

Background Quality Report: DASA Contracts/Commercial Statistics

Section 1: Introduction

1.1 Overview of the statistical output

These statistics provide information about the Ministry of Defence (MOD)'s spending with industry and commerce which forms a large proportion of Departmental expenditure. The underlying commercial data is used for a wide range of purposes both within the Department and externally to provide accountability and transparency to parliament and the public.

These statistics set out the numbers, types and values of contracts placed by the MOD, major equipment projects and payments made by the MOD to its suppliers. Supplier information continues to be presented alphabetically in payment bands due to commercial sensitivity, although from 2012 a link has been provided to spreadsheets, which contain the actual amounts paid to companies, rounded to the nearest £1 million – this follows the release of transaction level data into the public domain under the Government's Transparency Agenda, which generated some interest from the media due to the divergence between the statistics DASA release and their analysis of the transactions data.

History

These tables have been produced for at least 30 years. Prior to UK Defence Statistics, they featured in Volume 2 of the Statement on the Defence Estimates which the MOD had a statutory requirement to publish. When DASA became an agency in 1992, UK Defence Statistics (UKDS) became DASA's flagship publication and the publication of these statistics moved into UKDS. Data on PFI contracts is still provided by HM Treasury.

Strengths and Weaknesses

The strengths of these statistics are that they provide clarity on a large area of MOD spending and provide transparency on our engagement with suppliers. The data are presented in a clear format with charts and diagrams used to complement the key tables.

There are a number of weaknesses relating to data quality and presentation following the transparency agenda.

Future Improvements

- Strengthen the governance framework for the production and release of contracts data, and set a strategic direction for commercial MI.
- Improve the quality of data input on DEFFORM57 (the complex data capture form completed by MOD commercial officers).
- Further consolidation of Departmental IT systems and in-house databases.
- Improved awareness and education amongst MOD commercial officer of the value of the DEFFORM 57 data for senior management and policy branches.
- Develop a central disclosure policy for commercial data, particularly in the light of the Transparency Agenda.

Latest Publications

1. The Defence Contracts section of UKDS 2012.
2. A note explaining the divergence between UKDS and transactions data.
3. A note explaining the change of data source for contracts data.
4. NAO Major Projects Report 2011

1.2 Producer Information

These statistics are produced by the Defence Expenditure Analysis area within Defence Analytical Service and Advice (DASA) which is part of the Ministry of Defence (MOD). The responsible statistician for these statistics is Craig Corbet who can be contacted by emailing DASADESA-DEA-HOB@mod.uk

Further details about how to contact DASA can be found [here](#).

1.3 Summary of method and processes used to compile outputs

We use the single source of contracts data – Purchase to Payment (PtP) which is used by the MOD's primary bill paying authority. Contract information is collected on the DEFFORM57 which is the statistical input form completed by commercial officers at the start of a contract. We have carried out investigations into the quality of contracts data and cleanse the fields most relevant to our analysis. We cross-check the total spend figures with the MOD bill paying authority and in certain cases with individual Project Teams as validation during production. The presentation and source of data on new contracts changed for UK Defence Statistics 2011 and further information about this can be found in this [statistical notice](#).

Government Procurement Card (GPC) payment information is used to produce more robust information in Table 1.19 (Organisations paid £5 million or more). We use the OneSource website and individual company reports for information about company structures and annual turnover. The MOD's Supplier Relations Team provide information and advice on joint ventures.

Major Projects Report information is provided for use in Table 1.18 (Major Equipment Projects) from the Corporate Management Information System (CMIS) administrative system.

1.4: Other Documentation

[DASA Pre-Release Access lists](#)
[DASA confidentiality policy](#)
[DASA revisions policy](#)
[Statement of Administrative Data Sources](#)

Section 2: Quality Dimensions

2.1 Relevance: The degree to which the statistical product and underlying data meet user needs for both coverage and content.

In addition to the tables published in UKDS, the underlying data is used to provide input to Office for National Statistics publications and we answer a high volume of external correspondence (Parliamentary Questions and Freedom of Information requests) relating to commercial/contracts data. Common requests are for: spending with suppliers (overall and for specific companies); details of suppliers providing specific types of service such as Consultancy and Training; contract expenditure by industry sector and details of contracts in specific location of work areas (normally associated with base closures).

Researchers, academics, politicians and journalists all use this data, often to make or support political points. Other external users include the Defence Industry, specifically we are aware of ADS group (who use the data to establish their membership thresholds), the Defence Industrial Council, BAE Systems, and the Royal United Services Institute (RUSI). Table 1.19a was developed and published at the request of external users.

There is a high level of demand for bespoke special purpose analysis of this data to support key MOD policies and studies. Recent analysis has been performed to support various work strands for the Defence Industrial and Technology White and Single Source Contracting Review. We are currently heavily involved in providing adhoc analysis of contracts held with Small and Medium Enterprises (SME) and the Materiel Strategy Review. Our secretariat contacts use the data to answer PQs and FOIs, along with briefing for ministers, the press office and senior officials.

The MOD's Cost Assurance and Analysis Service (CAAS) incorporate the data into a system they maintain that provides company intelligence for internal use and for their customers.

