

Bid-rigging risk in public procurement

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Understanding the CMA

What



UK's primary competition and consumer law enforcement agency

Independent, non-ministerial department sponsored by Department for Business and Trade

Who



Formed out of the Office of Fair Trading and Competition Commission in 2014

Offices in Belfast, Cardiff, Darlington, Edinburgh, Manchester and London

Why



Statutory duty to promote competition

For the benefit of consumers, people and the UK economy

How



Strong legal powers to:

- Tackle cartels
- Scrutinise mergers
- Address unfair practices
- Investigate markets with potential competition and consumer issues

The CMA in Scotland



- **Office in Edinburgh with more than 100 staff is one of six across the UK**
- **Devolved nations team with three dedicated representatives to deliver CMA's four nations approach**
- **Advise Scottish Government and work with partners and stakeholders across the country**
- **Deliver better understanding of our work via training, networks and meetings**

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Cartels....



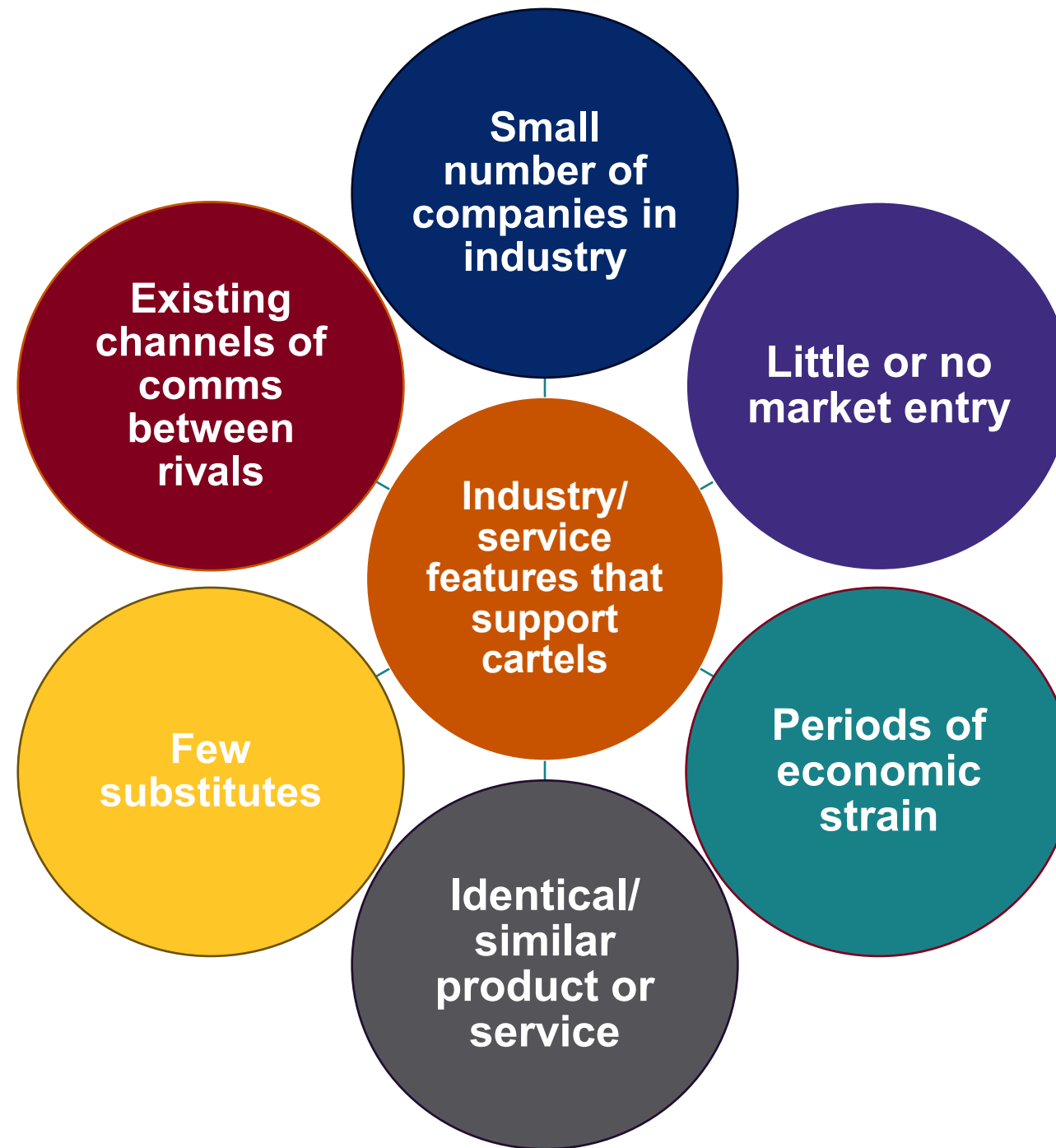
.... closer to home than you might think

