



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

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**BUSINESS APPOINTMENT APPLICATION: General Sir Gordon Messenger KCB DSO\* OBE**

1. The Committee has been asked to consider an application from General Sir Gordon Messenger on taking up a role with QinetiQ. General Sir Gordon was Vice Chief of Defence Staff (VCDS) at the Ministry of Defence (MOD), with departmental responsibility for nuclear, cyber, risk, capability, people and innovation from May 2016.
2. General Sir Gordon's last day in post was 13 May 2019 and his last day in Crown service was 19 Oct 2019. General Sir Gordon also informed the Committee since leaving service he has been asked by the MOD to support Tier 4 Joint Warfare exercises as a mentor and role player; and as the UK representative on the international Ukraine Defence Reform and Advisory Board.

Appointment Details

**The Role**

3. General Sir Gordon sought to take up a Non-Executive Director (NED) role with QinetiQ. QinetiQ provides scientific and technological expertise - operating primarily in the defence, security and aerospace markets. It's customers are predominantly government organisations, including defence departments, as well as international customers in other targeted sectors.
4. QinetiQ was formed in July 2001, when the Ministry of Defence (MOD) split its Defence Evaluation and Research Agency (DERA) in two. The smaller portion of DERA, was rebranded Dstl (Defence Science & Technology Laboratory). The larger part of DERA, including most of the non-nuclear testing and evaluation establishments, was renamed QinetiQ and prepared for privatisation. QinetiQ became a public private partnership in 2002 with the purchase of a stake by the US-based private equity company the Carlyle Group.
5. QinetiQ has an existing commercial relationship with the MOD. Most recently, in April 2019, QinetiQ signed an agreement with the MOD to modernise 16 of the country's critical defence facilities. This was an amendment to the Long Term Partnering Agreement (LTPA), a 25-year contract under which QinetiQ will provide experimentation, test, evaluation and training support to the MOD (and has secured £1.3bn of revenue for QinetiQ until 31 March 2028). This amendment will see

QinetiQ and the MOD invest £190m in modernising infrastructure, equipment, and working practices across 16 MOD-owned sites. QinetiQ has a presence at some MOD sites.

6. As a NED, General Sir Gordon said the role would be paid and part-time, involving 20 days of work per year. He and QinetiQ have confirmed that this role will involve:
  - broad leadership
  - providing impartial and independent oversight, providing constructive challenges to the executive directors' deliberations
  - development and setting of strategy, challenging where necessary
  - setting the company's values and standards
  - corporate governance
  - scrutiny of management's performance in meeting agreed goals and objectives
  - satisfying himself on the integrity of financial information and that controls and risk management systems are robust and defensible
  - ensuring that obligations to shareholders and other stakeholders are understood and met
  - determining appropriate levels of remuneration for executive directors
7. General Sir Gordon confirmed he will recuse himself from any Government or UK Defence facing activity on behalf of QinetiQ whilst subject to the Government's Business Appointment Rules. He will instead focus on generic future trends and take a more international role. He confirmed he will recuse himself from any involvement in the commercial aspect of QinetiQ's work with the MOD; and carry out regular NED duties. He noted this could involve, for example, sight of Key Performance Indicators with regard to the already agreed LTPA. He said he had no intention of having detailed involvement, oversight or consideration of the contract; nor would he represent nor contact the MOD on behalf of QinetiQ in any way (though he noted it was possible he may encounter MOD individuals and organisations given QinetiQ operates out of some MOD sites).
8. QinetiQ provided information to illustrate this role would not conflict with General Sir Gordon's time in office at the MOD. QinetiQ confirmed the type of work he would not be involved in, as above, and that it would not be commercially focused. QinetiQ added that a former NED who had previously been in office at the MOD had not undertaken (nor were they asked to) sales activity or business development activity on behalf of the company. Further, QinetiQ noted that the LTPA was not up for renewal until 2028, at which point General Sir Gordon would have finished a typical tenure as a NED at QinetiQ.