We have provided data and assistance to other areas of DASA, particularly the Price Indices team who use this data to estimate defence inflation, and DASA Health who are required to report MOD spend on pharmaceuticals.

Other internal users use the data to:

- provide evidence of MOD spend with specific companies;
- producing spend maps of the UK by region and industry sector to support the Office for Government Commerce's Procurement Capability Review;
- ensure correct processes are being followed when new contracts are being set up;
- monitor value and spend on new contracts;
- assist in contract renegotiations;
- review the terms and conditions of single source contracts.

Unmet user needs

We have had requests to provide the details of the top suppliers in specific spend categories. It is not possible to accurately link the contracts data to accounts data which would be required to answer this type of question.

2.2 Accuracy: The closeness between an estimated result and the (unknown) true value, and the accuracy of the raw data.

Coverage of the contracts database

The contracts database covers a subset of MOD expenditure excluding pay and personnel costs; it provides information on those contractual bills paid directly by the MOD's bill payments centre to defence suppliers. DASA utilise the data to provide information and statistics about MOD expenditure. It is estimated that the data contained on the database covers around 85-90% of all payments made to defence suppliers¹. It does not cover those payments which may have been made (a) on behalf of other government departments, (b) by the MOD's Trading Funds and Executive Non Departmental Public Bodies (which lie outside the MOD's accounting boundary), (c) locally by the Department, (d) through third parties such as prime contractors or other government departments and (e) in relation to collaborative projects where the payments are made through international procurement agencies or overseas governments.

Furthermore, VAT complicates any analysis of the coverage of the database and full data from the DEFFORM 57 data capture form are not available on every contract entry:

- i) If a contractor with whom the MOD has an existing Enabling Agreement undertakes further work on it then the Commercial Branch is not required to complete another DEFFORM 57. For any work done under such agreements the database will record the company name, contract number, Resource Account Code and payments made. We will not know, for example, the location of the work or SIC on work subsequently placed under the agreement. The growth of PFI contracts on the database will potentially present similar problems.
- ii) As indicated above, the contracts database does not capture information on payments to contractors on international collaborative projects. The absence of these data is a concern to us as these can be significant. We note, however, that the sums involved are not identifiable from the MOD's bill payments centre. Co-operative procurement continues to expand. The need for these data will grow. (There are further complications with such tasks: should the NETMA payment be associated with the UK firms or strictly divided among all the suppliers appropriately? Proceeding thus would, however, not capture the dependence of the UK units on defence work.)
- iii) Annually, payments are made to Miscellaneous (MISC) contracts on the database, yet the details retained on individual contracts are particularly limited. Similarly, around £30M worth of payments are annually recorded against "Non Registered Contractors" on the database. Again, full data on contracts are limited as a DEFFORM 57 is not raised on these transactions. Typically, payments to Non Registered Contractors include payments of foreign currency purchases and one off sundry payments – so even whether these should be included as "bill payments" is not always clear.

Coding of the DEFFORM 57 during data input

Time and resources limit the manual checks which the bill payments centre are able to make on data sent in by Commercial Staffs prior to entry on the system. Indeed the payments centre staffs probably do not have the knowledge to amend data fields. They check and verify only that the mandatory fields are completed. They advise that a significant proportion of the forms that they receive contain errors or missing fields.

¹ The term 'defence suppliers' includes defence contractors, Defence Agencies and other Government Departments.

As far as we are aware, no automated system exists to check the accuracy of bill payments data entry. Analysis of the database suggests that the problem posed by typing errors is relatively small. The Commercial Officers tend to be quite prompt in sending in their DEFFORM 57 once a contract has been signed. Improvements have been made in this area with the majority of DEFFORM 57's now being input through an electronic system called ASPECT, which is helping to improve the accuracy of the data

Completion of DEFFORM57

It appears that most Commercial staff endeavour to fill in the form as well as they can, though the entries provide them with no benefit. The process through which the data are collected appears to work reasonably well. The Commercial Officer who signed the contract is also required to sign the DEFFORM 57. However, in the majority of cases, the person signing the contract delegates the completion of the form to another member of the team. Some training may therefore be required for these staff, as the Commercial Officer who agreed the contract does not always check the entries on the DEFFORM 57 before signing it.

Revisions

Any errors are flagged in the commentary to the table when corrected. When implementing a recent correction we wrote to members of the Commercial Data Working Group (CDWG), now called the Commercial Management Information Steering Group (CMISG) to explain the errors. We also announced the errors on the DASA website.

We follow the [DASA revisions policy](#).

2.3 Timeliness and Punctuality: Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.

These tables are published approximately 6 months after the end of the financial year in line with UKDS timetables set out by the editorial team.

There have been no punctuality issues with these statistics.

2.4 Accessibility and Clarity: Accessibility is the ease with which users are able to access the data output, also reflecting the format(s) in which the output is available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.

DASA publish this data through UK Defence Statistics which is freely available on the DASA website. This section of UKDS receives around 90 web hits each month. The data can be downloaded in several formats (e.g. Excel, PDF and HTML) and is accompanied by commentary to provide supporting information, along with links to relevant publications.

