



**OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS**

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**BUSINESS APPOINTMENT APPLICATION: MARK DEARNLEY**

The Committee has been asked to consider an application from Mark Dearnley, Chief Digital and Information Officer at HM Revenue & Customs (HMRC) between October 2013 and September 2016. He sought the Committee's advice on taking up an appointment with Bain & Company (Bain).

Application

Mr Dearnley proposes to become a Senior Advisor to Bain, a global management-consulting firm. This would be a full-time, paid role. He was offered a post having made a speculative application to Bain.

His responsibilities would include advising on IT strategy and transformation, with a focus on the telecommunications sector. He confirmed that he would be entirely focused on commercial sector advisory work and the appointment would not include contact with Government.

He proposes to take up the role on 8 January 2018, 15 months after leaving office.

Mr Dearnley has informed the Committee that Bain was awarded the contract for 'Lead Transformation Partner' on the HMRC Columbus Programme in September 2015. This was the programme to manage the transition from the Aspire outsourcing arrangement to a wider range of smaller and more flexible contracts. Bain was selected from 9 companies as the strategic partner to help with this process following an OJEU competition. The contract had a maximum value of £20m.

Mr Dearnley noted that the Programme Director responsible for letting and managing the competition reported to him, as he was the Senior Responsible Officer (SRO) for the Columbus Programme. Mr Dearnley said he worked closely with the Bain team and was involved in the selection of Bain as part of the OJEU process; and between September 2015 and September 2016 he met regularly with the Bain team working on the Columbus Programme.

As part of his HMRC role Mr Dearnley said he regularly met with a number of other management consulting companies eg McKinsey, Accenture, and EY. He noted that Accenture were an existing HMRC supplier; and the other contact he had was either as part of these organisations delivering work commissioned elsewhere in HMRC and the wider Government, or as part of their business development activity.

Mr Dearnley informed the Committee that he worked with Bain earlier in his career. Whilst he was CIO of Vodafone, Vodafone acquired Cable & Wireless. Bain were the lead advisors on this deal and he worked very closely with their team. There were no people on this engagement that then worked on the HMRC project.

Mr Dearnley has given an undertaking to the Committee that, for the period he is subject to the Rules, he would not be involved in advising on any UK public sector contracts, and he would have no involvement in Bain's engagements with HMRC. Neither would he be involved in any tendering processes for future work at HMRC, or the UK public sector. He has also made an open-ended undertaking not to become involved in advising Bain if it bids if/ when HMRC retenders for a new strategic partner.

Jon Thompson, Chief Executive and Permanent Secretary at HMRC, does not consider that this appointment could be seen as improper and told the Committee he has no reservations about it. This is because it is more than a year since Mr Dearnley left HMRC; and while he was involved in the selection of Bain for a contract with HMRC, this was over two years ago (mid-August 2015). Since then the Department has, independently of Mr Dearnley, twice extended the contract (this was a variation of the original contract to complete the work and was not competitive).

The Programme Director at HMRC has explained the competition for a strategic partner was run under the EU procurement regulations. Mr Dearnley was one of 5 members of the panel, which included representation from HMRC and Cabinet Office. The panel was unanimous in scoring Bain as the highest scoring bidder and following the "Most Economically Advantageous Tender" principles they were awarded the contract.

HMRC has confirmed that Bain's current involvement with HMRC will end in December this year. HMRC will not be looking for a new strategic delivery partner until financial year 18/19.

#### The Committee's consideration

The Committee has carefully considered the risks presented by this application given Mr Dearnley is seeking to be employed by a company he was involved in selecting for a significant contract.

The Committee concluded that the following factors significantly mitigate the risk it could be considered this appointment is a reward for decisions made while in office:

- The contract was let following a competitive and OJEU process, details of which are in the public domain. The panel of 5 was unanimous in scoring Bain as the highest scoring bidder.
- The Permanent Secretary at HMRC has no reservations about the appointment and does not consider there is any risk it has been offered as a reward.
- Mr Dearnley previously held senior positions at Vodafone UK and Cable and Wireless and this role at Bain will focus on the telecommunications sector; which reflects his experience prior to joining Government on a fixed term contract.
- As Mr Dearnley worked with Bain before joining the Civil service, he was known to the company before his involvement in letting the HMRC contract.

- Bain was selected for the strategic partner contract with HMRC in mid-August 2015 (over two years ago); and by the time he starts this role 15 months will have passed since he left office.

The Committee also considered the risk that Bain could unfairly benefit from employing Mr Dearnley in relation to securing future contracts with HMRC and considered whether a 'waiting period' would be appropriate in this case. However, it noted there would be a 15-month gap between him leaving Government and starting with Bain. Further, the Department has confirmed that he has no access to commercially sensitive information about competitors of his prospective employer. The Committee also considered it significant that he has confirmed that he would be entirely focused on advisory work in the commercial sector and has given a clear and unequivocal undertaking that he will not be involved in any contracts with HMRC or the UK public sector more widely.

The Committee concluded that 15 months is a sufficient gap between leaving HMRC and taking up this role. However, it did consider it necessary to impose a 2-year prohibition on advising any company with regard to the subject matter or terms of a bid or contract relating to the work of HMRC and a condition that specifies that he should not become involved in any bid it may make if/ when HMRC retenders for a new strategic partner. This reflects Mr Dearnley's undertakings to the Committee. The Committee has also recommended an extended lobbying condition, restricting improper use of contacts in Government to secure business or influence policy for Bain.

The Prime Minister accepted the Committee's advice that, under the Government's Business Appointment Rules, this appointment be subject to the following conditions:

- that he should not draw on (disclose or use for the benefit of himself or the organisations to which this advice refers) any privileged information available to him from his time in Crown service;
- for two years from his last day of service he should not provide advice to any company or organisation on the terms of, or with regard to the subject matter of, a bid or contract relating directly to the work of HMRC;
- he should not involve himself in work related to any bid Bain may make if/ when HMRC retenders for a new strategic partner; and
- for two years from his last day in service, he should not become personally involved in lobbying the UK Government on behalf of Bain & Company or its subsidiaries or clients, or make use, directly or indirectly, of his contacts in Government and/or Crown service to influence policy or secure business on their behalf.

By 'privileged information' we mean official information to which a Minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. This would include commercially sensitive information in respect of contracts negotiated during Mr Dearnley's tenure with HMRC.

Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Civil Service Code, or otherwise.

The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/Minister "should not engage in communication with Government (Ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to influencing a Government decision, policy

or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office.

I should be grateful if you would ensure that we are informed as soon as Mr Dearnley takes up this appointment, or if it is announced that he will do so (I enclose a form for this purpose). We shall otherwise not be able to deal with any enquiries, since we do not release information about appointments which have not been taken up or announced, and this could lead to a false assumption being made about whether he had complied with the Rules.

I should also be grateful if you would ask that Mr Dearnley informs us if he proposes to extend or otherwise change the nature of his roles as, depending on the circumstances, it may be necessary for him to make a fresh application.

Once this appointment has been publicly announced or taken up, we will publish this letter on the Committee's website and include the main details of the application, together with the Advisory Committee's advice, in the regularly updated consolidated list on our website and in the next annual report.

Yours sincerely

Nicola Richardson  
Committee Secretariat