



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: LORD (NICHOLAS) MACPHERSON GCB

The Committee has been asked to consider an application from Lord Macpherson, former Permanent Secretary to HM Treasury (HMT), in relation to a new role as a board member of UK Finance, which is a new trade association bringing together various bodies representing the financial services industry.

UK Finance will seek to reach strategic positions on the future of the industry and seek to influence other organisations accordingly. Lord Macpherson has been asked to join in his role as Chairman of C Hoare & Co to represent the interests of small private banks.

This is a part-time, unpaid role and involves attending four to six two hour meetings a year.

When considering this application the Committee took into account the following factors:

- Lord Macpherson would have been involved in many fiscal decisions affecting banking (which, as HMT confirmed, included increasing the bank levy and corporation tax burden on the industry). Further, HMT noted that he was also involved in decisions to sell HMT's holdings in Lloyds and RBS; and he was responsible for HMT during the passage of several major Acts of Parliament, which restructured and strengthened bank regulation.
- UK Finance did not exist when Lord Macpherson was Permanent Secretary; however, he told the Committee that he had met some of its predecessor bodies from time to time to discuss industry issues, in particular regulation.
- HMT noted that Lord Macpherson left the Treasury 15 months ago and explained that the issues of relevance to UK Finance at present (mainly Brexit related) were not being considered during his time as Permanent Secretary.
- HMT noted that while he would have had access to information about individual banks that are members of UK Finance, UK Finance's role as a trade association is not to discuss individual bank issues, but rather broader, industry wide, issues. Further, they considered that any information about individual banks would be out of date.
- UK Finance will be engaging with Government to represent the interests of the financial services industry. However, Lord Macpherson has been clear that he will not engage with Government himself and proposes to recuse himself from any lobbying activity.
- The current Permanent Secretary at the Treasury has no reservations about this appointment.

The Prime Minister accepted the Committee's advice that this appointment be subject to the following conditions:

- 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, Lord Macpherson should not become personally involved in lobbying the UK Government on behalf of UK Finance or its members or make use, directly or indirectly, of his contacts in Government and/or Crown service to influence policy or secure business on behalf of UK Finance or its members.

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 (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.*"

I should be grateful if you would ensure that we are informed as soon as Lord Macpherson 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 Lord Macpherson 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

Nicola Richardson
Committee Secretariat