



Ministry
of Defence

Policy Secretariat

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Your Reference:

Our Reference:
2015/04471

Date:
29 May 2015

Dear [REDACTED],

Thank you for your letter dated 14 May 2015. You asked, in relation to the decision to award a contract to US based company Leidos for:

- (1) The names of the companies and individuals who were recipients of the 18 million pounds of taxpayers monies.**
- (2) The nature of the information and advice they provided.**
- (3) The 'timeframe' over which the above information/advice was given.**

I am treating your letter as a request for information in accordance with the Freedom of Information Act 2000. A search for the information has now been completed within the Ministry of Defence (MOD), and I can confirm that information in scope of your request is held.

Before replying to your specific questions in accordance with the FOI Act I would like to address the comments you also made in your letter about a '*botched attempt to privatise defence equipment procurement [-] £33 million of taxpayers money wasted*'.

I believe that this a reference to the Public Accounts Committee (PAC) Report: *Major Projects Report 2014 and the Equipment Plan 2014 to 2024, and reforming defence acquisition* published on 16 March 2015.

Paragraph 12 of this report stated that: *The Department's preferred option for securing change in DE&S was through a Government-owned, Contractor-operated (GoCo) model—a company where the government controls the assets, but that would be operated on a for-profit basis by a private company. However, this model proved undeliverable, and was halted in 2013, by which point the Department had spent £33 million and two and a half years trying to implement reform at DE&S. In April 2014 the Department changed DE&S into a bespoke trading entity. Under this concept, DE&S remains in the public sector but with freedoms from and flexibilities over civil service pay rules.*[15]

To put this into context, the transformation of Defence Equipment & Support is a core part of the wider defence transformation programme which has been ongoing since the Strategic Defence and Security Review (SDSR) 2010.

The initial proposal was to transform DE&S through a Government Owned Contractor Operated arrangement, although the decision was taken in 2013 to not proceed with this approach, but to take the transformation forward through establishing DE&S as a Bespoke Trading Entity (BTE) and DE&S stood-up as a BTE in April 2014.

In terms of cost, about £7.5 million was spent on the GOCO competition itself. The remainder of the £33 million was committed in support of the process that has led to the creation of the BTE. The overall aim of the transformation process is to ensure that DE&S delivers the best value equipment, service and support to the front line, when it is needed.

Logistic Commodities and Services Transformation (LCS(T)) is also part of the wider defence transformation programme. LCS(T) is being implemented and the overall cost to the taxpayer for support to the LCS(T) programme to contract award was £18 million. This expenditure will generate savings of around £0.5 billion over the life of the contract.

With regard to the three questions that you have asked in accordance with the FOI Act:

The names of the companies and individuals who were recipients of the 18 million pounds of taxpayers monies.

The figure of £18 million was the overall cost to the taxpayer for support to the LCS(T) programme to contract award and included the cost of MOD internal manpower dedicated to the project.

Payments were made to the consultancy companies Ernst & Young, Simmons & Simmons and Willis. I am withholding the names of individuals that received payments in accordance with Section 40 (Personal Information) of the FOI Act. Section 40(2) has been applied in order to protect personal information as governed by the Data Protection Act 1998. Section 40 is an absolute exemption and there is therefore no requirement to consider the public interest in making a decision to withhold the information.

The nature of the information and advice they provided.

As I advised in my letter dated 22 April 2015 the consultancy companies Ernst & Young, Simmons & Simmons and Willis were used by the MOD to assist in the necessary commercial, legal and insurance advisory support for the LCS Transformation programme.

The 'timescale' over which the above information/advice was given.

The information from these companies was provided during financial years 2012/2013 to 2014/2015 which covered the Assessment Phase of the LCS(T) programme.

If you are not satisfied with this response or you wish to complain about any aspect of the handling of your request, then you should contact me in the first instance. If informal resolution is not possible and you are still dissatisfied then you may apply for an independent internal review by contacting the Information Rights Compliance team, 1st Floor, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.uk). Please note that any request for an internal review must be made within 40 working days of the date on which the attempt to reach informal resolution has come to an end.

If you remain dissatisfied following an internal review, you may take your complaint to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not investigate your case until the MOD internal review process has been completed. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website, <http://www.ico.org.uk>.

Yours sincerely

[REDACTED]
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