

ANNUAL REPORT BY THE INDEPENDENT ADVISER ON MINISTERS' INTERESTS

May 2021

Annual Report by the Independent Adviser on Ministers' Interests

1. I was appointed to the role of Independent Adviser on Ministers' Interests on 28 April 2021.
2. I would like to begin this report by paying tribute to my predecessor, Sir Alex Allan, who held the role for the previous 10 years and performed it with great dedication and integrity, in the finest traditions of public service. My intention is to do the same, in accordance with the Seven Principles of Public Life.
3. Sir Alex Allan published an Annual Report in December 2019. His next Annual Report would normally have been issued in December 2020, but its preparation and publication was precluded by his resignation from the role in November. This report therefore covers the period since the last Annual Report in December 2019, but clearly with the caveat that my tenure as Independent Adviser began only just over one month ago.

Terms of Reference

4. As part of my appointment, I agreed updated [Terms of Reference](#) for the role of Independent Adviser on Ministers' Interests with the Prime Minister. While these changes are important, and respond to recommendations from the review by the Committee on Standards in Public Life, the two core functions of the role remain the same, as set out in the Ministerial Code:
 - independently to assess and provide advice to Ministers on the arrangement of their private interests; and
 - to investigate alleged breaches of the Ministerial Code.
5. A full account of the changes to the Terms of Reference is given in a [letter](#) from the Prime Minister to the Chair of the Committee on Standards in Public Life, Lord Evans of Weardale.
6. Among those changes, the most significant relates to investigations. Under the new terms, the Independent Adviser has the explicit authority to advise on the initiation of investigations of alleged breaches of the Ministerial Code. This more active role in the early stages of a potential investigation represents an important stiffening of the independence of the post without disrupting the constitutional prerogative of the Prime Minister to organise the Executive as he sees fit, and to be held accountable for that. In a similar vein, the inclusion of a specific right to require that my advice be published in a timely manner helps to strengthen the independence of the role.
7. Another important addition to the Terms of Reference is the creation of a specific role for the Independent Adviser to provide recommendations to the Prime Minister about an appropriate sanction, in cases where a breach of the Ministerial Code is found to have taken place. The Ministerial Code is clear that Ministers hold office for as long as they retain the confidence of the Prime Minister, and that the ultimate determination of the appropriate consequences of a breach of the Code is a matter for the Prime Minister alone. That is as it

should be, in a constitutional system in which the Prime Minister has sole responsibility and accountability for the organisation of the Government.

8. I believe that the Independent Adviser can play an important role in providing recommendations for the Prime Minister to consider. I am conscious that it has become commonplace to assume that any proven breach of the Ministerial Code should lead to a Minister's resignation or dismissal. I agree with Lord Evans that this is disproportionate. The Code itself leaves room for interpretation, it is a mixture of broad principles, guidance and procedures. I believe its status is likely to be enhanced by a more proportionate approach to sanctions.

9. I recognise that many have called for the Independent Adviser to have his or her own powers to initiate investigations. I recognise the arguments for such an approach. As I said when appearing before the Public Administration and Constitutional Affairs Committee, my intention is to work within the new Terms of Reference and to assess the effectiveness of these changes over time, before drawing any conclusions about the necessity of further changes.

Ministers' Interests

10. Under the Ministerial Code, *"it is the personal responsibility of each Minister to decide whether and what action is needed to avoid a conflict or the perception of a conflict, taking account of advice received from their Permanent Secretary and the independent adviser on Ministers' interests"*.

11. Ministers are required, upon appointment to each new office, to provide to their Permanent Secretary a full list of interests which might be thought to give rise to a conflict. As Independent Adviser, I scrutinise those declarations and provide advice on the handling of interests.

12. The personal information which Ministers disclose is treated in confidence. However, the Ministerial Code provides that *"a statement covering relevant Ministers' interests will be published twice yearly"*. The Independent Adviser oversees the production of this statement in the form of a List of Ministers' Interests, advising on what is necessary to publish, as relevant, within the List.

