

From the Chair



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

G/7 Ground Floor, 1 Horse Guards Road SW1A 2HQ

Telephone: 020 7271 0839

Email: acoba@acoba.gov.uk

Website: <http://www.gov.uk/acoba>

May 2017

You asked for the Committee's advice about taking up an appointment with Exor NV, an investment company based in the Netherlands.

The Committee's role and remit

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.

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.

It is not the Committee's role to comment on any potential conflicts between one outside appointment and any other(s) a former Minister may take up. Any such conflicts that may arise must be resolved by the employing organisation(s).

In view of the above, the Committee's focus, in considering your application, was specifically on whether your proposed role conflicts in any respect with your previous Ministerial position and obligations in accordance with the Government's Business Appointment Rules.

Your role with Exor NV

The Committee noted that Exor NV (Exor) holds and makes long-term investments in global companies including: Fiat Chrysler Automobiles; Partner Re; Ferrari; Juventus Football Club and The Economist. You said you would chair a new advisory board to be created by Exor. You would provide broad advice on geopolitics and economics. The role is paid and you expect it to involve approximately 4 days' work per year.

The Committee's consideration

When considering your application the Committee took into account the following:

- HM Treasury (HMT) has no relationship with Exor or the companies it owns.
- You met with Fiat in June 2013 to discuss promoting UK growth and investment and in September 2014 to discuss the automobile industry. You met with The Economist roughly 1-2 times per year. There is no record of and HMT is not aware of any other meetings taking place between you and Exor or its companies while you were Chancellor.
- Exor significantly increased its holding in the Economist in 2015. When considering the influence that Exor may be able to exert on The Economist, the Committee noted that there is a 20% voting cap for individual shareholders and its editorial independence is overseen by its four independent trustees. As explained above, any possible conflicts between appointments taken up by a former Minister are for the employers to resolve and are not for the Committee to comment on.
- HMT has advised that whilst you were responsible for numerous policy decisions as Chancellor, some of which could have affected Exor and its companies - none were specific to Exor. (For example, decisions on corporation tax may have had an impact but they would have impacted many other companies). There are Government programmes that offer support for companies in the automotive industry, but Fiat was not a recipient of Government funding.
- As Fiat Chrysler Automobiles (FCA) Group is UK resident the Committee consulted HMRC before preparing its advice. HMRC confirmed the relevant tax arrangements FCA were subject to, including that FCA is subject to income Tax and Corporation tax in the UK, despite being incorporated in the Netherlands.
- As Chancellor you would have had access to a wide range of information, some of which could have been of relevance to Exor and its companies or the sectors they operate in. However, HMT has advised that any sensitive information would now be out of date.
- 10 months have passed since you left Government.

Prior to reaching its advice on this application, the Committee sought further advice from HMT on whether there were any other issues for the Committee to consider, relevant to this application. The Permanent Secretary, Tom Scholar, confirmed that he had considered the Fiat and The Economist angles in his previous advice, and there were no additional Treasury issues for the Committee to consider.

Taking into account the specific facts in this case, in accordance with the Government's Business Appointment Rules, the Committee advises the appointment be subject to the following conditions:

- 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 your time in ministerial office; and
- for two years from your last day in ministerial office you should not become personally involved in lobbying the Government on behalf of Exor NV or its subsidiaries, or make use, directly or indirectly, of your contacts in Government to influence policy or secure business on behalf of Exor NV or its subsidiaries.

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 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 inform us as soon as you take up this appointment, 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.

Once this 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.

The Baroness Browning

Rt Hon George Osborne

