



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: Mr Nick Lodge

The Committee was asked to consider an application from Mr Lodge, Director General for Strategy at Her Majesty's Revenue and Customs (HMRC) to take up a position at the Bank of England.

Mr Lodge was Director General for Strategy at HMRC from April 2018 until his last day in Crown Service, 16 September 2018. Previous to this, he was DG for Transformation at HMRC from October 2015 to April 2018; and DG for Benefits and Credits from September 2012 to October 2015.

Appointment details

Mr Lodge proposes to take up a full-time role as Business Programme Director (Real Time Gross Settlement) at the Bank of England.

The Bank of England is a regulator and central bank. It is owned by the UK Government and is accountable to both Parliament and the general public. It no longer offers consumer banking services; however it has specific statutory responsibilities for setting policy for interest rates; financial stability; and the regulation of banks and insurance companies. The Bank of England is overseen by the Court of Directors and has several committees: Monetary Policy Committee; Financial Policy Committee; and the Prudential Regulation Committee.

Whilst the Bank of England of course has a relationship with Government, it's specific relationship with HMRC is with reference to its tax obligations.

Mr Lodge stated his role will be to lead the delivery of the RTGS Renewal Programme, which will bring in new systems that sit at the heart of the UK's payments infrastructure and that enable banks to settle transactions on a real-time daily basis. The RTGS Renewal Programme will involve some Bank of England Technology input, and also a procurement process for some elements to be built by external companies - the tender will be under public procurement regulations. He said he does not expect to have contact with Government.

Mr Lodge confirmed he had no official dealings, contractual or otherwise, with the Bank of England during his last two years in office, nor was he responsible for those that may have done; and that he had no access to any relevant commercially sensitive information. Mr Lodge also noted he had no involvement in the development or administration of any departmental policy, or in policy decisions which could have affected the Bank of England; and that he has not been involved in any other work, such as regulatory work or the award of grants, which would have affected the Bank of England.

HMRC confirmed Mr Lodge had no previous involvement in official dealings with the Bank of England, or relevant payment system companies, during his last two years in office; he had no access to sensitive commercial, policy or other departmental information; and was not responsible for awarding contracts. HMRC also noted that the Bank of England does not have competitors.

HMRC stated that as Mr Lodge is moving into a public body, it does not believe this appointment would give rise to any conflict of interest. The Department stated it is content with this appointment.

The Committee's consideration

HMRC confirmed Mr Lodge had no official dealings with the Bank of England during his last two years in office. The Committee¹ noted Mr Lodge has previously worked in financial services prior joining HMRC and that this role draws on his previous experience as a Director of strategy and transformation, as opposed to drawing on specific areas in Government for which he had responsibility. There is no evidence to suggest Mr Lodge could reasonably be seen to have been offered this role due his time in office.

The Committee considered the risk that the Bank of England would gain an unfair advantage as a result of employing Mr Lodge, is low.

In coming to that view, the Committee took into account that the Bank of England does not have competitors as such; and that HMRC confirmed Mr Lodge had no access to commercially sensitive, policy or departmental information during his time in office.

Whilst Mr Lodge does not expect to have contact with Government in his new role, the Committee took into account that the Bank of England: is owned by Government but has independence; carries out its responsibilities within a framework set by Government; and has a relationship with Government, including with HMRC in relation to its tax obligations. The Committee considered that whilst Mr Lodge does not expect to have contact with Government, it would be improper if there was any suggestion that Mr Lodge's contacts could be used to influence government decisions and policy. The Committee therefore imposed the conditions below to make clear that use of Mr Lodge's contacts on behalf of the Bank of England, would be inappropriate.

The Prime Minister accepted the Committee's advice that, in accordance with the Government's Business Appointment Rules, this appointment be subject to the following conditions:

¹ This application for advice was considered by Sir Alex Allan; Jonathan Baume; Baroness Angela Browning; Lord Michael German; Baroness Helen Liddell; Terence Jagger; Richard Thomas and John Wood. Dr Susan Liautaud was unavailable. This letter contains the Committee's advice, arrived at without my input and which I am sending in my capacity as Chair of the Committee.

- that he should not draw on (disclose or use for the benefit of himself or the organisations to which this advice refers) any privileged information available to him from his time in Crown service;
- for two years from his last day in Crown service he should not become personally involved in lobbying the UK Government on behalf of the Bank of England, nor should he make use, directly or indirectly, of his contacts in Government and/or Crown service to influence decisions or policy on behalf of the Bank of England.

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 Mr Lodge 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 Mr Lodge 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 this appointment has been publicly announced or taken up, we will publish this letter on the Committee's website and, if appropriate, refer to it in the relevant annual report.

Yours sincerely

Sarah Parkington
Committee Secretariat