13. The last list was published in July 2020, and the lists before that in December 2019 and March 2019. As with the annual report, had he been in post, Sir Alex Allan would have expected to publish a list in December 2020. It is my firm intention that the twice yearly publication should now be resumed and maintained, as envisaged in the Code. While the precise timings of publication in a given year may vary (for example to accommodate new Ministerial appointments) it is important that the publication remains regular and up to date.

14. It has therefore been one of my early priorities to oversee the finalisation of the list that is published today. As I set out in my evidence to the Public Administration and Constitutional Affairs Committee, in order to proceed quickly to a publication, I have focused my efforts on scrutinising the declarations of those Ministers appointed to their roles either shortly before or since Sir Alex Allan's resignation. I have also reviewed the declarations of

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members of the Cabinet, and any other material changes in the circumstances of other Ministers which have been brought to my attention. In the remaining cases where there have been no changes since the publication of the list last July, I have relied on the judgements of my predecessor.

15. As part of the process of drawing up the list, all Ministers are required upon appointment to each new role to complete a form giving information about:

- their financial interests, including both assets and liabilities
- any blind trusts or blind management arrangements they have set up
- their tax affairs
- directorships and shareholdings
- investment properties
- any public appointments
- any links with charities as a patron, trustee or member
- any other relevant interests
- interests of their spouse, partner or close family members

16. As was the practice of my predecessor, I have gone through the individual returns as described above, and raised queries where I thought that was appropriate. The relevant Permanent Secretaries have provided their assessments. The Cabinet Office has also drawn particular issues to my attention, which I have discussed with them. The Cabinet Office has then gone back to the Ministers concerned, and any issues have been resolved to my satisfaction.

17. As set out in my predecessor's previous Annual Reports, the bulk of the issues on which the Independent Adviser is called on to provide advice have concerned:

- whether it was appropriate for Ministers to hold shares in particular companies where there might be thought to be a connection to their portfolio. In some cases this has been resolved by Ministers placing their holdings under a blind management arrangement or trust; in others by them disposing of their shareholding. Blind trusts / blind management arrangements are longstanding mechanisms for protecting ministers in the handling of their interests. They ensure Ministers are not involved in decisions on the management, acquisition or disposal of items in the arrangement and do not have live knowledge of the contents of such arrangements;
- whether it was appropriate for Ministers to remain as directors of private family companies. This has depended on the nature of the company and on the circumstances. But where it has been accepted that a Minister may continue as a director, this has generally been on the basis the Minister plays no active role in the management of the company;
- whether it was appropriate for Ministers to continue as trustees or members of particular organisations – primarily charities or interest groups. In some cases, Ministers have resigned from their role; in others, the department's Permanent

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Secretary and I have accepted that there is no conflict with their ministerial role and the details have been published in the register;

- which of the interests of a Minister's spouse, partner or close family member were relevant to the Minister's interests and should be published in the register.

18. As set out above, my priority since starting the role just over a month ago has been to move quickly to publish the updated List of Ministers' Interests. I shall want to reflect on this process and consider whether, over the longer term, there are any changes to the process that I think should be applied in the future.

19. The List of Ministers' Interests published today speaks for itself and represents the conclusion of the process to ensure that interests are being managed appropriately and that any potential conflicts have been resolved to my satisfaction (or, as above, to my predecessor's satisfaction). There are two cases on which it is necessary to provide some further commentary.

The Prime Minister

20. At the time of my appointment to the role, I agreed with the Prime Minister that I would begin by ascertaining the facts surrounding the refurbishment of the Downing Street flat and would advise the Prime Minister on any further registration of interests that may be needed.

21. I have drawn on the material helpfully collated by the Cabinet Office to review what happened in this particular case and, separately, upon the Prime Minister's own declaration of interests. The Prime Minister's updated entry in the List of Ministers' Interests records the position in line with my advice. I think it is in the wider interests of transparency and openness that I also publish further details about my advice on the matter below:

Narrative

22. Discussions about how the official and private areas of Downing Street might be represented, refurbished and funded originated after the Prime Minister took office in summer 2019. Subsequently, the Prime Minister, who from the documentary evidence was explicit about not wishing to burden the public purse, agreed that the idea of a Downing Street Trust (hereinafter Trust) might be pursued to achieve these objects.

