



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

Room G/8, 1 Horse Guards Road, London, SW1A 2HQ

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The Rt Hon Nadhim Zahawi MP
Chancellor of the Duchy of Lancaster

7 September 2022

Dear Nadhim

Congratulations on your appointment as Chancellor of the Duchy of Lancaster. I am writing to you in my capacity as Chair of the Advisory Committee on Business Appointments (ACOBA) to bring to your attention a breach of the government's Business Appointment Rules (the Rules). This is outlined in the correspondence ACOBA has exchanged with Admiral Sir George Zambellas KCB DSC ADC enclosed.

The Rules are set by the government, with the policy owned by the Cabinet Office. ACOBA is independent, with a remit to consider applications received under those Rules, consider the risks and advise on the conditions that should apply.

Sir George did not seek ACOBA's advice before taking up a paid role providing advice to the Hellenic Republic in 2018. As you will see from the correspondence, Sir George said he originally planned to undertake this work via a consultancy, which he previously sought advice on joining, Praxec Limited, described as a leadership consultancy¹. Sir George said his role advising the Hellenic Republic was erroneously taken up in private and without consulting ACOBA. Sir George said he adhered to the conditions previously applied by ACOBA to his appointment with Praxec Limited, stating he has not drawn on privileged information or lobbied government in this role.

The Rules state that new appointments or employment must not be taken up or announced before advice is provided. Failure to seek and await advice in this case was a breach of the government's Rules and the requirements set out in the Queen's Regulations. Had Sir George sought advice, a risk assessment would have been carried out, an appropriate set of conditions would have been applied, and this would have been a matter of public record.

¹ ACOBA's advice is available on its website here:

<https://www.gov.uk/government/publications/zambellas-george-first-sea-lord-acoba-recommendation>

It is disappointing that in this case, a breach of the Rules has resulted in possible damage to the integrity of the system. It is a matter for you to decide what appropriate action to take. Sir George brought this matter to ACOBA's attention personally, and there is no obvious overlap with his responsibilities in office. This limits the risks that may have arisen in regard to decisions he made in office and his access to privileged information. You may wish to take this into consideration.

It is the Committee's policy to act transparently, including making public any failure to follow the Rules that it is made aware of.

Yours ever
Sir

The Rt Hon Lord Pickles



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Dear Sir George,

Thank you for your correspondence, dated 15 July 2022, providing information about your work with the Hellenic Republic and your failure to seek ACOBA's advice. I appreciate your prompt response as requested. The full exchange of correspondence is annexed below.

You informed ACOBA the following:

- You took up a paid role after you were approached by the law firm, Holman Fenwick Willan LLP (HFW), in April 2016.
- HFW is the legal counsel acting for the Hellenic Republic in a bilateral investment treaty dispute with two international Lebanese investors.
- Your role has been to provide advice to the Hellenic Republic's legal counsel (HFW) and an international tribunal, acting as an independent expert in the arbitration proceedings.
- You originally intended to take up this work via Praxec Limited, a consultancy you joined after leaving office, and which ACOBA provided advice on¹.
- You subsequently took up this work on a private basis, separate to your role at Praxec Limited.
- When asked what steps you took to ensure probity in this work, you said you adhered to the conditions applied to your appointment with Praxec Limited.

You stated you adhered to the conditions previously applied by ACOBA to your appointment with Praxec Limited in carrying out this work. You described your work for Praxec Limited as including leadership consultancy, advice and guidance; strategic and internal communication advice; and change management and transformation. This differs from your role advising the Hellenic Republic.

¹ The Committee's advice on this role can be found on ACOBA's website here: <https://www.gov.uk/government/publications/zambellas-george-first-sea-lord-acoba-recommendation>

The government's Business Appointment Rules (the Rules) are a set of principles which exist to protect the integrity of government. You confirm that in this role you have not lobbied the government, nor have you drawn on privileged information. However, had you sought advice, a risk assessment would have been carried out, an appropriate set of conditions would have been applied, and this would have been a matter of public record.

The Rules state that new appointments or employment must not be taken up or announced before advice under the Rules is provided. Failure to seek and await advice in this case was a breach of the government's Rules and the requirements set out in the Queen's Regulations. Whilst this failure to follow the Rules is disappointing, I thank you for your transparency in bringing this matter to my attention.

As with all breaches of the Rules, I am reporting this matter to government, as owner of the Rules. In line with our policy of transparency, I will be publishing our correspondence on this matter.

Yours ever
Sue

The Rt Hon Lord Pickles

Correspondence from Admiral Sir George Zambellas to Lord Pickles, 15 July 2022

Dear Lord Pickles,

Thank you for your letter, by email, of 28 June 2022.

I have gained permissions to add to my original email to the ACOBA administrators on 23 May 2022, to explain the nature of my enquiry, and to respond to the questions you asked on 1 June 2022. I hope this will be helpful.

