

From the Chair



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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You asked for the Committee's advice about taking up commissions with McKinsey & Company and Immediate Media under your consultancy, Pole Star Strategy.

The Committee noted that you held the post of Chief of Defence Materiel (CDM) in Defence Equipment & Support (DE&S) at the Ministry of Defence (MoD) between 3 January 2011 and 30 November 2015. Your last day in Crown service was 31 December 2015. As CDM you ran the MoD's procurement organisation responsible for the vast majority of spend on new equipment and supporting existing equipment.

You set up a consultancy called Pole Star Strategy in December last year. Through this consultancy you were awarded a contract by the MoD to carry out a review into the state of the procurement landscape. The Committee was not approached for advice about your work with the MoD and was unwilling to give retrospective approval for the establishment of Pole Star Strategy or your subsequent appointment with MoD.

You have described your consultancy as "providing senior management advice to private sector organisations and foreign friendly governments in matters such as corporate direction and strategy, negotiating skills, corporate transformation, financial reconstruction and capital change, business recovery and turnaround skills."

Within this remit, you are proposing to take up commissions with McKinsey & Company and Immediate Media.

When considering your commission with McKinsey & Company, the Committee took into account the following:

- The commission is based overseas and will involve working with the US Army to review their procurement processes. The UK Government is supportive of this work.
- You have no intention of working in the UK defence sector.

- Your role as CDM was primarily related to developing and setting the strategic direction of DE&S. You were involved in some selection decisions, and in enforcing and renegotiating some contracts. Your involvement was always within due process and procedures set by the MoD Commercial Director through whom all actual contracting actions were taken.
- You would have had access to MoD plans and budgets relating to DE&S. Such plans and budgets have been substantially changed by your successor so your insider knowledge is now very limited.
- You were involved with McKinsey & Company and their selection for MoD contracts. This included a contract to review the Equipment Support Plan and identify the scope for achieving savings. You directed this work and took action on McKinsey's recommendations.
- McKinsey's four direct competitors (CH2M Hill, PwC, KPMG and Ernst & Young) have all confirmed that they have no objection to your proposed appointment.

The Committee noted that you had no contractual dealings with Immediate Media during your last two years of service, did not advise on any related contracts, and had no involvement in any decisions or policies that could have affected the company or its competitors.

The Committee sees no reason why you should not take up these commissions, subject to the following conditions:

- A waiting period of nine-months from your last day of Crown service;
- For two years from your last day in service you should not work for McKinsey & Company in the UK Defence market;
- For two years from your last day of service you should not provide advice to McKinsey and Company or its clients on the terms of a bid or contract relating directly to the work of the Ministry of Defence;
- You should not draw on any privileged information available to you from your time in Crown service; and
- For two years from your last day in service, you should not become personally involved in lobbying the UK Government on behalf of the organisations to which this advice refers or their subsidiaries or clients.

The Committee would expect you to seek further advice if you propose to extend or otherwise change the nature of your commission with McKinsey & Company and in relation to any new commissions (including new commissions with McKinsey & Company), before taking them up.

By 'privileged information' we mean official information to which a Crown servant or Minister has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act or otherwise.

The Business Appointment Rules explain that the restriction on lobbying means that former Ministers should not engage in communication with Government – including Ministers, special advisers and officials – with a view to influencing a Government decision or policy [including applications for awards or grants] in relation to their own interests, or the interests of the organisation by which they are employed, or to whom they are contracted.

I should be grateful if you would let the Secretariat know when you take up these commissions, or if it is announced that you are to do so. Once the commissions have been publicly announced or taken up, we will publish this letter on the Committee's website and include the main details of the commissions, together with the Advisory Committee's advice, in the regularly updated consolidated list on our website and in the next annual report.

The Baroness Browning

Sir Bernard Gray