23. Refurbishment works on the property began while the Prime Minister was in hospital with Covid in early April 2020. Later that month, the Prime Minister received official advice that achieving the objects of a Trust, including to cover some if not all of the costs of refurbishment of the private areas, while not straightforward, could be made to work. Legal and other work was commissioned.

24. The first invoices for the refurbishment work already undertaken on the No 11 Downing Street residence were received and paid for by the Cabinet Office and subsequently recharged to the Conservative Party in late June 2020 in anticipation of the yet

to be established Trust repaying the amount. The record shows no evidence of the Prime Minister being aware either of the existence of these invoices or how they were settled.

25. Legal advice received in mid-June 2020 raised doubts about whether the Trust, as initially conceived, would be capable of dealing with costs associated with the private residences at Downing Street. Lord Brownlow of Shurlock Row, having stood down as Vice Chairman of the Conservative Party, accepted appointment by the Prime Minister to chair the Trust on 10 July 2020. (Despite an exchange of letters, the Trust was at that stage and remains still no more than a proposition, having no legal personality whatsoever.) Lord Brownlow, having relevant experience of a similar project, was charged with the creation of a substantive Trust which, given the doubts of the earlier legal advice, should be capable of meeting all the declared objects, including the refurbishment of the private apartments. The record shows that Lord Brownlow has pursued this task with energy and due regard for propriety throughout.

26. By the late autumn of 2020, it was apparent that a Trust capable of meeting the original objects (including the costs of refurbishing the No 11 Downing Street residence) was still likely to be many months off. On 20 October 2020, Lord Brownlow confirmed to Cabinet Office officials, including by subsequently ensuring that the minutes properly recorded the fact, that he had the day before settled an invoice for the No 11 Downing Street residence refurbishment works directly with the supplier.

27. Cabinet Office officials appear not to have acted on this information to the extent of informing the Prime Minister, let alone offering him advice on his private interests. Moreover, despite the Prime Minister and Lord Brownlow having some limited contact during the following three months, the record shows no evidence that the Prime Minister had been informed by Lord Brownlow that he had personally settled the total costs.

28. For the credibility of this inquiry, I have tested the assertions of Lord Brownlow and the relevant political and government officials that at no point in the eight months until late February 2021, as media reports were emerging, was the Prime Minister made aware of either the fact or the method of the costs of refurbishing the apartment having been paid. I have spoken to these individuals in person; they have confirmed to me that these assertions are correct. In particular, Lord Brownlow behaved in a confidential manner consistent with his own experience of blind trusts. I have also spoken in similar terms to the Prime Minister who confirms that he knew nothing about such payments until immediately prior to media reports in February 2021. At that point, the Prime Minister immediately sought the necessary advice about his interests and, as a consequence, settled the full amount himself on 8 March 2021.

Observations

29. It is clear from the record that while a serious and genuine endeavour, the Trust was not subjected to a scheme of rigorous project management by officials. Given the level of the Prime Minister's expectations for the Trust to deliver on the objects he had set, this was a significant failing. Instead, the Prime Minister – unwisely, in my view – allowed the refurbishment of the apartment at No 11 Downing Street to proceed without more rigorous regard for how this would be funded.

30. Instead: (1) As early as April 2020, the Prime Minister appears to have placed reliance on advice that a Trust would be capable of meeting the costs of refurbishment works at the No 11 Downing Street residence (to any extent beyond the £30,000 per annum allowed as a charge to the public purse); (2) I am told that the Conservative Party similarly placed reliance on this yet to be established Trust's capacity to cover the costs of the No 11 Downing Street residence refurbishment works in taking over responsibility for the expenditure from the Cabinet Office; and, (3) Lord Brownlow, on assuming the role of Chair in July 2020 and planning a different approach following the doubts of earlier legal advice, placed reliance on what he judged to be the real prospect of a Trust becoming established in the first half of 2021, and being capable of generating sufficient revenue to repay the refurbishment costs that he himself had covered.

