



**OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS**

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**BUSINESS APPOINTMENT APPLICATION: LUCY CHADWICK**

The Committee has been asked to consider an application from Ms Chadwick, Director General International Security and Environment at the Department for Transport (DfT). Ms Chadwick seeks to join Global Infrastructure Management LLP - Global Infrastructure Partners (GIP) as an Operating Principal

Ms Chadwick's last day in Crown service will be 30 April 2019.

Ms Chadwick has been in post since 2012. She told the Committee she had responsibility for:

1. HMG strategy, policy and regulation of the UK aviation sector, which includes UK airports, airlines, airspace, aerospace manufacturers and spaceflight operations.
2. Development of HMG's policy on UK airport expansion; delivery of the Government's decision to expand airport capacity at Heathrow; and better use of other existing UK airport infrastructure.
3. EU and international regulation and trade work across all transport sectors, including HMG's policy response to the UK decision to leave the EU in relation to the UK transport sector.
4. Leading the delivery of DfT's programme to meet HMG's carbon and air quality objectives.
5. Maintaining the safety and security of the transport system, consistent with HMG's national security priorities and assessment of risk.
6. Leading delivery of key aspects of HMG industrial strategy for the UK's aerospace, maritime and automotive sectors.
7. Oversight of three independent accident investigation branches, responsibility for the UK Maritime and Coastguard Agency, and wider bodies including the UK General Lighthouse Authorities, UK Civil Aviation Authority, UK Air Travel Trust Fund, Air Safety Support International Limited and HMG Trust Ports.

Ms Chadwick was also a member of the Departmental Board and Executive Committee, with collective executive oversight of work across DfT including HMG policy and delivery of driving

and roads related activities, UK strategy for rail, oversight of the UK High Speed Rail programme.

However, DfT confirmed it took action to manage potential conflicts that could arise immediately, once it was informed Ms Chadwick had been offered a role with GIP was a possibility. Ms Chadwick's role was significantly reduced in the following ways, as confirmed by the Permanent Secretary:

- Ms Chadwick's responsibilities were focussed exclusively on the Department's EU Exit preparations and security.
- Ms Chadwick '...no longer has any responsibility for the Department's work on airports expansion, nor wider aviation or maritime policy beyond issues directly related to EU Exit or security.'
- Ms Chadwick stopped attending DfT's Board Investment and Commercial Committee where decisions are made on commercially sensitive investments across all transport modes.
- Ms Chadwick recused herself from 'all other substantive discussions relating to current or potential future transport investment decisions.'

#### Appointment details

##### **The role**

GIP is a leading global independent infrastructure investor and Ms Chadwick seeks to join as an Operating Principal. GIP describes its work as applying specialist industry experience, and industrial and operational best practice to manage its equity fund investments to improve service quality and financial performance. Ms Chadwick told the Committee GIP has a large portfolio of global assets (in the United States, Latin America, Europe (non-UK), Asia, Australia and two investments within the UK: Gatwick Airport and Edinburgh Airport).

GIP's current equity fund, Global Infrastructure Partners III, makes equity investments in high quality infrastructure assets in the energy, transport and water/waste sectors. GIP's website says it currently manages approximately \$51 billion investors, including public and private pension funds, sovereign wealth funds, endowments and individuals. GIP is also currently building a further equity fund, Global Infrastructure Partners IV.

GIP also works in operational improvement and has an operating team of '...specialist industry and operational experience and takes a multi-disciplinary approach to improving the efficiency and performance of our portfolio companies.' GIP states it creates value for investors by improving the performance and service quality via its operational professionals applying advanced management processes and industrial best practice expertise. Ms Chadwick described her role as joining GIP's small team of seasoned operational professionals, working across all three sectors that GIP focuses on globally (energy, transport and water/waste). Ms Chadwick noted she would not be working on GIP's transport interests in the UK initially.

Ms Chadwick confirmed GIP does have interaction with DfT, which can include lobbying, but said she would not have any contact with the Government in this role. Ms Chadwick told the Committee she informed GIP she will be prevented from lobbying the Government and it has been agreed she will not be involved in such activity.

## **Dealings with GIP in office**

Ms Chadwick confirmed she has had no contractual dealings with GIP, nor was she responsible for staff who did. However, she has had official contact with GIP, who are investors in Gatwick Airport and Edinburgh Airport (and were previously investors in London City Airport). Ms Chadwick said she was involved in discussions with the senior management of those airports and, on occasions, with GIP as active investors. Ms Chadwick described the discussions as being focused on the development of policy and policy decisions, including: UK airport expansion; airspace change; aviation security; improvements to rail and road access; and the development of long term aviation strategy. She said the level of contact she had with GIP in her role depended on the circumstances, '...for instance higher levels of contact at the points of sale and before government's decision to not take forward expansion at Gatwick.'

