



Ministry of Defence

Defence Resources Secretariat
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB
United Kingdom

Reference: FOI2016/09426

[REDACTED]

E-mail: [REDACTED]

Date: 5 December 2016

Dear [REDACTED],

Your correspondence dated 10 October 2016 has been considered to be a request for information in accordance with the Freedom of Information Act 2000. You requested the following information:

I am writing to you under the Freedom of Information Act 2000 to request the following information:

- 1) *The number of fruitless* payments in excess of £30,000 made by or paid for by your department in the following financial years: 2013/2014, 2014/2015, 2015/2016.*
- 2) *What each payment was for*
- 3) *The value of each payment*
- 4) *The reason why the payment was made*
- 5) *The reason why the payment was classified as fruitless*
- 6) *Whether any disciplinary action was taken as a result of the payment (If there was any disciplinary action, please specify what the action was)*

I am requesting this information in an electronic format, preferably in table form.

**Defined as 'a payment for which liability ought not to have been incurred, or where the demand for the goods and service in question could have been cancelled in time to avoid liability.'*

Please find below details of Fruitless Payment for financial years 2013/14, 2014/15 and 2015/16 as defined in the Ministry of Defence Financial Accounting & Reporting Manual (JSP 472):

Fruitless payments. Payments where the Department receives nothing useful in return and: should not have incurred the liability; or could have taken appropriate action to avoid incurring the liability. For example: the cost of repairing incorrectly packed equipment damaged in transit, the cost of rectifying design faults arising from poor specification, failure to cancel travel, accommodation and training bookings in time to obtain a refund.

Financial Year	2) What the payment was for	3) Payment	4) Reason for Payment	5) Why the payment was Fruitless	6) Disciplinary action
2013/14	Property Rent	£257,000 In 4 quarterly payments	Property rent payments.	Rent paid for property that the MOD could not use for various reasons.	None as these were estate management decisions.
2013/14	Demurrage cost	£57,229	Incurred due to delay in shipping schedule.	Delay in shipping schedule meant extra cost for no additional service.	Not appropriate
2013/14	Unused Loadmaster Initial Qualification Training Course	£68,632	Payment for a required training course, which was then unable to be undertaken.	Training was paid for but not able to be taken.	Not appropriate
2013/14	Payment made for technical documentation of an obsolete piece of equipment held on T23 frigates	£79,385	Technical documentation purchased for T23 frigates equipment that was originally included in a wider project.	Late notification that the equipment to which the technical documentation referred was now obsolete resulted in it being removed from T23 frigates.	Not appropriate
2013/14	Late cancellation of operational Training Course	£86,651	ALARM training scheduled but cancelled at short notice.	Training was paid for but not able to be taken.	Not appropriate
2014/15	Spectator Seating Stands	£103,500	Two stands were purchased and transported to ITC Catterick.	It became apparent that the stands were not safe to use.	None. Down to lack of Suitably Qualified and Experienced Personnel
2014/15	4 x Military Charter Flights	4 payments of £210,740	Flights were booked so costs incurred.	Lack of diplomatic clearance for UK troops under training by Kenyan Government so exercise had to be cancelled.	None. This was a Government level political decision to reject diplomatic clearance.
2014/15	Property Rent	£322,000 In 4 quarterly payments	Property rent payments.	Rent paid for property that the MOD could not use for various reasons.	None as these were estate management decisions.
2014/15	C17 LMaster Initial Qualification Training Course	£94,161	Cancellation of training due to reduced numbers of students and late communication.	Training was paid for but not able to be taken.	None detailed in case.
2014/15	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability.	£129,962	HMRC charge interest on the value of unpaid VAT on Weapons contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.	MOD have resolved a complex longstanding VAT issue with HM Revenue & Customs. Interest is, however, payable by the MOD because of the time taken. Departmental guidance has been

2014/15	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability.	£154,570	HMRC charge interest on the value of underpaid VAT on Strategic Weapons contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.	As above	updated and clarified since these errors came to light to prevent the same thing happening again.
2014/15	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability.	£43,190	HMRC charge interest on the value of underpaid VAT on a Land Equipment contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.	As above	
2015/16	Property Rent	£313,000 In 4 quarterly payments	Property rent payments.	Rent paid for property that the MOD could not use for various reasons.	None as these were estate management decisions.	
2015/16	RAF Wittering. Fruitless Payment - Negligent RTA White Fleet	£41,194	Estimated cost for repair work to a tractor unit as the result of an incorrectly restrained load colliding into the back of it. Waiting approval from Field Engineer.	In FY2015/16 it was still policy that White Fleet (leased) vehicle damages and repairs were classed as 'Fruitless Payments' as essentially it incurred 'unnecessary' additional expense on the contract. Policy has changed in 2016/17 and they are now classed as Stores Losses.	A Unit Vehicle Accident Enquiry Report was raised as well as a Defence Air Safety Occurrence Report, which was seen by the Duty Holder. The Driver was found to be at fault by not restraining the load and underwent a driving assessment and counselling. It was deemed Human Factors could have played a contributory factor in this incident. No action was brought against the service driver.	
2015/16	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability.	£56,006	HMRC charge interest on the value of underpaid VAT on a Land Equipment contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.		MOD have resolved a complex longstanding VAT issue with HM Revenue & Customs. Interest is, however, payable by the MOD because of the time taken. Departmental guidance has been updated and clarified since these errors came to light to prevent the same thing happening again.

2015/16	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability payment.	£156,602	HMRC charged interest on the value of underpaid VAT on Lynx contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.	As above
2015/16	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability.	£175,747	HMRC charge interest on the value of underpaid VAT on a Weapons contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.	As above
2015/16	Interest payment due to HM Revenue & Customs on a Value Added Tax Liability.	£175,731	HMRC charge interest on the value of underpaid VAT on a Land Equipment contract.	Correct VAT coding on the contract would have avoided the liability for an interest payment.	As above
2015/16	Contractor transportation costs.	£57,449	Cost charged by Prime contractor due to breakdown of loading vehicle (supplied by MOD as Government Furnished Asset) to enable the contractor to conduct trials.	Additional avoidable contract costs due to MOD supplied equipment failure.	None detailed in case.

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, 2nd 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>.

I hope you find this helpful.

Yours sincerely,

Defence Resources Secretariat