31. Under normal circumstances, a Prime Minister might reasonably be expected to be curious about the arrangements, and especially the financial arrangements that led to the refurbishment of his apartment at Downing Street. In the middle of a pandemic, the current Prime Minister simply accepted that the Trust would be capable of satisfactorily resolving the situation without further interrogation. It is the case that the Prime Minister was ill-served when officials did become aware, albeit they were no doubt also managing their own very difficult circumstances. These possible mitigations notwithstanding, however, it cannot be right to assert that the duty attaching to all Ministers, and not least to the Prime Minister to observe the high standards of what is, after all, his Ministerial Code is anything other than absolute.

Conclusions

32. In respect of the interests arising as a result of these events, I advise that an interest did arise in his capacity as a Minister of the Crown. This is as a result of the support provided by Conservative Campaign Headquarters and by Lord Brownlow to the Prime Minister. I have considered the nature of that support and am content that no conflict (or reasonably perceived conflict) arises as a result of these interests. In respect of the Conservative Party, because of the strong connection between them and the Prime Minister, I do not believe that such support would put the Prime Minister under any different obligation to the relationship he already has as leader of the party. In respect of Lord Brownlow, as a member of the House of Lords his interests are set out publicly and there is no evidence that he acted with anything other than altruistic and philanthropic motives. I advise that both interests are published as set out in the List of Ministers' Interests published today alongside this report.

33. These interests have been properly declared to me by the Prime Minister. Also, in view of the circumstances I was asked to review, as described above, I have also considered the timeliness of this declaration. In doing so, I accept that at the point when the Prime Minister became aware, he took steps to make the relevant declarations and seek advice. I also accept that, up until that point, he had reasonably assumed that earlier advice about the establishment of a Trust had taken care of his interests. Nevertheless, as set out above, officials were aware of the outside interests and should have ensured that the Prime Minister was aware, so that he could meet his obligations under the Ministerial Code. Having advised

that the interests declared by the Prime Minister present no actual or perceived conflict, I consider them to be consistent with the provisions of the Ministerial Code (7.1 and 7.2).

34. Consequent to this advice, the Cabinet Secretary has considered my observations insofar as they relate to the performance of officials. He acknowledges the shortcomings relating to project management and the failure to advise the Prime Minister of the situation in October 2020. I have identified and regret that the Prime Minister was insufficiently supported as a result. The Cabinet Secretary has assured me that every effort will be made, including by a careful review of relevant processes, to prevent such circumstances from reoccurring.

The Secretary of State for Health and Social Care

35. In the course of considering the declaration of the Secretary of State for Health and Social Care, I have assessed his 20% stake in Topwood Ltd. This shareholding is in a company owned and run by the Secretary of State's sister and brother-in-law. I find this new financial interest to have been properly recorded and agree with the assessment that the circumstances of it being received indicates no actual conflict of interest. There could be a reasonably perceived conflict of interest, but that can best be managed through publication, as has occurred. The Secretary of State has acted properly and honestly in promptly making this declaration and diligently seeking advice.

36. A separate question relates to the point at which the Secretary of State might reasonably have declared a relevant interest once that same company had been awarded a framework contract with NHS Shared Business Services Ltd (hereinafter NHS SBS). The record of this framework contract is publicly available, with the 'date of dispatch of notice' being cited as 28 February 2019. Mr Hancock had, since July 2018, already been the Secretary of State for Health and Social Care and had (and still has) legal status as a shareholder in NHS SBS. It is reasonable to assume that Mr Hancock's sister and brother-in-law, the owners of Topwood Ltd., would have been well aware of his appointment as Secretary of State at the time of their company securing this contract with NHS SBS. Either the Secretary of State's sister and/or brother-in-law failed to raise this award with Mr Hancock, or nothing had otherwise been brought to Mr Hancock's attention such that he would have had reason to enquire.

