from membership of the House by accepting or agreeing to accept payment or other incentive or reward in return for providing parliamentary advice or services.”
5. Paragraph 16 of the Code says that:

“A member must not seek by parliamentary means to confer exclusive benefit on an outside body or person (a) in which he or she has a financial interest (including by way of salary, fees, shareholding or other arrangement) or (b) in return for payment or reward.”

## Summary of investigation

6. Having reviewed the material and links provided by Lord Foulkes as part of his complaint, I determined that it passed preliminary assessment and that an investigation was required.
7. I wrote to Lord Chadlington on 30 May to provide him with a copy of the complaint and to inform him that I had launched an investigation. In my letter, I asked Lord Chadlington to provide a written response to the launch of my investigation. In particular, I asked:
  - For copies of any emails, texts, or other forms of communication relating to his alleged referral of SG Recruitment Ltd.
  - Whether he had any direct involvement with SG Recruitment Ltd, or whether it was limited to his role with the parent company, Sumner Group Holdings.
  - What, if any, financial benefit he derived from the two contracts awarded to SG Recruitment Ltd.

## Lord Chadlington’s written response

8. Lord Chadlington responded to my letter on 9 June (see Appendix 2). He told me that Lord Foulkes’ allegation that he had personally referred SG Recruitment to the government’s ‘VIP lane’ was incorrect. Lord Chadlington

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<sup>1</sup> This investigation and report was completed by Akbar Khan.

explained the events that occurred following the then Secretary of State for Health and Social Care's press briefing on 10 April 2020, in which he said in relation to PPE, "if you've got production facilities and you can meet our published technical specifications, we want to hear from you".

9. Lord Chadlington told me that he "knew Lord Feldman [of Elstree] before he was introduced into the House of Lords and that he was assisting the Government's efforts to secure PPE from industry sources."
10. Lord Chadlington explained that he:

"passed Lord Feldman's email address at the Department of Health and Social Care to Mr David Sumner (the CEO of Sumner Group Holdings Limited). Mr Sumner contacted Lord Feldman and was then, as I understand it, put in touch with the civil servants working on PPE procurement. Mr Sumner conducted the negotiations. I was not involved in any negotiations/discussions with civil servants nor had any contact with them regarding PPE contracts.

I did not provide any "bid" to Lord Feldman, nor did I refer any bid to a VIP lane. I simply answered the Secretary of State's cry for help in a national emergency. If there was a so-called 'VIP lane' for PPE contracts, I certainly had no knowledge of this at the time."

11. Lord Chadlington further clarified two points:

"My directorship in Sumner Group Holdings is noted in the Register of Interests. I have never been a director nor office holder of SG Recruitment Limited. I have not had any direct involvement with that company and have never had any role in its day to day activities.

I received no commission, bonus or direct financial benefit from the two contracts awarded to SG Recruitment Limited.

I did not provide parliamentary advice or services in relation to this matter."

12. Lord Chadlington also took the opportunity to put the record straight on some other matters in the original complaint which he considered to be inaccurate:

"Sumner Group Holdings Limited is not "my own company". At the time of becoming director and then Chairman of the company, I was issued with a shareholding of some 5% of the company. I have never received a dividend from this nominal shareholding.

On the basis of (a) above, I do not "effectively own" Sumner Group Holdings Limited and I have no shares in any of its subsidiaries.

It is not correct that I "likely believed" that my involvement (albeit limited) would never become public. I made full disclosure of my relationship with Sumner Group Holdings Limited in the Register of Interests, and I am proud that I was able to play a small part in answering Mr Hancock's call to arms."

*Response from the Cabinet Office*

13. In order to check the accuracy of Lord Chadlington's written response, I wrote to Alex Chisholm, Permanent Secretary for the Cabinet Office, on 17 June. I asked him to confirm whether Lord Chadlington had any direct contact with ministers or officials regarding contracts for SG Recruitment UK, and if so, to provide copies of all correspondence.
14. Mr Chisholm's office replied on 24 June to confirm that, as per Lord Chadlington's account, there was no "correspondence between Lord Chadlington and CO officials/Ministers regarding this matter."

*Response from Lord Feldman of Elstree*

15. I also wrote to Lord Feldman of Elstree (who is currently on leave of absence from the House of Lords) on 17 June. I sent him relevant excerpts of Lord Chadlington's written response and asked him to confirm whether he considered Lord Chadlington's response to be correct, to the best of his knowledge. I asked him to tell me if there were any inaccuracies and to provide any evidence he might have in the form of correspondence or documents.
16. Lord Feldman of Elstree emailed me his response on 28 June. He told me:

"I can confirm that David Sumner (who I had never previously had any contact with) contacted me by my DHSC email address on 21 April 2020 on behalf of SGH Global to offer to supply various items of PPE to the NHS. My only action in relation to this email was to forward it on to the civil servants whose details I had been given for that purpose. I had no further involvement in this matter.

