



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: Air Marshal Sir Gerard Michael Mayhew, former Deputy Commander, Operations HQ Air Command at the Ministry of Defence. Paid appointment to join BAE Systems plc.

1. The Committee has been asked to consider an application for advice under the government's Business Appointment Rules (the Rules) from Air Marshal Sir Gerard on an appointment to join BAE Systems plc (BAEs) as a Senior Military Advisor.
2. The purpose of the Rules is to protect the integrity of the government. The Committee has considered the risks associated with the actions and decisions made during Sir Gerard's time in office, alongside the information and influence he may offer BAEs. The material information taken into consideration by the Committee is set out in the annex.
3. The Committee considered whether this appointment was unsuitable given that this is a defence company and his former role was as Deputy Commander Operations HQ Air Command. The Committee must also consider the information provided by the department. The Committee has imposed a number of conditions and a waiting period to mitigate the potential risks to the government associated with the appointment under the Rules. The Committee's advice is not an endorsement of the appointment.
4. The Rules set out that Crown servants must abide by the Committee's advice.¹ It is an applicant's personal responsibility to manage the propriety of any

¹ Which apply by virtue of the Civil Service Management Code, The King's Regulations and the Diplomatic Service Code

appointment. Former Crown servants are expected to uphold the highest standards of propriety and act in accordance with the 7 Principles of Public Life.

The Committee's consideration of the risks presented

5. BAEs is a British multinational defence, security, and aerospace company. The company is the largest defence contractor in Europe and among the world's largest defence companies. It has a strong commercial relationship with the UK government, and the MOD in particular. In total the company received just under 14% of the total MOD spend in 2021/22.² Sir Gerard was the end customer on programmes being delivered by BAEs, for example, Typhoon and Hawk. He was responsible for ensuring the RAF was operationally ready with the resources it needed. The MOD confirmed that he had no responsibility for contractual decisions, and it is relevant that responsibility for commercial contract decisions and management sat elsewhere in the MOD – specifically, Defence Equipment & Support.³
6. BAEs is a significant operational partner to the MOD and RAF, which means Sir Gerard's responsibilities in office did significantly overlap with the company and its work. However, given the governance arrangements above in relation to the commercial management of that relationship, there is no evidence that he made decisions in office in expectation of this role. Nonetheless, it is relevant to the Committee's consideration that the MOD has a significant commercial relationship with BAEs, he had an ongoing relationship with BAEs in office and he held a role in the senior leadership at the MOD.
7. Sir Gerard will have significant knowledge of MOD capabilities and requirements. There is risk that BAEs may look to gain insight from employing the former Deputy Commander Operations HQ Air Command that it could not otherwise gain. This may provide a commercial advantage – access to information potentially only someone in his position could know; for example, how the RAF's operation works as of his last day in post, and providing significant insight into what is required for

²<https://www.gov.uk/government/statistics/mod-trade-industry-and-contracts-2022/mod-trade-industry-and-contracts-2022#:~:text=This%20top%20spot%20was%20further.MOD%20spend%20in%202021%2F22.>

³ Defence Equipment and Support (DE&S) is a bespoke trading entity and arm's length body of MOD. Its purpose is to equip and support the UK's Armed Forces for operations now and in the future. DE&S is responsible for the safe procurement and through-life support of a vast range of equipment, from warships, aircraft and missiles, to armoured vehicles, body armour and field kitchens. It also undertakes decommissioning and disposal when equipment reaches the end of its service life. This sets out the equipment plan:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1120332/The_defence_equipment_plan_2022_to_2032.pdf

the future. The Committee considered there are several mitigating factors raised by Sir Gerard and the MOD which reduce the scope of the above mentioned risks:

- his proposed role at BAEs would support a significant economic priority of the UK government and the MOD;
 - he has been out of post for more than 12 months, with no access to information and/or decision-making since he was last in his role at the RAF/MOD on 25 August 2022;
 - his access to information has also been superseded by the publication of the Integrated Review and Defence Command Paper Refresh in June 2023, which he had no input or involvement in;
 - the change of Chief of the Air Staff in June 2023 potentially removes him from the latest and long-term strategic thinking.
8. However, there remains a risk that Sir Gerard may have privileged insight that could be seen as offering an unfair advantage. The Committee considered that the risks under the Rules would most likely arise should he advise on matters within the UK defence sector. It helps that his role will be limited to working on supporting the development and delivery of BAEs' UK Defence and Air Programmes with its international partners.
9. The Committee also agreed with the MOD's view that there are real and perceived risks Sir Gerard could use his influence and network gained in office to provide an unfair advantage to BAEs. This is especially relevant as Sir Gerard's proposed role will involve contact with government and the MOD.
10. It is significant that BAEs confirmed that it is familiar with the ACOBA process: it will ensure that he is not tasked with activity that is inconsistent with ACOBA's advice and his terms of employment will include a relevant provision.

