



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

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1. You sought advice from the Advisory Committee on Business Appointments (the Committee) under the Government's Business Appointments Rules for former ministers (the Rules) on an appointment you want to take up through your independent consultancy, Matrix Partners to advise the Minister of Finance with the Ministry of Finance for the Kingdom of Saudia Arabia on the limited and defined matter referred to below only. The material information taken into consideration by the Committee is set out in the annex.
2. The purpose of the Rules is to protect the integrity of the government. Under the Rules, the Committee's remit is to consider the risks associated with the actions and decisions you made during your time in office, alongside the information and influence you may offer the Minister of Finance in the Kingdom of Saudia Arabia, based on the information provided by you and your former department.
3. The Committee considered whether this appointment was unsuitable given your former role as Chancellor of the Exchequer at the Treasury, but the Committee must also consider the information provided by the department about any potential conflict. The Committee has advised that a number of conditions be imposed to mitigate the potential risks to the government associated with this appointment under the Rules, including a condition to ensure the role is strictly limited to the specific work you describe, and, further, is limited to advising the Minister of Finance; this does not imply the Committee has taken a view on the appropriateness of this appointment for a former Chancellor in any other respect.
4. The Ministerial Code sets out that ministers must abide by the Committee's advice. It is an applicant's personal responsibility to manage the propriety of any

appointment. Former ministers of the Crown 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. The Committee<sup>1</sup> noted this work is consistent with the description of your consultancy which you described as a vehicle for development of an advisory and consultancy business, offering advice to companies and organisations in the UK and overseas.

6. The Committee took into account that you had multiple meetings and official dealings with ministers at the Kingdom of Saudi Arabia. HMT's confirmed that as Chancellor you will have made policy decisions that have implications for any major economic and security partner, including the Kingdom of Saudi Arabia. The Committee also noted that you have already undertaken work for the Minister of Finance, including advising him on Saudi Arabia's G20 Presidency. You noted this work has been offered to you due to your previous working relationship.

7. The Committee considered your involvement with the Kingdom of Saudi Arabia in office raises risks in relation to perception you may be offered this work as a result of your time in office. However, HMT set out why this role was in keeping with the government's Rules, including that it did not see any conflict of interest - there is no evidence you made decisions or took action in office in expectation of this role. The Cabinet Office noted its agreement with HMT's views and the government's support for the Kingdom of Saudi Arabia's plans for modernisation.

8. As a former Chancellor, the Committee noted you have significant knowledge of fiscal and monetary policy, including taxation and the economic impact of various scenarios. The Committee recognised this information could be perceived to offer an unfair advantage to the Minister of Finance and the Kingdom of Saudi Arabia. However, it recognised the risks here are broad, and would likely be seen to be advantageous to anyone you may advise. The Committee also recognised the amount of time that has passed since you were in office, 22 months ago, and agreed with HMT that this is a significant mitigating factor. It is worth noting the changes in the economic landscape since, which reduces the significance of the information you had access to at the time. Further, as a former minister you have an ongoing duty of confidentiality and are prevented from drawing on any sensitive information you may still be privy to.

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<sup>1</sup> This application for advice was considered by Jonathan Baume; Sarah de Gay; Isabel Doverty; Dr Susan Liataud; The Rt Hon Lord Pickles; Richard Thomas; Mike Weir; Lord Larry Whitty. Andrew Cumpsty was recused.

9. The Committee also considered there are risks associated with a former senior minister advising a foreign government, not least in terms of the perception you offer access and influence. HMT and the Foreign, Commonwealth and Development Office (FCDO) noted a number of mitigating factors:

- HMT said that it was an important mitigating factor that more than eighteen months have passed since you were in office and you would not be privy to any live policy issues concerning the Kingdom of Saudi Arabia
- the narrow focus of the position, advising on certain limited and defined aspects of fiscal policy only, means that there is a negligible risk of any conflict of interest; and
- The FCDO noted it would be positive for you to have involvement in this type of work with the Kingdom of Saudi Arabia.

### **The Committee's advice**

10. The Committee recognised that you describe your role as being specifically limited to the Minister of Finance's work with consultants, assisting on the plan of fiscal reform - advising on how to get the most from this work. The Committee therefore advises the specific condition below, in addition to those in place upon your independent consultancy - to manage the potential risks which may arise if you were to provide advice to another minister of the Kingdom of Saudi Arabia, or its government more broadly, beyond the limits of the role described in your application.