#### **Official dealings in office**

9. General Sir Gordon advised the Committee he had no involvement in policy decisions that might have specifically affected the business of QinetiQ. In relation to his official dealings with QinetiQ whilst in office, he confirmed he had:
  - not dealt with the receipt of tenders or awarding of contracts between QinetiQ and the MOD;
  - no involvement in administering contracts;
  - not been advised professionally/ technically on contracts before or after they were awarded;

- no involvement in any regulatory work nor was he aware of any other specific grants or decisions which have affected or could affect QinetiQ from his time in office;
  - visited one of QinetiQ's sites in his capacity of Vice Chief of Defence Staff and spoke at the company's leadership conference.
10. General Sir Gordon further described his involvement in relation to QinetiQ securing the renewal of the existing LTPA for the next 10 years. He explained that as part of his role, he sat on the Investment Approvals Committee (IAC)<sup>1</sup> chaired by the Director General Finance and alongside others, including the Deputy Chief of the Defence Staff (Financial and Military Capability) and the Chief Scientific Adviser. It approves significant and contentious programmes. General Sir Gordon noted the IAC sits approximately fortnightly, and is supported by a secretariat, whose role is to summarise the major issues associated with any approval and to make recommendations. He explained the LTPA approval was a continuation of a long-standing partnership between MOD and QinetiQ. As such, rather than a competitive bid it was a *'...refinement of a single-source relationship based on the lessons both parties had learnt from the previous 5 years'*.
11. General Sir Gordon said the negotiation, delivered by the MOD's commercial teams, would have been focused on reassurance that the MOD was getting value for money and refinement based on the previous agreement. General Sir Gordon confirmed he had no role in these negotiations. However, as a member of the IAC, he was part of the approval process. He said his interest and involvement was to consider the advice from the scrutiny team, and that the MOD had secured the best value for money. He told the Committee that approval at the IAC where decisions are considered to be non-contentious (such as in this case), the decisions are often granted out-of-committee. Therefore, in this case, while he read and approved the LTPA through the board, he was not specifically involved in the lead up to that, nor did he intervene in any other capacity.
12. In relation to dealings with competitors, General Sir Gordon noted he had occasional meetings with the CEO's of defence companies generally, which involved providing a general review of programmes those companies were delivering on behalf of the MOD. Such contact did not involve discussions about the details of contracts.

### **The MOD's view**

13. The MOD Business Appointments Panel countersigned this application. It confirmed the details General Sir Gordon provided and noted his relationship with QinetiQ was no different to his relationship with any other defence company. No competitors raised concerns about this appointment.

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<sup>1</sup> The IAC is responsible for considering major investment proposals on behalf of the Defence Board. IAC considers approvals for high level investment decisions. These decisions are reported to the Defence Board at each of its meetings. Those decisions below a certain threshold are delegated to the Finance Directors in each Top Level Budget:

- below £400 million for Army, Joint Forces Command and Air;
- below £250 million for Navy and Defence Nuclear Organisation; and
- below £10 million for Head Office and Corporate Services (except infrastructure approvals where the threshold is £75 million; and Information Communication and Technology (ICT) where the threshold is £100 million)

Units also sub-delegate expenditure below £10 million to Defence Equipment and Support (DE&S) and Information Systems and Services (ISS).

14. Specifically in relation to the LTPA, the MOD informed the Committee he had no involvement with the renewal of the (single-source) long-term partnering agreement, outside of his membership of the IAC. The MOD confirmed none of the approving authority or scrutiny team members were under his line management chain. The MOD also stated the vast majority of QinetiQ's business occurred under a non-competitive partnering arrangement with the MOD. Aside from his input as a member of the IAC, he was not involved in any other commercial aspects of the relationships between MOD and QinetiQ. The MOD considered the risk he was offered this role as a reward was low, particularly in light of the fact he had no specific individual influence on the decisions affecting QinetiQ.
15. The MOD confirmed it has many contracts with QinetiQ. Whilst the LTPA is the largest and recent, there were other high value contracts (signed some years ago), including: the Maritime Strategic Capability Agreement with the Defence Nuclear Organisation (signed in 2008); a Combined Aerial Targets Service with Defence Equipment and Support (signed in 2006); and the Provision of Technical Support Through the Strategic Enterprise Enabling Arrangement, also with Defence Equipment and Support (signed in 2015). The MOD confirmed its total annual spend with QinetiQ in each of the two previous financial years had been approximately £0.5Bn.
16. In relation to the risks related to General Sir Gordon joining QinetiQ now, and his potential to offer an unfair advantage in this role, the MOD noted there are some competitive opportunities in which QinetiQ may have an interest, though the MOD said they were mostly relatively low value. The MOD also noted its relationship with QinetiQ is now largely contractually fixed under the LTPA. Therefore, the MOD considered the risks associated with his knowledge being exploited for inappropriate commercial advantage were low. The MOD said it noted his assurance he will stand aside from any such commercial activity whilst subject to the Government's Business Appointment Rules. However, it considered it would be appropriate to apply specific conditions to prevent his involvement.
17. The MOD had no concerns about General Sir Gordon taking up this role and recommended the appointment be subject to various conditions, to mitigate the inherent risks raised under the Government's Business Appointment Rules including:
  - behavioural conditions that prevent his use of his contacts in the MOD to the unfair benefit of QinetiQ - making it clear he should not initiate contact with his Government of Crown Service contacts on behalf of his employer;
  - a ban on advising on bids and contracts, including a ban on his advising QinetiQ on the competition for Project Selbourne (Royal Navy Training);
  - a 6 month waiting period.