I can confirm that as Lord Chadlington has stated, he did not provide any "bid" to me and I do not recall any further contact with Lord Chadlington about SGH Global.

I am unable to confirm whether Lord Chadlington knew of the existence of the "VIP lane" at the time."

**Finding**

17. Lord Chadlington's account of the events surrounding Sumner Group Holdings' approach to the DHSC in the early stages of the COVID-19 pandemic is supported by strong corroborative evidence.
18. The evidence shows that Lord Chadlington's only involvement in this matter was to provide Mr Sumner with Lord Feldman of Elstree's departmental email address, which would doubtless have been obtainable from other sources. He does not appear to have "referred" SGH to the department, nor did he facilitate introductions or seek to leverage his influence as a member of the House of Lords. He had no involvement in the bidding for contracts and there is no evidence to suggest that the fact that Lord Chadlington provided Mr Sumner with the email address played any part in the decision to award the two contracts to SG Recruitment UK.
19. In investigating and adjudicating allegations of non-compliance with the Code, it states that the Commissioner 'shall act in accordance with the principles of natural justice and fairness' and that the civil standard of proof

is adopted at all stages of the enforcement process. Therefore, in order to find against a member, the Commissioner will require at least that the allegation is proved on the balance of probabilities.

20. **I have assessed the evidence in accordance with the civil standard of proof and I do not find that Lord Chadlington provided parliamentary advice or services or breached the exclusive benefit rule.**
21. **Accordingly, I conclude that Lord Chadlington is not in breach of paragraphs 9(d) and 16 of the Code of Conduct. The complaint is therefore dismissed.**
22. I am grateful to Lord Chadlington for his cooperation in this matter and for his prompt and thorough responses, and to Lord Feldman of Elstree and Cabinet Office officials for their assistance with my enquiries.

Akbar Khan

Commissioner for Standards



## APPENDIX 1: EMAIL FROM LORD FOULKES OF CUMNOCK TO THE COMMISSIONER FOR STANDARDS, 19 MAY 2022

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I write to submit a formal complaint about Lord Chadlington relating to a potential breach of the Code of Conduct that governs us all as Members of the House of Lords.

As you may be aware, Lord Chadlington's involvement in the so-called "VIP lane" for PPE procurement has now been reported by several media outlets.

In summary, Lord Chadlington helped a subsidiary of his own company to secure £50 million of business in public contracts by directly referring their bid to another Member of the House, who was acting as a Departmental adviser at the time.

It is a matter of public record that he is chairman, shareholder and a remunerated director of the parent company Sumner Group Holdings. The size of his stake has not been declared but has been reported by the press to be worth about £5 million.

The subsidiary, a nursing recruitment agency called SG Recruitment UK, was awarded two contracts last year to provide Personal Protective Equipment, for £23.9 million and £26.1 million respectively, despite auditors having expressed concerns about the firm's solvency.

Documents which the Department of Health and Social Care (DHSC) was eventually forced to publish after a ruling by the Information Commissioner, revealed that Chadlington personally referred SG Recruitment to the government's 'VIP lane' for preferred suppliers. He did so via Lord Feldman, another Conservative peer who was working as an unpaid adviser to DHSC ministers at the time and is linked to a number of other controversial contracts.

I believe that this may constitute a breach of paragraphs 9(d) and 16 of the Members' Code of Conduct:

9. (d) Members of the House must not seek to profit from membership of the House by accepting or agreeing to accept payment or other incentive or reward in return for providing parliamentary advice or services.

16. A member must not seek by parliamentary means to confer exclusive benefit on an outside body or person (a) in which he or she has a financial interest (including by way of salary, fees, shareholding or other arrangement) or (b) in return for payment or reward.

Paragraph 21 of the Guide to the Code of Conduct provides further detail on the interpretation of these provisions:

21. The prohibition on accepting payment in return for parliamentary services means that members may not, in return for payment or other incentive or reward, assist outside organisations or persons in influencing members of either House, ministers or officials. This includes seeking by means of participation in proceedings of the House to confer exclusive benefit upon the organisation or person; or making use of their position to lobby, or to help others to lobby, members of either House, ministers or officials, by whatever means.

By referring a company that he effectively owns and therefore ultimately profits from, in the expectation of benefiting from potential contracts, via another member

of the House who was acting as a departmental adviser, Lord Chadlington appears to have broken these provisions of the Code.