11. The Committee recognised the opportunity for you to offer an advantage is limited, given the significant changes in the economic landscape; and that you are prevented from drawing on such information and/or advising on said matters by the conditions below. The Committee were concerned about the risks associated with a former senior minister of the Cabinet advising a foreign government, not least in terms of the access and influence you are seen to offer. The Committee considered this in detail, including seeking views from HMT, FDCO and the centre of government about whether this might be damaging to the integrity of government. All departments confirmed there was no significant conflict of interest given the limited nature of the role; the government concerned is an ally; and the UK government supports the modernisation work you are supporting in this role. Therefore, although the Committee had concerns over aspects of the role, these were resolved by a majority view after it sought a range of additional information from you and the government. However, Lord Whitty wished to record his dissent from the majority.

12. Given the risks, the Committee considered there should be a significant amount of time before taking up such a role. The Committee agrees with your former department that the number of months which have passed since you held ministerial

office (more than 22 months) significantly reduces risks here, not least the possible benefit of any information you had access to as Chancellor. The Committee therefore accepted that a 22 month waiting period was sufficient.

13. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work with **Ministry of Finance of the Kingdom of Saudi Arabia** be subject to the same conditions as your independent consultancy:

- that you should not draw on (disclose or use for the benefit of yourself or the organisation to which this advice refers) any privileged information available to you from Ministerial office. In the context of this general provision, the Committee considers you should specifically avoid giving those you advise under your independent consultancy, or its subsidiaries, partners or clients, privileged insight into Brexit related issues, insofar as it as it pertains to UK's negotiating strategy post its departure from the EU, whether generally or regarding fiscal matters;
- for two years from your last day in ministerial office, you should not become personally involved in lobbying the Government on behalf of those you advise under your independent consultancy (including parent companies, subsidiaries and partners). Nor should you make use, directly or indirectly, of your government and/or Ministerial contacts to influence policy, secure funding/business or otherwise unfairly benefit those you advise under your independent consultancy (including parent companies, subsidiaries and partners);
- for two years from your last day in ministerial office, you should not become personally involved in lobbying contacts you have developed during your time in office and in other Governments and organisations for the purpose of securing business for any company or organisation (including parent companies, subsidiaries and partners);
- for two years from your last day in ministerial office, you should not provide advice to any company or organisation 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 Government; and
- for two years from your last day in ministerial office, before accepting any commissions for your independent consultancy and or/before extending or otherwise changing the nature of your commissions, you should seek advice from the Committee. The Committee will decide whether each commission is consistent with the terms of the consultancy and consider any relevant factors under the Business Appointment Rules.

**In addition, the Committee has imposed the following condition on this work with the Minister of Finance for the Kingdom of Saudi Arabia:**

- for two years from your last day in ministerial office, your role will be strictly limited to providing advice: to the Minister of Finance at the Ministry of Finance for the Kingdom of Saudi Arabia; on its work with the consultants assisting the Government of the Kingdom of Saudi Arabia on its fiscal reform measures. In doing so, you should not advise the Government of the Kingdom of Saudi Arabia more broadly; or on matters that draw on your privileged insight from your time as the Chancellor of the Exchequer.

14. The Committee also notes that in addition to the conditions imposed on this appointment, there are separate rules in place with regard to your role in the House of Lords.

15. 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 Ministerial Code/ Civil Service Code or otherwise.

16. 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.*" This Rule is separate and not a replacement for the Rules in the House

17. I should be grateful if you would inform us as soon as you take up this commission, or if it is announced that you will do so. We shall otherwise not be able to deal with any enquiries since we do not release information about appointments that have not been taken up or announced. This could lead to a false assumption being made about whether you had complied with the Ministerial Code. Similarly, I should be grateful if you would inform us if you propose to extend or otherwise change your role with the organisation as depending on the circumstances, it might be necessary for you to seek fresh advice.

The Rt Hon Lord Pickles

The Rt Hon Philip Hammond

## **Annex**

### The application

1. You stated that your consultancy, Matrix Partners, has been asked to advise the Minister of Finance on the delivery of the Kingdom of Saudi Arabia's '*Medium Term Financial Plan*' (MTFP). You said this is a multi-strand programme of fiscal reform measures designed to modernise the financial system and make it fit for purpose as a modern economy, specifically you described its aims as including: setting multi annual budgets; building budget management capacity; and delinking the economy from the oil price cycle. You said this programme will involve assistance from major international consultancy firms.
2. You described your role as supporting the Minister of Finance and his team to be '*intelligent clients*' of these consultancy firms and hold them to account. You stated that this role has been offered as a result of previous work successfully carried out with the Minister of Finance in his capacity as Chair of the Finance Track of the G20 Presidency<sup>2</sup>. You were explicit that the role would be limited to advising the Minister of Finance on his use of, and getting best value from, consultants during the implementation phase of the MTFP.