The Committee's advice

11. The Committee took into consideration that this role would support a significant economic priority of the UK government. Given the risks in relation to Sir Gerard's access to information are most likely to arise if he is working on UK defence matters, the Committee has imposed a condition which limits his role to allow him to work on matters to further UK defence sales but restricting him from advising BAEs on any advice on wider government strategy. This is keeping with the proposed role as described.
12. BAEs already has a significant relationship with the MOD. The company has insight, input and contact with the MOD, working in partnership to deliver a number of high priority defence projects. The MOD supports Sir Gerard working with BAEs to encourage sales to foreign partners, and it will be economically

beneficial to the MOD and the UK more generally. The Committee considered that where Sir Gerard's contact with the MOD relates to the sale of defence projects to foreign states, it could not reasonably be considered as making improper use of his government contacts, given that it will be in support of the government's prosperity agenda and supported by the MOD.

13. Given BAEs' vast commercial interest in the work of the MOD, including the RAF, the Committee considered that it was necessary to put a significant gap between his time as a senior MOD leader and his joining BAEs. The Committee agreed with the MOD that it is relevant that he last had access to the RAF/MOD on official matters when he left his role as Deputy Commander Operations HQ Air Command in August 2022, 12 months ago. Further, the Committee gave weight to the MOD's view that this role would support a significant economic priority of the UK government. The Committee has determined that the appointment should be made subject to at least a 12 month wait from Sir Gerard's last day in post as Deputy Commander Operations HQ Air Command, alongside the conditions below, to help mitigate the risks he may offer an unfair advantage with regard to his insight and influence.
14. Under the Government's Business Appointment Rules, the Committee's advice that this appointment with **BAE Systems plc** should be subject to the following conditions:
 - a waiting period of 12 months from the last day as Deputy Commander Operations HQ Air Command (25 August 2022);
 - he should not draw on (disclose or use for the benefit of himself or the persons or organisations to which this advice refers) any privileged information available to him from his time in Crown service;
 - he can liaise with the UK MOD and the UK government more widely for the purposes of supporting the development and delivery of BAE Systems plc's UK Defence and Air Programmes with international partners. However, for two years from his last day in Crown service, he should not become personally involved in lobbying the UK government or the UK MOD on behalf of BAE Systems plc or its partners, or trading funds. Nor should he make use, directly or indirectly, of his contacts in Government and/or Crown Service to influence policy, secure funding/business, or to otherwise unfairly benefit BAE Systems plc;
 - for two years from his last day in Crown service, his role will be limited to providing advice on the development and delivery of BAE Systems plc UK Defence and Air Programmes with international partners. He should not

become involved in, or advise BAE Systems plc (or its subsidiaries partners; and clients) on any other matters; and

- he can advise BAE Systems plc on matters associated with the UK MOD where they involve international facing defence and air programme contracts. However, for two years from his last day in Crown service he should not undertake any work that involves providing advice to BAE Systems plc on the terms of, or with regard to the subject matter of, a bid with or contract relating directly to the work of, the UK MOD or its trading funds.

15. The advice and the conditions under the government's Business Appointment Rules relate to Sir Gerard's previous role in government only; they are separate to rules administered by other bodies such as the Office of the Registrar of Consultant Lobbyists or the Parliamentary Commissioner for Standards. It is an applicant's personal responsibility to understand any other rules and regulations they may be subject to in parallel with this Committee's advice.
16. 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, the Civil Service Code or otherwise.
17. 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'*.
18. Sir Gerard's must inform us as soon as he takes up employment with this organisation, or if it is announced that you will do so, by emailing the office at the above address. He also needs to inform 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.
19. Once the 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.

Isabella Wynn
Committee Secretariat

Annex – material information

The Role

1. BAEs is a leading international defence company. The company develops, manufactures and supports products and systems to deliver military capability, protect national security and keep people, information and infrastructure secure. It is the 7th largest defence company and the gov.uk website shows BAEs is the largest defence supplier in terms of annual spend made by the MOD. In total, BAE Systems received just under 14% (£3,991 million) of the total MOD spend in 2021/22.
2. Sir Gerard wishes to take up a full time, paid role as Senior Military Advisor. He said that in the role he would deliver military advice and liaise with international and UK partners to support overseas initiatives and sales for UK prosperity. Sir Gerard said that his role would involve working with the MOD and other UK departments to develop valuable markets with international partners in support of global Britain and wider national interests; specifically with Qatar, the Kingdom of Saudi Arabia, Oman, Japan, Italy, Kuwait and Turkey. He said he expects to liaise with the MOD and RAF staff in support of extant and future UK defence and air programmes.
3. BAEs confirmed it is familiar with the ACOBA process: it will ensure that he is not tasked with activity that is inconsistent with ACOBA's advice and that it will include a provision in his terms of employment. The content of the letter is copied below.

