



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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4 July 2016

BUSINESS APPOINTMENT APPLICATION: SIR NICHOLAS MACPHERSON GCB

The Committee has been asked to consider an application from Sir Nicholas Macpherson, former Permanent Secretary to HM Treasury. He would like to take up a new role as Chairman of C Hoare & Co, a small family-owned retail bank.

When considering this application, the Committee noted that the role will involve around two days' work per week and will not include any contact with HMT or Government more generally.

The Committee noted the following facts about the HMT's relationship with banks:

- While HMT sets the overall legislative framework within which banks operate, it has no role in regulatory decisions as regards individual banks;
- Decisions concerning the Prudential and Conduct Regulation of banks are taken by the PRA and FCA respectively;
- These regulators have statutory independence from HMT, with their own boards and independent decision making processes;
- On tax, HMT sets the overall tax regime, but has no role in the tax affairs of individual companies, which are handled by HMRC completely independently of HMT.

The Committee also took into account the fact that, as Permanent Secretary to HMT, Sir Nicholas had dealings with various banks and, although he currently has no market sensitive information, he has from time to time held such information about the Government-owned banks. However, HMT has confirmed that, due to their different purposes and sizes, the Government-owned banks themselves are not competitors of C Hoare & Co. Some subsidiaries of RBS are competitors of C Hoare & Co and because of this HMT has contacted RBS. RBS has confirmed that it does not see any conflict of interest with Sir Nicholas becoming Chair of C Hoare & Co. HSBC, with whom Sir Nicholas had significant dealings while in office, was also contacted and confirmed that it does not view C Hoare & Co as a competitor and has no concerns about Sir Nicholas's new role.

The Committee noted that, as a former Permanent Secretary, Sir Nicholas is subject to the standard three month waiting period from his last day of service. Given HMT's oversight of financial services, the Committee considered whether an additional waiting period was appropriate in this case. However, it took into account the views of HMT and Cabinet Office, including specific details about the relationship between C Hoare & Co and HMT, the fact that there does not appear to be any reasonable perception of reward with the move, and that

potential competitors have been consulted and have no concerns. The Committee therefore concluded that the three month waiting period for Permanent Secretaries would be a sufficient gap in this case.

The Prime Minister accepted the Committee's advice that there was no reason why Sir Nicholas should not take up this position, subject to the following conditions:

- A waiting period of three months from his last day in Crown service;
- He should not draw on (disclose or use for the benefit of himself or the organisation to which this advice refers) privileged information available to him from his time in Crown service; and
- For two years from his last day in service, Sir Nicholas should not become personally involved in lobbying the UK Government on behalf of C Hoare & Co or its clients, or make use, directly or indirectly, of his contacts in Government and/or Crown service to influence policy or secure business on behalf of C Hoare & Co.

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 Civil Service Code or otherwise.

The Business Appointment Rules explain that the restriction on lobbying means 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 would be grateful if you could ensure that we are informed as soon as Sir Nicholas takes up this position, or if it is announced that he will do so (I enclose a form for this purpose). We shall otherwise not be able to deal with any enquiries, since we do not release information about appointments which have not been taken up or announced, and this could lead to a false assumption being made about whether he had complied with the rules.

I should also be grateful if you would ask that Sir Nicholas informs us if he proposes to extend or otherwise change the nature of his role as, depending on the circumstances, it may be necessary for him to make a fresh application.

Once the appointment has been publicly announced or taken up, we will publish this letter on the Committee's website and include the main details of the application, together with the Advisory Committee's advice, in the regularly updated consolidated list on our website and in the next annual report.

Yours sincerely

Catherine Millington
Committee Secretariat