You will recall that in my original email I asked if I could check on an issue, namely that 4 months before the end of the two year period after Crown Service, I had advised the Hellenic Republic on an unclassified professional matter, asked if a breach had occurred, and to inform ACOBA.

In responding to this matter, it might have been helpful if I had first made reference to my ACOBA-authorized role at Praxec Limited, a consultancy that undertakes 'management consultancy activities other than financial management' and that, as you will note from your records, reproduced in part below, was approved from 21 November 2016, with the Secretary of State for Defence accepting the Committee's advice that the Praxec Limited role, inter alia, in leadership consultancy, advice and guidance, in an appointment not related to U.K. MOD procurement activities, was subject to the following conditions, which I can again confirm were not breached, namely:

- *A three-month waiting period from my last day in Crown service;*
- *That I should not draw on (disclose or use for the benefit of myself or the organisations to which this advice refers) any privileged information available to me from my time in Crown service;*
- *For two years from my last day in Crown service, I should not become personally involved in lobbying the UK Government on behalf of Praxec Limited or its clients.*

'Privileged information' is stated in the reference to 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.

No privileged information was or is used.

'Lobbying' is stated in the reference to mean that the former Crown servant/Minister "should not engage in communication with Government - including Ministers, special advisers and officials - with a view to influencing a Government decision or policy [including applications for awards or grants] in relation to their own interests, or the interests of the organisation by which they are employed, or to whom they are contracted".

I can confirm that the consultancy advice to the Hellenic Republic's lawyers has nothing to do with U.K. Government, U.K. Ministers, U.K. Governmental decision-making or policy. I have included as full details as I am permitted to disclose, and the answers to your specific questions are in the attached Annex.

I can confirm that I did not and do not deal in financial matters relating to the case. These are undertaken by a specialist independent consultant, appointed by the Hellenic Republic.

So, you might ask, why I made the enquiry at all? It is because my role in advising the Hellenic Republic's legal counsel, and the International Tribunal from April 2018 was taken up privately, in error, and not under the auspices of my approved Praxec Limited consultancy, who's terms were appropriate to my role. This is the administrative clarification I sought.

I trust that what I have said clarifies the situation. I apologise for not seeking approval as an independent, rather than under Praxec Limited, before accepting the International Tribunal advisory role. That was an oversight on my behalf but I trust that the explanation I have given above, supported by the material at the Annex, notwithstanding the constraints I am under by virtue of the fact it relates to a confidential arbitration, make it clear that there has not been any impropriety or cause for public concern.

*Yours sincerely,
Sir George Zambellas*

Annex to letter from Sir George Zambellas to Lord Pickles

Background

In April 2018 I was approached by Holman Fenwick & Willan LLP who were and remain legal counsel acting for the Hellenic Republic in a bilateral investment treaty dispute with two international Lebanese investors. The investors filed a claim in July 2016 with the International Centre for the Settlement of Investment Disputes (ICSID) pursuant to the investment treaty between the Hellenic Republic and Lebanon. The arbitration proceedings themselves are confidential but as you will see from the information published about the dispute on the ICSID website (Case Details | ICSID (worldbank.org) in Arbitration 16/20, the dispute concerns the purchase of a shipyard in the Hellenic Republic.

My role in this dispute is as an expert concerning non-UK and non-European nations. Whilst I have been appointed by the Hellenic Republic, my duty is to act independently and to provide the International Tribunal with my honest and unbiased view on the issues on which I have been instructed. That is what I have done since I was instructed and will continue to do.

Answering the specific questions asked:

- 1. Due to the confidential nature of the proceedings I am not able to be specific as to the precise nature and subject of the advice. However, as the ICSID summary of the matter confirms and as other press articles have indicated (see for example Greece held liable over shipyard seizure - Global Arbitration Review, and Greece faces ICSID claim after navy takes over work on submarines - Global Arbitration Review) the matter relates to the purchase of a shipyard in the Hellenic Republic by two*

Lebanese investors and events that unfolded at that shipyard. The matter does not relate to the UK, any UK shipyards, any UK procurement projects, any U.K. Ministerial or Crown matters, or any U.K. Governmental matters or relations.

- 2. I was approached by HFW in or around April 2018 to act as a potential expert in the dispute.*
- 3. I was paid for providing various expert reports that were then subsequently included with the Hellenic Republic's various written submissions in accordance with the arbitration's procedural timetable. My first report was dated April 2018. I also gave oral evidence at the arbitration hearing in April 2019 and I am due to give oral evidence at a further hearing in October 2022, following which the matter should be at an end.*

In terms of the steps I took to ensure the probity of this instruction given my position as a former Crown servant, I can confirm that my role as an independent expert in the arbitration proceedings in no way involved me lobbying the UK Government or improperly exploiting privileged access to contacts in the UK Government. The UK Government has never had any dealings with the shipyard in question and the UK Government is not, in any way, involved in the dispute between the Hellenic Republic and the Lebanese investors.