Dealings in office

4. Sir Gerard said he was a member of the RAF EXCO and Air Force board, setting RAF operational and capability priorities. As such, he may have been involved in broad decisions impacting BAEs.
5. He said that as Deputy Commander he had engagement with BAEs relating to dynamic operational demands of the RAF and cooperation in overseas sales campaigns, specifically in Qatar, Oman, the Kingdom of Saudi Arabia, Finland, and Belgium.
6. He also said that as Senior Operational Leader, he would advise the RAF EXCO and Air Force board about issues involving contract performance and/or front line platform availability. He said he did not directly award or monitor such contracts but his subordinate commanders and their staff directed/requested DE&S to engage on Air Command's behalf. From time to time he would engage BAEs' senior leaders about RAF priorities.

Department Assessment

7. The MOD stated that Sir Gerard was responsible for all Air Command force generation and operational activity. Sir Gerard was a member of the Air Force Board until he left his role in 2022 and contributed to RAF strategy until that point, including the input to the 2021 Integrated Review of Security, Defence, Development and Foreign Policy (now published). He has, however, had no input or insight into the 2023 Integrated Review and Defence Command Paper Refresh.
8. The MOD confirmed that Sir Gerard engaged with BAEs on international sales campaigns including Saudi Arabia, Qatar, Finland and Belgium. The MOD noted this as a risk that this appointment could be perceived as a reward. However, the MOD considered that the risk was low and that the perception is mitigated, as he has been away from the MOD and its work since August 2022 and his links to BAEs were not commercial. The MOD considered his commercial and contractual insight was negligible or non-existent, and limited to third party awareness of wider Air Command and DE&S business. Though he did not have any contractual or commercial responsibilities regarding BAEs, as the end user, his role required him to monitor and report on BAE Systems' delivery performance, including as it related to Typhoon and Hawk availability.
9. The MOD also said that with the change of Chief of the Air Staff in June 2023, he will be further removed from the MOD's long-term strategic thinking. The MOD said that whilst it will be recognised that Sir Gerard's status with the RAF will have provided him with significant knowledge of RAF business & plans, his role had not been materially significant regarding procurement. Further, the MOD said there are compelling national prosperity grounds for approving this appointment – which would capitalise on Sir Gerard's extensive international air force network. This would enable BAEs to develop existing and enter new global markets to the benefit of the UK.
10. The MOD recommended this appointment be subject to a number of conditions including a 12 month waiting period from his last day as Deputy Commander Operations HQ Air Command.

'SIR GERRY MAYHEW - ENGAGEMENT BY BAE SYSTEMS

As you are aware, we have offered Sir Gerry Mayhew the post of Senior Military Adviser to the Air Sector of BAE Systems. We understand you are currently in correspondence with him regarding his ACOBA clearance.

Sir Gerry has made us aware of:

- 1) *The proposed restrictions the Committee is minded to apply to the appointment; and*
- 2) *Your request that BAE Systems (as prospective employer) provide details on how the restrictions would be managed to achieve compliance.*

We are pleased to respond as follows:

Firstly, we are familiar with the ACOBA process and therefore managing any restrictions that the Committee sees fit to apply is a process we have successfully managed before.

Our understanding is that Sir Gerry has been on gardening leave since August 2022 and therefore the “waiting period” condition is already fulfilled.

In respect of privileged information in Sir Gerry’s possession from his period as a Crown Servant, you will appreciate as the UK’s leading Defence Company we are the guardian of significant quantities of Government information and are very conscious of the importance of managing such information in accordance with need to know principles and relevant regulatory controls, including The Official Secrets Act. In this case, the Senior Military Adviser role is a strategic one and the post holder is required to provide insights at a strategic level, with a particular focus on current and potential export customers. No part of 2 the role requires the disclosure of specific governmental, operational or other official information not in the public domain and subject to continuing controls on disclosure.

To provide additional assurance:

- *There is a very clear distinction between (1) our sales and marketing activities directed towards UK MoD; (2) our sales and marketing efforts directed towards international customers; and (3) our sales and marketing efforts directed towards international customers acting in collaboration with, or through, UK MoD. We are confident that the second and third elements can be clearly delineated as separate from the first element, such that no such activity is undertaken while any relevant restrictions apply.*
- *As Group Managing Director of the Air Sector, I will personally act as the Line Manager of the Senior Military Adviser. His primary source of tasking will be me and accordingly I will ensure that no part of that tasking requires him to undertake any activity inconsistent with ACOBA restrictions. Should I cease to be Group Managing Director of the Air Sector I will ensure my successor is aware of the ACOBA restrictions and the terms of this letter.*
- *We will insert a specific provision in Sir Gerry’s terms of employment stating that he has no obligation to undertake any activity for BAE Systems which he reasonably believes is prohibited by the ACOBA restrictions (for as long as they apply for those restrictions that are limited in time).*

We trust this is sufficient for your purposes, but please do not hesitate to contact me if I can be of any further assistance.'