Understanding fraud and cartels

- Business cartels – conspiring to rig outcomes – are a type of fraud
- Cartel activity is often combined with other crimes such as bribery and corruption
- It can involve:
 - public officials receiving financial or other rewards
 - compensatory payments between bidders
 - false invoices issued to disguise such payments
 - bribes paid in cash
- The CMA works closely with other agencies
- Economic strain increases risk of cartels



Collusion: the warning signs



Consequences of cartel activity

- Raft of recent cases - £322 million in total fines
- 28 Director Disqualifications
- 2 criminal convictions
- Damages claims
- Reputational harm
- Debarment risk
- But low awareness of risk



Procurement Act 2023 and debarment risk

UK

- Came into force in February 2025, strengthening rules to exclude suppliers from taking part in public procurement.
- Suppliers who take part in illegal cartel activity now risk
 - mandatory exclusion by a contracting authority from individual public procurements
 - being included on a central debarment list run by Cabinet Office
- Debarment prevents the supplier from participating in any covered procurement for up to 5 years.
- Suppliers may not be excluded / debarred if they can show they have 'self-cleaned' or have immunity under the CMA's leniency policy

Scotland

- Although PA23 does not apply to all Scottish procurements, it may affect your suppliers if they are operating in other areas of the UK.
- The Scottish Government is bringing in regulations to disapply some Scottish procurement legislation to permit devolved Scottish authorities to procure under the Act.
- More detail in Cabinet Office guidance on devolved contracting authorities



Powers of investigation

- Dawn raids
- Interviews
- Compelling companies to provide us with documents and information
- Surveillance powers
- Covert Human Intelligence Sources
- Communications data

Our investigations

1

Leniency

- If businesses have been involved in cartels, they can benefit from **applying for leniency**
- Under our [new leniency guidance](#), being the first in to apply for leniency is the only way to guarantee immunity from:
 - Penalties
 - Director disqualification
 - Criminal prosecution
 - Exclusion from public contracts

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Intelligence-led

- Investigating reports of anti-competitive behaviour from:
 - Public officials – including procurers and counter-fraud teams
 - Other businesses
 - Whistleblowers or informants
 - Members of the public
 - Other intelligence sources
- Screening public procurement data to identify suspicious patterns

Importance of fighting bid-rigging



- Bid-rigging is a key risk in public procurement
- Scottish public sector spends around £16bn per year on procurement
- UK-wide public sector procurement is over £350bn
- Public procurers must be on high alert to anti-competitive practices

Bid-rigging: how it works

~~NO CONTEST~~

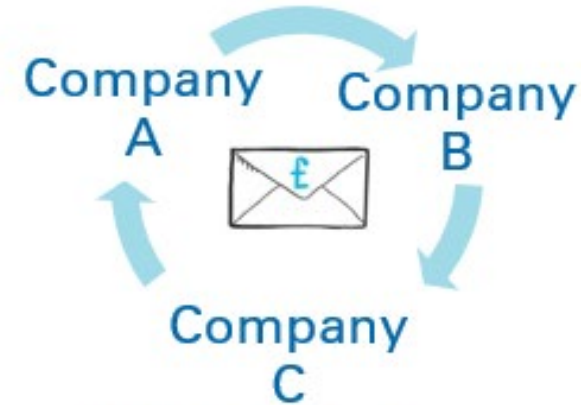
Bid Suppression

Firms agree not to submit a bid at all so there is less competition



Cover Pricing

Firms who don't want the work discuss with competitors to submit inflated 'cover' prices