The supplier information (Tables 1.19 and 1.19a) is presented in payment bandings and alphabetically ordered to allow easy comparison with the previous year's table, although from 2012 a link has been provided to spreadsheets, which contain the actual amounts paid to companies, rounded to the nearest £1 million – this follows the release of transaction level data into the public domain under the Government's Transparency Agenda, which generated some interest from the media due to the divergence between the statistics we release and their analysis of the transactions data. Table 1.19a only lists holding companies which we have spent over £50 million with due to cost and time constraints.

Presentation of the Major Equipments Project data was designed to align with the CADMID procurement cycle and there is explanation of this cycle above the table.

We have recently undertaken an internal review of commentary for Chapter 1 of UKDS and have made changes to improve accessibility and clarity. We have received no feedback relating to accessibility and clarity. If you have feedback please [contact us](#).

2.5 Coherence and Comparability: Coherence is the degree to which data that are derived from different sources or methods, but which refer to the same phenomenon, are similar. Comparability refers to the degree to which data can be compared over time and domain.

Due to changes in data availability, Table 1.17 (New contracts placed by type) has been derived from a different data source from UKDS 2011. The data is presented with a time series but the table is not consistent with the tables published in previous editions of UKDS. Further information about this change can be found in the [Statistical Notice](#) accompanying the table.

Table 1.18 is coherent with the Major Projects Report.

The transaction level data published under the transparency agenda is not directly comparable with the data in Tables 1.19 and 1.19a. These issues were highlighted in a [statistical notice on the DASA website](#), a link to which has been added in the table commentary.

2.6 Trade-offs between Output Quality Components: Output quality components are not mutually exclusive in the sense that there are relationships between the factors that contribute to them. There are cases where the factors contributing to improvements with respect to one component lead to deterioration with respect to another.

There are no trade-offs relevant to these statistics.

2.7 Assessment of User Needs and Perceptions: Users are provided with products and services that meet their needs. The articulated and non-articulated needs, demands and expectations of external and internal users should guide the department.

Users are encouraged to provide feedback on UKDS through the feedback tool on the DASA website or through the annual consultation meetings. Table 1.19a was produced at the request of external users. Users are informed of the latest changes to these statistics through the annual consultation meeting which offered the opportunity for feedback. [Minutes from the Official Statistics Consultation meeting](#) and the [DASA user feedback report](#) are available on the DASA website.

We are consulting internal customers about the requirement to produce regular Management Information reports following the development of a two new interrogation tools. In addition, we have also rolled out the legacy data interrogation tool to a number of internal customers so that they can carry out their own bespoke analysis.

More informally, we monitor the requests for information that we receive from within the MOD and from outside, and respond accordingly.

Our current assumptions about users and uses of these statistics are contained in [Section 2.1 - Relevance](#). If you use these statistics in another way please [contact us](#).

2.8 Performance, Cost and Respondent Burden: Resources must be effectively used. The desired outcome must be produced cost effectively. Respondent burden should be proportional to the needs of users and not excessive for respondents.

In producing these statistics, our main data sources are administrative data which are used for a number of purposes.

2.9 Confidentiality, Transparency and Security: The privacy of data providers (e.g. administrations, enterprises and others), the confidentiality of the information they provide and its use only for statistical purposes must be absolutely guaranteed. The department must produce and disseminate statistics respecting scientific independence and in an objective, professional and transparent manner in which all users are treated equitably.

In producing these statistics, we adhere to the DASA confidentiality policy. Despite our best efforts, there is currently no pan-MOD disclosure policy for commercial data. We will continue to pursue this with our policy colleagues, especially in light of the transparency agenda.

Spend with suppliers data is presented in bandings with suppliers ordered alphabetically to avoid disclosure. In light of transparency, our approach to confidentiality and disclosure may change.

We adhere to the principles and protocols laid out in the Code of Practice for Official Statistics and comply with pre-release access arrangements. The DASA Pre-Release Access lists are available on the DASA website.

We maintain good links with policy colleagues to ensure that these statistics are understood and prevent misuse. UKDS contains commentary explaining these statistics which we have recently reviewed.

DASA's formation of the pan MOD Commercial Data Working Group CDWG in October 2008 was an attempt to brigade the commercial community of users, customers, IT specialists and policy branches to consolidate the processes and tasks performed under the commercial MI umbrella. It also (crucially) undertook to develop a governance framework and sought to identify a single strategic process owner. Alongside these central themes, DASA developed a 7 strand development programme aimed at improving the current state of commercial MI, consolidate the systems and bring consistency to external and internal statistics and analysis through a pan-MOD disclosure policy. This work programme was approved at a senior level and endorsed by the MOD's internal audit professional at the time. The recently formed Commercial Management Information Steering Group (CMISG) and Commercial Data Management Working Group (CDMWG) are now working to further develop the strategic direction of the commercial management information area. Alongside this work, the MOD finance policy area has instigated a review of current commercial and financial Management Information in order to simplify roles and ensure a consolidation of data sources.

The team operate a secure environment for the storage of sensitive commercial data and other linked data.