



Ministry
of Defence

Defence Business Services
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Ref: FOI2021/03476

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Dear [REDACTED]

Thank you for your email of 29 March 2021 clarifying your request for the following information:

“Regarding your request for part 4 and further breaking down of Professional Services Expenditure:

We do not have a pre-defined list of how the Professional Services expenditure should be broken down, but would assume Professional Services segments into categories such as Legal Services, Management Consulting, Project Management, Marketing, Tax Advisory, etc. We are happy to see whichever sub-categories the MoD already uses within the Professional Services category family.”

This was further to your email of 05 February 2021 requesting the following information:

“I recently spoke to one of your colleagues on the phone and he referred me to this email to get further insight to the questions asked regarding discrepancies between the Transparency Dataset (MOD spend over 25,000) and the Trade Industry and contracts data (TIC). Specifically, I am researching into the consulting (advisory and delivery implementation) proportion of MOD spend.

1. Why spend for transparency dataset is only £8bn compared to £26bn+ of external expenditure p.a.

When aggregating the Transparency dataset for 11 months of 2020, it sums to a total expenditure of c.£8bn (i.e. total for the full calendar year likely to be no more than £9bn). The TIC has a total expenditure of c.£26bn for the financial year FY20. Although these are different reporting periods, you might expect the two to be roughly similar. However, the difference is very large. What is the cause of this difference? If we are looking to understand MoD spend on any given supplier (e.g. BAE Systems), should we use the Transparency dataset figures (e.g. for BAE this is £825m for Jan-Nov 2020) or the TIC figure (e.g. for BAE this is £3,681m for FY20).

2. *If the difference between Transparency and TIC data is due to Transparency having exemptions, what is the addressable consulting and delivery spend of this difference?*

Since the difference in expenditure is c.£17bn (£26bn-£9bn from TIC and Transparency (annualised) respectively), presumable due to exemptions, what amount is actually spent on the following Expense Type classifications: Fees for Professional services (£243,982,746 per the Jan-Nov 2020 Transparency dataset), Enabling Services (£36,975,639), Professional Services (£5,075,820), Fees for Professional Services' (£2,519,203), Consultants Fees (£53,999)

3. *Difference in Consulting Figure for 2019/20 MOD Annual Report and Accounts versus TIC dataset*

The MOD 2019/20 Annual Report and Accounts page 126 has a consulting spend of £134m, however in the TIC dataset, KPMG and PA Consulting alone have £53m and £60m respectively, in addition to other notable consultancies such as McKinsey, thereby exceeding £134m. Why is this the case and how is consulting spend therefore defined? Does the £134m exclude delivery implementation, per the flowchart in this link?

4. *Estimate of what delivery spend is and what total professional services spend is*

If I am correct in saying the £134m excludes expenditure on delivery implementation, please could you provide annual figures from 2015-16 to 2019-20 for delivery implementation? From the MOD 2019/20 Annual Report and Accounts, we can see on page 178 (Table 4.2) Professional Services Fees of £903m. Please could you break this figure down into its constituent parts and provide the same annual series from 2015/16 to 2019/20."

I am treating your correspondence as a request for information under the Freedom of Information Act 2000 (FOIA).

A search for the information has now been completed within the Ministry of Defence, and I can confirm that some of the information you have requested is held. However, I have to advise you that we would not be able to answer question 2 and question 4 without exceeding the appropriate limit.

This is because the information is not recorded centrally, to provide the breakdowns will far exceed the cost limit due to the amount of data involved and the time taken to collate the information from each business area, additionally the granular detail is not readily available for the earlier years.

Section 12 of the Act makes provision for public authorities to refuse requests for information where the cost of dealing with them would exceed the appropriate limit, which for central government is set at £600. This represents the estimated cost of one person spending 3.5 working days in determining whether the department holds the information, and locating, retrieving and extracting it. The department has estimated that to provide answers to question 2 or question 4 would amount to over seven weeks work.

