



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

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1. You sought the Committee's advice on setting up an independent consultancy called Matrix Partners Ltd.

The Committee's role and remit

2. As you will be aware, it is the Committee's role to advise on the conditions that should apply to appointments or employment under the Government's Business Appointments Rules for Former Ministers (the Rules), which apply to former Ministers for two years after they leave office. The Rules seek to counter suspicion that:

- a) the decisions and statements of a serving Minister might be influenced by the hope or expectation of future employment with a particular firm or organisation; or
- b) an employer could make improper use of official information to which a former Minister has had access; or
- c) there may be cause for concern about the appointment in some other particular respect.

3. When the Committee considers applications, it must have in mind that Government has judged that it is in the public interest that former Ministers with experience in Government should be able to move into business or into other areas of public life, and to be able to start a new career or resume a former one. It is equally important that when a former Minister takes up a particular appointment or employment, there should be no cause for any suspicion of impropriety.

4. It is not the Committee's role to pass judgment on whether an appointment is appropriate or suitable in any other regard.

The Application

**Consultancy**

## *From the Chair*

5. You sought the Committee's advice on setting up an independent consultancy, owned by yourself, your wife and your family trust, 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**. With initial proposals to work with companies operating in areas such as the Fintech, financial services and overseas governments.

6. The Permanent Secretary at the HM Treasury (HMT) was consulted about this application. HMT stated that during your time in office:

- you would not have had access to sensitive information about potential competitors
- you would not have had access to unannounced policy, as any relevant policy had been developed since your resignation.
- you were Chancellor for much of the Brexit process. It stated while a significant amount of Brexit policy was started under yourself, it was not completed and was taken forward by the next Chancellor.

7. In regards to the Finance Sector HMT said over the period that you were Chancellor of the Exchequer:

- you would have been privy to sensitive information related to specific financial institutions in line with HM Treasury's financial stability objective.
- the information that you would have had access to was shared through a confidential information gateway.
- this gateway is explicitly set out in legislation: Regulation 3 of the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001, with section 348 of FSMA 2000 highlighting the restrictions on disclosure, which if not adhered to may constitute a criminal offence.
- HMT stated the information that you were privy to is extremely market sensitive and notes that over time the market sensitive nature of such information may diminish and information may cease to be confidential.
- HMT believes you have no sensitive information, while it cannot guarantee all the information is no longer relevant (in particular, the underlying causes of risks to certain 'potentially at risk' firms could still remain extremely sensitive). However it stated this information is highly unlikely to be relevant to the business of Matrix Partners and disclosure of any information is a criminal breach.

8. HMT wanted to make you aware that you continue to remain subject to your obligations for handling market sensitive information and the disclosure restrictions set out in section 348 of FSMA 2000 for the information that you had access to during this period as Chancellor.

9. HMT has no concerns about you setting up an independent consultancy.

### The Committee's consideration

#### **Independent Consultancy**

## *From the Chair*

10. When considering your application to set up an independent consultancy, the Committee<sup>1</sup> took into account that you propose to set up a consultancy which is extremely broadly defined.

11. The Committee recognises it would not be improper for you to operate a consultancy which draws on generic skills and experience you gained from your time in government. However, there are risks that arise under the Government's Business Appointment Rules, from work that will likely be related to your time in office. Given your role as Chancellor, you will have had oversight of fiscal policy; monetary policy, setting inflation targets and ministerial arrangements. The Committee was mindful that any Chancellor inevitably is involved in policy that impacts widely on almost all business sectors. Therefore, there is a potential risk you could be seen to offer clients an unfair advantage given the information you may have had access to. However, the Committee gave weight to HMT's view that there is a low risk in connection with your access to sensitive information that could provide an unfair advantage. This is due to:

- a. the amount of time that has passed since you were in office, including movement in market sensitivity in the last several months and that your focus was on no deal planning;
- b. and the scope of some of the information you might have had access to, which, if drawn on by you, would constitute a criminal offence.

12. The Committee agreed with HMT that now the UK has left the EU, there is little risk that the information gained from no-deal preparation will offer a significant advantage to your potential clients. However, the Committee recognised that negotiations are still ongoing, so there could be a risk, however small, you might offer an unfair advantage with regard to your insight here. Therefore, the Committee would draw your attention to the ban on use of privileged information that applies to all former Ministers. In his context, it would remind you this prevents you from advising on matters related to the UK's exit from the EU insofar as it relates to your time in office, including ongoing negotiations between the UK and other countries where it would draw on privileged insight.

13. Given your seniority and profile as the former Chancellor of the Exchequer, there is a risk it could be perceived your contacts might assist potential clients. Not only will you have built a substantial network of contacts across the UK Government/ Whitehall, as Chancellor you will also have contacts in foreign governments. The Committee would like to draw your attention to the restrictions on lobbying contacts you have formed in other Governments and organisations for the purpose of securing business for future clients. Further, the Committee would also draw your attention to the restriction on providing advice on the terms of, a bid or contract relating directly to the work of the UK Government, to mitigate the potential for unfair advantage to your clients if they apply for contracts or funding from the Government.

## **Future commissions**

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<sup>1</sup> This application for advice was considered by Sir Alex Allan; Jonathan Baume; Baroness Angela Browning; Lord Michael German; Richard Thomas; Lord Larry Whitty; Mike Weir and John Wood.

*From the Chair*

14. In particular where a consultancy is so broadly defined, whether the conditions set out below can sufficiently mitigate the risks presented by any future commission you propose to take up will depend on the specific details of each piece of work. It is the Committee's experience that applications where there is a connection between the former Minister's responsibilities in government and the area they are looking to work in outside Government, are more likely to give rise to risks under the Rules. Further conditions may be appropriate. As is usual in such cases, you will need to seek advice from the Committee for each commission you wish to accept.

15. The Committee will consider with each commission whether the restrictions below sufficiently mitigate the risk attached and will decide whether each commission is consistent with the terms of the consultancy, considering any relevant factors under the Business Appointment Rules. For example, should you seek to work on matters you had direct responsibility for in office, the Committee would consider whether a waiting period may be required. The Committee will consider such risks on a case by case basis.

**16. The Committee also advises that when seeking work and/or commissions, you should adhere to the conditions below.**

17. In accordance with the Government's Business Appointment Rules, the Committee advises this appointment to set up an independent Consultancy be subject to the following conditions:

- 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 the Brexit related issues, insofar as it as it pertains to the negotiating position of the UK Government and other parties to the negotiations prior to the date upon which you left ministerial office, 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);

*From the Chair*

- 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.

18. 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.

19. 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."*

20. I should be grateful if you would inform us as soon as you take up this consultancy and/ or commissions, or if it is announced that you will do so, either by returning the enclosed form or by emailing the office at the above address. 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.

21. Once this consultancy is in operation, or has been publicly announced, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

The Rt Hon Philip Hammond

The Baroness Browning

*From the Chair*