37. The Ministerial Code (7.7) states, 'Ministers must scrupulously avoid any danger of an actual or perceived conflict of interest between their Ministerial position and their private financial interests'. Given that Topwood Ltd had secured the award of a framework contract with NHS SBS, a company in which the legal personality of the Secretary of State is a shareholder, I believe there to be a danger that a reasonable person might perceive this link to represent a conflict of interest, and that it should have been declared at the time. In reaching this determination, I accept that the scale of NHS operations in England (for which the Secretary of State is responsible) are broad and that the activity of NHS SBS may have been very far from the Secretary of State's main focus. I assess this earlier failure to declare the interest was as a result of his lack of knowledge and in no way deliberate, and therefore, in technical terms, a minor breach of the Ministerial Code. I have advised the Prime Minister accordingly. In coming to this finding, I recognise that Mr Hancock has acted with integrity

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throughout and that this event should in no way impugn his good character or ministerial record.

Investigations

38. The other principal task of the Independent Adviser is to investigate alleged breaches of the Ministerial Code, in line with the provisions of the Code itself, and the updated Terms of Reference described above.

39. Since my predecessor's last Annual Report in December 2019, there has been one investigation which has been referred to the Independent Adviser under the Ministerial Code process, namely the investigation into the conduct of the Home Secretary. My predecessor's findings in respect of that investigation were published in full on 20 November 2020 and are available on gov.uk and at Annex A.

Rt Hon Lord Geidt
May 2021

Annex A - Sir Alex Allan's findings on the conduct of the Home Secretary¹

Sir Alex Allan was asked by the Prime Minister to provide advice about whether the facts established by the Cabinet Office in relation to the conduct of the Home Secretary showed adherence to the Ministerial Code.

Sir Alex's advice is that

"The Ministerial Code says "Ministers should be professional in their working relationships with the Civil Service and treat all those with whom they come into contact with consideration and respect." I believe Civil Servants – particularly Senior Civil Servants – should be expected to handle robust criticism but should not have to face behaviour that goes beyond that. The Home Secretary says that she puts great store by professional, open relationships. She is action orientated and can be direct. The Home Secretary has also become – justifiably in many instances – frustrated by the Home Office leadership's lack of responsiveness and the lack of support she felt in DfID three years ago. The evidence is that this has manifested itself in forceful expression, including some occasions of shouting and swearing. This may not be done intentionally to cause upset, but that has been the effect on some individuals.

"The Ministerial Code says that "Harassing, bullying or other inappropriate or discriminating behaviour wherever it takes place is not consistent with the Ministerial Code...". Definitions of harassment concern comments or actions relating to personal characteristics and there is no evidence from the Cabinet Office's work of any such behaviour by the Home Secretary. The definition of bullying adopted by the Civil Service accepts that legitimate, reasonable and constructive criticism of a worker's performance will not amount to bullying. It defines bullying as intimidating or insulting behaviour that makes an individual feel uncomfortable, frightened, less respected or put down. Instances of the behaviour reported to the Cabinet Office would meet such a definition.

"The Civil Service itself needs to reflect on its role during this period. The Home Office was not as flexible as it could have been in responding to the Home Secretary's requests and direction. She has – legitimately – not always felt supported by the department. In addition, no feedback was given to the Home Secretary of the impact of her behaviour, which meant she was unaware of issues that she could otherwise have addressed.

"My advice is that the Home Secretary has not consistently met the high standards required by the Ministerial Code of treating her civil servants with consideration and respect. Her approach on occasions has amounted to behaviour that can be described as bullying in terms of the impact felt by individuals. To that extent her behaviour has been in breach of the Ministerial Code, even if unintentionally. This conclusion needs to be seen in context. There is no evidence that she was aware of the impact of her behaviour, and no feedback was given to her at the time. The high pressure and demands of the role, in the Home Office, coupled with the need for more supportive leadership from top of the department has clearly been a contributory factor. In particular, I note the finding of different and more positive behaviour since these issues were raised with her.

¹ The Prime Minister's statement on Sir Alex's findings was published [here](#).