Correspondence from Lord Pickles to Admiral Sir George Zambellas, 28 June 2022



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28 June 2022

Dear Sir George,

Thank you for your email about your work with the Hellenic Republic, and your failure to seek ACOBA's advice.

On 1 June, we asked three straightforward questions about the work:

1. What was the nature/subject of the advice you offered the Hellenic Republic?
2. How did this work with the Hellenic Republic transpire?
3. Were you paid for providing this advice?

We also asked for an explanation on your failure to seek advice; and what steps you took to ensure the probity in this work as a former senior Crown servant.

You have asked for another six weeks, minimum, to respond to the questions numbered above. This is an unreasonably long period; respondents are normally given up to ten days to reply before publication. However, given that you have been away on holiday and your indication you wish to take legal advice, the date for reply is extended until Friday 15 July.

In line with our policy of transparency, we will publish this correspondence after 15 July. Your correspondence or any failure to respond will be included in our publication.

*Your ever
Sue*

The Rt Hon Lord Pickles

Correspondence from Admiral Sir George Zambellas to ACOBA secretariat, 22 June 2022

Thank you for your email.

I apologise for the delay in responding, but have been away on holiday for some weeks in Indonesia.

With respect to the answers to your questions, the 'unclassified professional matters' to which I refer relate to a confidential arbitration, not yet concluded after more than 4 years, in which I am continuing to serve as an independent expert witness on behalf of the Hellenic Republic.

I am taking further legal advice and therefore would be grateful if you would give a minimum of a six week extension for a full response addressing all of the bullet points in your email of 1 June.

In addition, I also need to seek the Hellenic Republic's consent to disclose the relevant information, so I do not consent to any of the correspondence relating to this matter to be made public.

I hope this suffices in the interim.

Kind regards,

Sir George

Correspondence from ACOBA secretariat to Admiral Sir George Zambellas, 21 June 2022

Dear Sir George,

I am following up on our previous emails concerning your advice to the Hellenic Republic.

You first contacted us to ask if this was a breach of the Business Appointment Rules on Monday 23 May. We responded to this enquiry on Wednesday 1 June.

It has now been almost 3 weeks since our email. It is surprising that you have not replied as you first raised this matter with us. We would be grateful for a response on this matter imminently. If we do not receive a response by Friday 24 June, we will assume you have nothing further to add, and wish to provide no explanation for ACOBA or for publication on our website.

If you have any questions or concerns, please do not hesitate to contact us on the number below and we can discuss this in more detail.

Kind regards,

Correspondence from ACOBA secretariat to Admiral Sir George Zambellas, 15 June 2022

Dear Sir George,

I am following up on our below email dated 1 June. We would be grateful for a reply in due course.

Kind regards,

Correspondence from ACOBA secretariat to Admiral Sir George Zambellas, 1 June 2022

Dear Sir George,

Thank you for your email.

As a former senior Crown servant, you were required to seek advice for any appointments or employment within two years of leaving Crown service under the government's Business Appointments Rules (the Rules). It is a breach of the Rules to take up work without first seeking and awaiting ACOBA's advice, where it is required.

There are some occasions in which advice is not required. For example, ACOBA does not regard one-off activities such as speeches, broadcasts or newspaper articles as an appointment or employment requiring an application for advice under the Rules. ACOBA's guidance is clear that if you intend to enter into a longer term arrangement, such as joining a speaking agency, planning a series of remunerated speeches or writing a regular newspaper column, an application is required.

It would be helpful to understand more about the work you refer to in your email, for example:

- *What was the nature/subject of the advice you offered the Hellenic Republic?*
- *How did this work with the Hellenic Republic transpire?*
- *Were you paid for providing this advice?*

If you are in breach of the Rules, ACOBA will require an explanation as to why you failed to seek its advice; and any steps you took to ensure the probity in this work as a former senior Crown servant. Please provide any other information you wish ACOBA to be aware of.

In line with our policy of transparency, we will publish correspondence in relation to any breach of the Rules on ACOBA's website.

Kind regards,

Correspondence from Admiral Sir George Zambellas to ACOBA secretariat to, 23 May 2022

Good Morning,

Can I please check on an issue?

*I left my position as First Sea Lord on 9 April 2016.
My last day in Crown Service ended 21 August 2016.
So, 2 years after Crown Service was 20 August 2018.*

However, I advised the Hellenic Republic on unclassified professional matters in April 2018, some 4 months before the 2 year period was completed. Can I please check if that breach is an issue and, in protection of the propriety of the ACOBA system, if you wish me to take any action?

Kind regards,

Sir George