

Fast cars, cocktails and tropical beaches: life in the DTI fast lane

- Leaked report describes 'culture of excess'
- Director sacked and three colleagues suspended

David Leigh and **Rob Evans**

The Guardian, Saturday 29 October 2005

A "culture of excess" at the Department of Trade and Industry is laid bare in a confidential report leaked to the Guardian which shows officials spending nights in expensive hotels, hiring BMW cars, having unrestricted use of government mobile phones and consuming large quantities of cocktails at taxpayers' expense.

When accountants Ernst & Young questioned an official about her study of British export prospects in Barbados, their report says: "[She] admitted that they had not conducted market research, but had, in fact, spent the afternoon on the beach."

The confidential inquiry into the DTI's export agency, UK Trade & Investment, has already led to the sacking of one senior official, international trade director David Train, and the suspension and continued investigation of three of his colleagues, including Mr Train's deputy Franc Sullivan.

Friends of Mr Train, who is appealing, say his dismissal is unfair and he did not behave any differently to other officials. Mr Sullivan declines to comment. The accountants, who said their work was only preliminary and based on allegations from whistleblowers, said further investigation into the suspended officials and others was necessary. Their work was halted on grounds of cost before they had completed their interviews. The leaked documents show that DTI officials were worried that Ernst & Young would charge up to £21,000, which might be more than the amount already allegedly wasted.

The documents leaked to the Guardian show that although the then trade minister, Douglas Alexander, and the agency's chief executive, Sir Stephen Brown, were told of the scandal this year, internal suspicions remained under wraps since 2002. Yesterday, UKTI still refused to provide any information about the loss to the taxpayer, saying it was an "internal issue".

Ernst & Young's preliminary report, delivered on July 19, outlines spending at the agency's Christmas lunch for 10 staff last year. It was held at a hired room at the Hilton Metropole in London, and paid for with a government-issue Barclaycard. The report said that a bar was opened shortly after 2pm and closed at 7.17pm. During that time

£475 was spent on drinks: two beers; 14 vodkas and mixers; 23 gin and tonics; 11 bottles of wine; seven litres of sparkling water; three Irish coffees; five coffees; three whisky shots; three shots of Cointreau; two Cosmopolitan cocktails; two Bloody Marys; three Mojito cocktails and two BaseLine cocktails. Ernst & Young wrote: "We consider this expenditure to be excessive and in contravention of DTI policy".

The accountants also investigated a series of "team-building" away-days and business trips to exotic destinations. In February 2004, two women officials went to Miami and Barbados, but there was "little apparent business output". Officials "could not explain why this trip had been chosen" for alleged training purposes. At least 3½ days out of seven there had been spent not working. They stayed at the Capri Miami Beach Condo Hotel, where one official claimed more than \$1,100 (£618) for expenses over the weekend.

Another US trip came in January this year, where it was claimed "the Winter Fancy Food exhibition in San Francisco [was] a good place to promote British food exports". Although the budget for the trip was supposed to be £5,000, two officials spent the whole amount on business class flights and then charged the department extra for hotels and meals. They took black cabs to and from the airport in London, billing Whitehall £150, "rather than using public transport or a more economical car service".

A staff away-day took place at the £170-a-night Billesley Manor Hotel in Stratford-upon-Avon, in September 2004. An official admitted, the report said, that she had only prepared a purported official account of it more than six months later, after auditors were called in.

Another team away-day to Milan, in October 2003, involved charges of more than £3,000 split between different budgets. Ernst & Young said this should be investigated further.

The accountants also scrutinised taxi claims. In October 2004, they noted, a "west London business dinner" was held at a hotel near Heathrow airport. Staff stayed overnight at the hotel. The next morning two officials took separate cabs back into central London, one costing £46 and the other £55. In the same month, an official charged for a taxi to take him home from the Croydon chamber of commerce in the evening, charging £104. "A number of the taxi journeys were expensive and unnecessary," the report says.

Nine staff in the London office, including a junior secretary, were issued with mobile phones. One official, who spent £38 on a call to her mother from Egypt, where she was on holiday, said "she regarded that she could use her UKTI phone whenever she needed to make a call, regardless of its purpose". She had also been provided with a UKTI laptop although only senior staff were entitled to them.

The accountants also drew attention to cars hired by Mr Sullivan to attend meetings in the Midlands. These included, they said a Volkswagen Passat, and a BMW 528i Sport

Auto.

He also used the government Barclaycard to pay for a large lunch at the Pont de la Tour restaurant in April 2004: "The cost appears to be excessive; £870 in total, including £309 (36%) in respect of alcoholic beverages. If it was 11 [attendees] as the bill suggests, this equates to £79 a head. We suspect that this event may have been attended entirely by civil servants, in which case the whole lunch seems to have been in breach of DTI policy".

The accountants criticised Mr Train for frequently staying overnight in expensive London hotels after late functions. His stay at the Jolly Hotel St Ermins cost up to £183, and a night at the four-star Radisson Edwardian Vanderbilt in Kensington cost £207.

© 2016 Guardian News and Media Limited or its affiliated companies. All rights reserved.