Within the terms set out by the Guide to the Code, the referral via Lord Feldman was a form of lobbying, and there are strong grounds to believe (as both the National Audit Office and the courts have found) that the use of political connections to fast-track a bid through the ‘VIP lane’ provided an advantage to any such bidder. There was therefore a benefit to Lord Chadlington in referring the bid himself through Lord Feldman, as opposed to the company bidding or offering services to the DHSC directly in the normal way as other suppliers without political connections had to do.

In short, the ability to refer a bid to the ‘VIP lane’ was by definition only available to those with political standing and contact with ministers, their advisers or senior officials. It was impossible for Lord Chadlington to have followed the requirement to “maintain a clear distinction between [his] outside interests and parliamentary work” [Guide to the Code para 18] by making such a referral. Were he acting only as chairman of the parent company and not as a Member of the House, the company’s bid for work would not have been processed through by this route.

There are three requirements to establish a breach of paragraph 16: the use of parliamentary means; conferral of an exclusive benefit; and a financial interest.

The financial interest is obvious and dealt with directly and explicitly in the Code itself: there is a shareholding in the parent company and therefore a direct financial reward. The exclusive benefit is similarly clear: Lord Chadlington was not advocating for a sector or on an issue, he was acting specifically for one company in which he held a financial interest and the benefit was in the form of receiving payment from the Department for a contract to supply goods.

Lord Chadlington may argue that he was acting in a private capacity as a businessperson. However, as I set out above, there is a strong case that he was not only acting as a Member of the House but also sought to confer the benefit by ‘parliamentary means’, according to both the spirit and the letter of the Code. I believe that, either way, it is in both the public interest and to the benefit of the House that there is now clarity as to whether the relevant provisions of the Code do indeed apply to this form of lobbying.

Furthermore, I note that your investigation into Baroness Mone is, among other grounds, into breaches of paragraphs 9(d) and 16. This appears to be on the exact same basis as this complaint: that Baroness Mone sought to confer an exclusive benefit on an outside body in which she had a financial interest by referring a company to the ‘VIP lane’ through another member of the House.

I should note that in the case of Lord Chadlington, the relevant interests were registered, even if the referral was not publicly declared. That may be a point in mitigation but is irrelevant to the breach of the Code in itself. The prohibition on lobbying for reward applies regardless of whether the interest is registered. It should also be noted that Lord Chadlington likely believed that his involvement would never become public, and indeed the government resisted making it so until legally mandated by order of the Information Commissioner.

Thank you for your attention on this matter.

Yours sincerely,

George

Lord Foulkes of Cumnock

### References

<https://www.gov.uk/government/news/ppe-procurement-in-the-early-pandemic>

<https://members.parliament.uk/member/3318/registeredinterests>

<https://www.nao.org.uk/press-release/investigation-into-government-procurement-during-the-covid-19-pandemic/>

<https://goodlawproject.org/update/high-court-vip-lane-ppe-unlawful/>

<https://www.theguardian.com/world/2022/feb/11/half-of-ppe-procured-by-uk-using-vip-companies-has-not-been-used>

<https://www.dailymail.co.uk/news/article-9036543/The-Tory-peer-Peruvian-tycoon-accused-laundering-cocaine-profits-50m-PPE-bonanza.html>

## APPENDIX 2: LETTER FROM LORD CHADLINGTON TO THE COMMISSIONER FOR STANDARDS, 9 JUNE 2022

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Dear Mr Khan

Thank you for your letter of 30 May 2022, enclosing the complaint from Lord Foulkes.

### Background

For some fifty years, I have worked in the marketing, communications, and public relations industries primarily as the founder of two of the largest international consultancies in the world. I have acquired both significant commercial experience and a network of international contacts, which I currently employ as a director/advisor to commercial and not for profit organisations. I have always made it pellucid to clients that I will not lobby on their behalf. I have never lobbied for commercial organisations either before or after being introduced into the House of Lords in 1996.

Commenting on external interests, the House of Lords Code of Conduct states” Members of the House of Lords have a wide range of outside interests and careers and the House thrives on their expertise. The Code in no way seeks either to curtail these interests or careers “.

I regard membership of the House of Lords as a considerable privilege and responsibility. I follow both in letter and in spirit the rules laid out in the Code and declare all my relevant external commitments in the Register of Lords’ Interests, including that I joined the Board of Sumner Group Holdings Limited (a Jersey company) in July 2018 and resigned in July 2021.

While of course I am disappointed to have been referred to the Commissioner, I am pleased to respond to your questions, provide context to the media articles on which Lord Foulkes’ complaint is based and demonstrate that I have not breached the Code of Conduct.