Under Section 16 (Advice and Assistance) it would be usual for the Department to suggest a refinement to enable you to obtain some of the information, in the scope of your request. However, the recorded information the MOD does hold would likely be subject to exclusions under Section 24 (National Security) and Section 43 (Commercial Interests) and for that reason we cannot provide a refinement

We can, however, provide the information detailed below in relation to the questions you have asked.

Q1. As part of the disclosure of MOD data for public consumption, it must be vetted to ensure that sensitive information is not released to the public domain. Due to the nature of the business that the MOD undertakes, the large majority of departmental spend is deemed to be too sensitive to release in granular detail.

The Trade Industry and Contracts (TIC) data shows the total (ex VAT) that was spent for the year. The transparency data set figures only contain those invoices that were not deemed to be of a sensitive nature – hence the lower overall value.

Please see the exemption points for the TIC in Annex A - Types of Transactions that may be in redacted under the FOIA.

Points 9,10 and 14 are pertinent exemptions for the MOD.

Q2. Yes, the difference between TIC values and the transparency dataset is due to exceptions where data has been redacted. The Annual Accounts provide the department's spend in accordance with Treasury, Cabinet Office and Accounting classifications. Please refer to MOD's Annual Accounts for the breakdown of the department.

Q3. The table in the MOD Annual Report and Accounts (ARAc) is based on the criteria provided by the Cabinet Office. The Cabinet Office advises that spend in the realm of consultancy should be split by temporary staff, consultancy, or specialist services depending on the specific activities that are being undertaken. As per the guidance, not all spend against these suppliers is deemed to be consultancy, therefore, the total value listed in the TIC data set would be inclusive of all spend – not just consultancy. This is ultimately why the ARAc consultancy figure is lower than the totals listed in the TIC data set.

If you have any queries regarding the content of this letter, please contact this office in the first instance.

If you wish to complain about the handling of your request, or the content of this response, you can request an independent internal review by contacting the Information Rights Compliance team, Ground Floor, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.gov.uk). Please note that any request for an internal review should be made within 40 working days of the date of this response.

If you remain dissatisfied following an internal review, you may raise your complaint directly to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not normally investigate your case until the MOD internal review process has been completed. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. Further details of the role and

powers of the Information Commissioner can be found on the Commissioner's website at <https://ico.org.uk/>.

Yours sincerely,

Defence Business Services (Secretariat)

Annex A – Types of Transactions that may be in redacted under the FOIA

Exemptions

The main principles are expected to follow the exemptions provided by the Freedom of Information Act. Key redactions will relate to matters of national security, data that is protected under the Data Protection Act and data that might be commercially sensitive.

The table below gives examples of the types of transactions that may be redacted from publication.

| No | Examples of transactions that may be redacted from publication | Reason |
|----|---|--|
| 1 | Salary payments to staff (including bonuses) | Personal information protected by the Data Protection Act |
| 2 | Pension contributions (excluding service charge) and National Insurance Contributions | |
| 3 | Severance payments | |
| 4 | Payments to individuals from legal process – compensation payments, legal settlements, fraud payments | |
| 5 | Money administered on behalf of a client | |
| 6 | Indemnity payments | |
| 7 | Bona vacantia | |
| 8 | Competition prizes – where a normal part of operations | |
| 9 | Expenditure on current military operations (including payments to contractors) | Exempt under FOI for national security reasons |
| 10 | Expenditure by secret service organizations, national security agencies or special forces, and tackling serious crime | |
| 11 | Transactions with foreign governments (if privileged under FOI) | |
| 12 | Settlements made with companies as part of an arbitration or legal process, which is conditional on confidentiality | Commercial-in-confidence – exempt under FOI. |
| 13 | Potential betrayal of a commercial confidence, or prejudice to a legitimate commercial interest | |
| 14 | Spending where disclosure of either paying department or recipient would pose a personal security threat e.g. spending in fragile countries | Exempt under FOI to protect the identities of companies and individuals providing services to HM Government. |
| 15 | Civil List and payments to Royal Households | Confidential information exempt under FOI |
| 16 | Transactions relating to the financing or underwriting of debt e.g. purchase of credit default swaps | Outside the definition of expenditure for this purpose |
| 17 | Provisions or promises to pay not yet realised | |