### **The Committee's consideration**

18. The Committee<sup>2</sup> took into consideration that as Vice Chief of the Defence Staff, General Sir Gordon was one of the highest ranking officers at the MOD, including having responsibility for nuclear, cyber, risk, capability, people and innovation. His involvement in policy development and strategic decisions is likely to have relevance to his future employer. He was a member of the MOD's

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<sup>2</sup> This application for advice was considered by Sir Alex Allan; Jonathan Baume; Baroness Angela Browning; Richard Thomas; Lord Larry Whitty and John Wood; Dr Susan Liautaud was unavailable.

senior leadership and a member of the Executive Committee<sup>3</sup>, the IAC and a number of other governance boards. Given QinetiQ operates squarely in the defence industry and is a major supplier to MOD generally, the Committee agreed with the MOD there are inherent risks under the Government's Business Appointment Rules in relation to QinetiQ's commercial activity which must be carefully considered, and appropriate mitigations be applied.

- **Under the Government's Business Appointment Rules, the Committee must consider if there might be cause for reasonable concern that ‘...a civil servant might be influenced in carrying out his or her official duties by the hope or expectation of future employment with a particular firm or organisation, or in a specific sector...’**

19. Given the MOD has had a significant contractual relationship with QinetiQ, the Committee carefully considered whether this work could be considered as a reward for decisions made during General Sir Gordon's time in office. The Committee also took into account that there was a significant contract awarded to QinetiQ during his time in office. He and the MOD provided evidence to the Committee about the nature of this contract, including a number of mitigating factors that significantly mitigate the risk it could be considered this appointment is a reward for decisions made while in office:

- The LTPA approval was a continuation of a long-standing partnership between MOD and QinetiQ.
- This was a non-competitive bid as part of an existing single source agreement.
- The negotiation was delivered by the MOD's commercial teams.
- Neither the approving authority or scrutiny team members were under his line management.
- He had no involvement in the negotiations.
- Whilst, as a member of IAC, he was part of the approval process, this decision was made out-of-committee, involving approval of the information on the papers and the recommendation made to the IAC. He did not intervene in any other capacity.

20. However, the Committee also gave weight to his responsibilities as a member of the senior leadership of the MOD. There is no suggestion this decision was made improperly. Nonetheless, it is relevant to the Committee's consideration that the MOD has a significant commercial relationship with the MOD and he held a role in the senior leadership at the MOD

- **Under the Government's Business Appointment Rules the Committee must have regard to whether there is a risk of an employing organisation gaining improper advantage or exploiting privileged access to contacts in Government or sensitive information.**

21. The Committee took into consideration that his role on the board as a NED will not be focussed on sales or commercial activity and will instead focus on generic future trends and leadership, strategy, governance and people. However, any role with a company with a significant interest in the MOD's

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<sup>3</sup> Which owns the operating model of defence and manages its risks; agrees plans for delivery of defence objectives; ensures coherence; and leads on transformation.

activities comes with significant risks under the Government's Business Appointment Rules.