Bid Rotation

Firms take it in turns to 'win' contracts



Market Allocation

Firms agree to divide up customers or geographic areas

Construction case

Demolition and asbestos removal contracts

- Decision issued in 2023
- 10 construction firms fined over £60m
- 4 directors disqualified
- Each involved at least 1 of 19 contracts worth over £150m affected
- Met Police Training College, Selfridges and Oxford University among those affected
- Compensation payments (5 firms)



Evidence: Bid-rigging

[← Messages](#) **Name** [Details](#)

will be in a better position to talk abt Selfridges later today

Ok that's fine. Can you try ring me at about 12.30/1pm please as we need to know where we're going with this as no doubt still plenty to do before it goes in

We obviously got the extension till Wednesday , can you give us a ring in the morning to discuss the numbers and what the plan is please

Email [following day after text messages]

From: A

To: B

Subject: 'Re Selfridges',

'Please find attached our tender proposal for the above, 'Please adjust terminology in red – this is not in the in the original pricing document [X] suggested you go some 8 % to 10 % above this.. 'Also suggests going longer on your program – ours is 44 wks';

Current investigation ongoing

Possible bid-rigging in relation to school improvement fund

- Concerns about roofing contracts for schools under DfE Condition Improvement Fund (CIF)
- Unannounced inspections (Dec 2024) at business premises to gather evidence
- CMA working closely with DfE officials
- Protecting public sector procurement is a CMA priority – supporting government aims to improve public services and invest in economic infrastructure



No assumption can be made on outcome of the case at this stage

How to reduce bid-rigging risk

Be aware of what bid-rigging is – make use of CMA advice

Design and manage your procurement process in a way that reduces the risk of bids being rigged

Recognise ‘red flags’ – the different kinds of suspect activities / patterns of behaviour

Know how to report suspicious activity to the CMA

Never confront the supplier – this risks tipping them off

Suspicious bidding information – red flags

Identical bids,
perhaps in
individual items

Unusually high
bids

Less detail than
expected

Signs of
alteration/ last
minute changes

Clear gap
between winner
and others

Same
increments
between bids

Less
competition
than expected

Typical behaviours of suspicious bidders



A likely bidder fails to submit

Lowest bidder rejects the contract

Bids drop on entry of new/infrequent bidder

Successful candidate later subcontracts to a supplier that submitted higher

Same supplier always wins

Same suppliers submit bids but appear to take equal turns in winning

One bidder lets slip knowledge of rivals or that suppliers 'own' certain areas

Bid-rigging screening using data analytics

Using data to identify bid-rigging and collusion

- Screens identify potential areas of collusion and/or suspicious patterns based on the 'red flags'
- Tested on 'real' tender data
- The CMA is keen to partner with more public sector bodies willing to share their tender data inc. local authorities
- International success of similar programmes e.g. Spain, South Korea



Where to find out more

Our Cheating or Competing campaign page houses:

- Free e-learning module on bid-rigging dangers
- Quick guide with advice for public procurers
- Series of animated explainer films and reporting info

VISIT: gov.uk/cheating-or-competing

- CMA [blog](#) and [information note](#) on exclusion and debarment on competition grounds
- Contact cma_procurementssupport@cma.gov.uk for info on exclusions, self-cleaning or if you are interested in sharing procurement data for bid-rigging screening



CHEATING OR
COMPETING



How to report to us



CALL THE CARTELS HOTLINE ON
020 3738 6888

Alternatively, report via our online reporting form
or email: cartelshotline@cma.gov.uk

Any
Questions