### Dealings in office

3. You informed the Committee that you had regular contact with Saudi ministers including the Minister of Finance who you met regularly as a colleague at international meetings, received as an official visitor and visited in the Kingdom of Saudi Arabia. You noted that the Treasury (HMT) has regular and ongoing relations with the Ministry of Finance of Saudi Arabia. You stated you did not have any role in the development of the Kingdom of Saudi Arabia's Medium-Term Financial Plan whilst you were Chancellor, as it is a domestic policy for the nation.

### Department assessment

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<sup>2</sup> The Committee's advice is on ACOBA's website here:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/899788/PH\\_G20\\_-\\_letter\\_of\\_advice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/899788/PH_G20_-_letter_of_advice.pdf)

4. The Permanent Secretary at HMT was consulted about this application. It recommended the standard conditions be applied. It stated there are no grounds to believe there is a conflict of interest and noted a number of mitigating factors. HMT said that it was an important mitigating factor that more than eighteen months have passed, you would not be privy to any live policy issues concerning the Kingdom of Saudi Arabia; and that decisions you made would have gone through rigorous governance processes and would have been based on advice from officials. It also noted the narrow focus of the position, advising on fiscal policy, means that there is a negligible risk of any conflict of interest.
  
5. HMT previously confirmed to the Committee that you had contact with ministers at the Kingdom of Saudi Arabia, including the Minister of Finance in the context of the UK Government's relationship with the sovereign government of the Kingdom of Saudi Arabia. In light of this application, HMT further informed the Committee that:
  - you had trips to the Kingdom of Saudi Arabia in October 2017, December 2017, July 2018, February 2019 and July 2019.
  - in these trips you had numerous meetings with Finance Minister Al-Jadaan, as well as audiences with King Salman.
  - in meetings with Al-Jadaan (which occurred every few months), you discussed Saudi Aramco's (a Saudi Arabian public petroleum and natural gas company based in Dhahran) plans for an international bond issuance and used his relationship to lobby on:
    - i. a London Stock Exchange (LSE) or joint LSE- Tadawul (the Saudi stock exchange) Initial Public Offering;
    - ii. collaboration with National Savings and Investments and UK Export Finance;
    - iii. plans for its G20 presidency;
    - iv. BeOutQ's (a Saudi pirate pay television broadcaster) intellectual property infringements and regional security.
  
6. HMT also confirmed you met with counterparts in international meetings:
  - The Commerce Minister Al-Qasabi his counterpart as co-Chair of the Economic and Society Pillar of the UK-Saudi Strategic Partnership Council.
  - The Energy Minister and Aramco Chair Al-Falih.
  - Culture Minister Prince Badr bin Farhan Al-Saud.
  - Minister of Economy and Planning Al-Tuwaijri.
  - Crown Prince Mohammad bin Salman.

- Managing Director of the Saudi Public Investment Fund (PIF) Yasir Al-Rumayyan.
7. HMT stated that as with any major economic and security partner, policy decisions made by the former Chancellor will have had implications for the Kingdom of Saudi Arabia. For example, it stated: you had oversight on a UK Export Finance Credit Line for the Kingdom of Saudi Arabia ahead of the 2017 General Election. It stated however that your role in this matter '*...was to be informed, given the value of the transaction in question, in line with usual practice. He was not the decision maker either in respect of the decision in principle where the Ministerial decision was taken by Minister Gauke (then Chief Secretary to the Treasury) or the subsequent final approval where the decision was taken by officials under delegated authority from Minister Gauke.*' HMT further confirmed this credit line was not in fact drawn upon.
  8. The FCDO was also contacted regarding this application. It confirmed it had no concerns on your role given the limited context in which you will be offering advice. It stated that from a bilateral perspective it would be a positive to have you working in this area. The FCDO confirmed it had no objections to you taking up the post.
  9. Additionally the Committee sought a view from the Cabinet Office on the appropriateness of this appointment under the Rules. The Cabinet Office noted its agreement with HMT's views, noting that the Kingdom of Saudi Arabia is an ally of the UK. Further, it noted that the government supports their 'mission 2030' and their plans to modernise.