22. There is a considerable relationship between QinetiQ and the MOD and it will continue to bid for future work with the MOD. There is a risk that QinetiQ may look to gain insight from employing the former Vice Chief of the Defence Staff, that it could not otherwise gain; and which may provide an commercial advantage. This includes access to information only he may know, for example, discussion on capability and requirements in relation to the delivery of the MOD's objectives from discussions held prior to his last day in post. This could provide significant insight into what is required for the future; and his possible access to sensitive information about the performance of competitors generally.
23. However, the Committee took into consideration the MOD's view that there is no particular risk associated with his access to sensitive information that would be of benefit to QinetiQ; and that it has no competitors in the non-compete LTPA, notwithstanding that the company will compete more widely in the defence sector generally.
24. The closeness between the work QinetiQ delivers (and may seek to deliver in future on behalf of the MOD) and his insight into the MOD's overall strategy and capabilities was a significant factor in the Committee's consideration. On balance, the Committee agreed with the MOD, the nature of his proposed role as a NED would not be considered unsuitable subject to various restrictions below to limit the potential for him to offer an unfair advantage. In particular, limiting the role and preventing him from working on matters that relate to commercial opportunities within the UK MOD, as well as any matters for which he had responsibility in office.
25. The Committee wanted to make it clear it would be improper for him, as the former Vice Chief of the Defence staff, to have any direct contact with the MOD on QinetiQ's behalf, to mitigate the risk he could be seen to influence the MOD on the Company's behalf. It wished to draw his attention to the lobbying ban imposed below which makes it clear that he must not make use of his MOD or Whitehall contacts for the benefit of QinetiQ, noting this is not his intention, and this restriction is in keeping with his proposed role.
26. Further, the Committee considered that he should recuse himself, not only from commercial matters, but from any discussion or other engagement about QinetiQ's work with the UK MOD on any matter he was personally involved in during his time in Crown service. This would not preclude his involvement as a NED in other aspects of QinetiQ's business, including its international work and internal matters of governance.
27. Further, considering his seniority at the MOD and the significant commercial relationship between the MOD and QinetiQ, the Committee determined it was appropriate for there to be a significant gap between his leaving Crown service and taking up the appointment with QinetiQ. The Committee noted General Sir Gordon left his post as Vice Chief of Defence Staff in May 2019, before leaving Crown service in October. However, given the significant overlap between the company's work and his seniority at the MOD, the Committee considered the appropriate gap would be 12 months from his last day in Crown service with the MOD.

28. The Committee's advice to the Secretary of State for Defence was accepted - that, under the Government's Business Appointment Rules, this appointment with QinetiQ should be subject to the following conditions:
- a 12 month wait from his last day in Crown service;
  - 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; or in any capacity in which he continues to represent the UK Government;
  - for two years from his last day in Crown service, he should not become personally involved in lobbying the UK MOD on behalf of QinetiQ, or their subsidiaries, partners, clients or trading funds (this would include any direct contact with the MOD on behalf of QinetiQ);
  - for two years from his last day in Crown service, he should not become personally involved in lobbying contacts developed during Crown service, including in any capacity for which he continues to represent the UK MOD, for the purpose of securing funding, business, or otherwise unfairly benefiting QinetiQ, its subsidiaries, partners, clients or trading funds;
  - for two years from his last day in Crown service he should recuse himself from any discussion or other engagement about QinetiQ's work with the UK MOD on any matter with which he was personally involved during his time in Crown service; and
  - for two years from his last day in Crown service he should recuse himself from any discussion or other engagement about any bid to (or new contract with) the MOD or any of its trading funds and ALB's. For the avoidance of doubt the Committee wishes to stress that this includes the competition for Project Selbourne (training for the Royal Navy and Royal Marines) and any renegotiation/bid/contract in relation to the LTPA.
29. 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. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act or otherwise.
30. 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."
31. I should be grateful if you would ensure that we are informed as soon as General Sir Gordon takes up this position, 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.
32. I should also be grateful if you would ask that General Sir Gordon informs us if he proposes to extend or otherwise change the nature of his role as, depending on the circumstances, it may be necessary for him to make a fresh application.

33. Once this appointment has been publicly announced or taken up, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

Catrina Marshall  
**Committee Secretariat**