### The complaint

Lord Foulkes’ asserts that I “personally referred SG Recruitment to the government’s ‘VIP lane’ for preferred suppliers” and that this may constitute a breach of paragraphs 9(d) and 16 of the Members’ Code of Conduct.

This is not correct.

During the COVID pandemic and at the peak of the PPE crisis, Matt Hancock, who was then Secretary of State for Health, stated in the Downing Street Press Briefing (on IO April 2020) - “So, if you’ve got production facilities and you can meet our published technical specifications, we want to hear from you”.<sup>2</sup>

I knew Lord Feldman before he was introduced into the House of Lords and that he was assisting the Government’s efforts to secure PPE from industry sources.

I passed Lord Feldman’s email address at the Department of Health and Social Care to Mr David Sumner (the CEO of Sumner Group Holdings Limited). Mr Sumner contacted Lord Feldman and was then, as I understand it, put in touch

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<sup>2</sup> <https://www.gov.uk/government/speeches/health-and-social-care-secretarys-statement-on-coronavirus-covid-19-10-april-2020>

with the civil servants working on PPE procurement. Mr Sumner conducted the negotiations. I was not involved in any negotiations/discussions with civil servants nor had any contact with them regarding PPE contracts.

I did not provide any “bid” to Lord Feldman, nor did I refer any bid to a VIP lane. I simply answered the Secretary of State’s cry for help in a national emergency. If there was a so-called ‘VIP lane’ for PPE contracts, I certainly had no knowledge of this at the time.

Turning to your specific questions,

1. My directorship in Sumner Group Holdings is noted in the Register of Interests. I have never been a director nor office holder of SG Recruitment Limited. I have not had any direct involvement with that company and have never had any role in its day to day activities.
2. I received no commission, bonus or direct financial benefit from the two contracts awarded to SG Recruitment Limited.

I did not provide parliamentary advice or services in relation to this matter.

### **A note on the so-called VIP lane**

Lord Foulkes asserts that “Were he acting only as chairman of the parent company and not as a Member of the House, the company’s bid for work would not have been processed through this [so-called VIP] route”.

The Government document to which Lord Foulkes’ refers specifically states that offers of PPE were triaged in the High Priority inbox whether they came from Parliamentarians or otherwise: “... the range of suppliers successfully processed through the high priority route was wide. They came from within government and outside, via politicians and civil servants, from healthcare professionals and commercial experts.”.

Furthermore, this document also makes clear that referrers of PPE offers were not notified of any High Priority inbox and, in any event, ministers did not make the decision on procurement, but rather civil servants judging against established criteria. As pointed out above, I was not involved in those discussions.

In the Annex to this letter I have set out the key extracts from this document. [annex not reproduced in this report]

### **Other factual inaccuracies in Lord Foulkes’ complaint**

Lord Foulkes’ complaint contains a number of material inaccuracies. As some are not relevant to this case, I will confine myself to just three points:

- (1) Sumner Group Holdings Limited is not “my own company”. At the time of becoming director and then Chairman of the company, I was issued with a shareholding of some 5% of the company. I have never received a dividend from this nominal shareholding.
- (2) On the basis of (a) above, I do not “effectively own” Sumner Group Holdings Limited and I have no shares in any of its subsidiaries.
- (3) It is not correct that I “likely believed” that my involvement (albeit limited) would never become public. I made full disclosure of my relationship with Sumner Group Holdings Limited in the Register

of Interests, and I am proud that I was able to play a small part in answering Mr Hancock's call to arms.

### **Documents**

In your guidance for my response, you have requested copies of documents "relating to your referral of SG Recruitment Ltd". As set out clearly above, I did not refer SG Recruitment Ltd to a VIP lane or otherwise. I simply passed Lord Feldman's contact details to Mr David Sumner. There are therefore no documents which exist of my apparent referral.

### **Conclusion**

As I have explained above, I did not breach the provisions of paragraphs 9(d) and 16 of the Code - in letter or spirit.

During a global pandemic when the UK was facing a crisis in the provision of PPE to save the lives of its citizens, the Secretary of State publicly called for help. I was then Chairman of a holding company which, through a subsidiary, had expertise in health care and I suggested that this company might be of assistance. After making the introduction, I left the negotiation to the executive team to take matters forward. I did not discuss this matter with civil servants nor did I lobby. I received no commission, bonus or direct financial benefit from this introduction. I am pleased that this introduction helped - albeit in a very small way - at a time of national crisis.

I hope that the above information is sufficient to satisfy your enquiries but please do let me know if I can be of any further assistance.

Yours sincerely

The Lord Chadlington