Ms Chadwick confirmed that London City and Gatwick Airport are UK Critical National Infrastructure assets. As such, during the sale of these investments by GIP, Ms Chadwick was updated during the process to ensure the UK's interests were being managed appropriately.

## **Dealings with other organisations/competitors in the transport sector**

Ms Chadwick notes that parts of the transport sector in the UK are largely privately owned and invested in - ports and airports. As a result, she engaged with a wide range of infrastructure investors at dinners and events on a regular basis. In particular, she met with various international investors in Heathrow Airport. Ms Chadwick said these meetings concerned the development of policy; policy decisions to expand Heathrow; and subsequently, the delivery of the expansion.

Ms Chadwick said she also met with a range of prospective investors in ports and airports in the UK to describe policy and regulation. Ms Chadwick's role meant she had access to commercially sensitive information; and she told the Committee it was normal practice for privately owned airports to '...discuss in commercial confidence with me and my team their infrastructure investment plans for those airports particularly where those require planning or policy support'. Further she described the access to information she had access to in relation to Heathrow expansion. She told the Committee this had '...involved detailed review and assurance of their capital investment plans, business strategy and funding and financing approach. Information commercially sensitive to the investors in Heathrow Limited. Much of this information was released publicly in 2018. The most recent sensitive commercial information provided to my team was detailed financing plans submitted in May 2018.' Ms Chadwick noted that Heathrow was to provide updated plans in March 2019. However, the restrictions the Permanent Secretary had placed on her duties ensured she did not have access to that information while she remained in post, working on Brexit/security matters, at DfT.

Ms Chadwick also told the Committee that in her previous role some years ago, as Director of Rail and Road Projects in DfT (2005 to 2012), she led several commercial discussions with Macquarie (another infrastructure investment firm, Macquarie Infrastructure and Real Assets).

## **Departmental views**

Ms Chadwick's department provided a view on this application, via the HR Director and the Permanent Secretary, Bernadette Kelly. The information provided to the Committee is summarised below:

- DfT confirmed the information Ms Chadwick provided, as described above.
- Ms Kelly confirmed Ms Chadwick had a significant role in shaping policy which will have had an impact on airports and their investors over the past 6 years.
- Ms Kelly said DfT has a strategic interest in investment in UK transport assets; and that Ms Chadwick and other DfT officials have had ongoing dialogue with GIP, including in relation to '...its investment in Gatwick and Edinburgh Airports, and previously London City Airport, all of which are regarded as Critical National infrastructure assets. The policy and legislative framework set by the Department in areas such as airport expansion, airspace modernisation, aviation security and surface access also have a direct impact on those airports and their owners.'
- Ms Kelly said she did not consider this appointment could be seen as a reward. In particular, she noted the major decision which worked **against** GIP's investment, stating: 'The Government's most high profile and significant intervention in recent years in relation to airports has been to support a third runway at Heathrow, in direction competition with Gatwick.'
- Ms Kelly confirmed Ms Chadwick has had access to a wide range of commercially sensitive information in relation to the aviation sector generally; and that she would have had a range of contact with investors in UK transport infrastructure in keeping with her role. However, Ms Kelly said she did not consider Ms Chadwick had access to departmental policy or other information that would provide an unfair advantage to GIP.
- Ms Kelly told the Committee she has no reservations about this appointment, but said it was '...appropriate to put proper safeguards in place to protect against any potential conflict, real or perceived.' She confirmed that from 18 January 2019, Ms Chadwick:
  - was recused from all discussions relating to current or potential future transport investment decisions; and
  - had no responsibility for the Department's work on airports expansion, nor wider aviation or maritime policy beyond issues directly related to EU Exit or security.
- Ms Kelly also told the Committee Ms Chadwick would be working on EU exit preparations and security matters which are of 'critical importance to the Department, and indeed the Government's, preparations for EU Exit'.
- The Department recommended Ms Chadwick be prevented from any involvement in GIP's investment in Gatwick for two years '...given the sensitive competitive relationship that exists between Heathrow and Gatwick in relation to their strategic plans for long-term expansion.'
- The Department also recommended the usual restrictions which prevent lobbying of the Government; and a one-year restriction working for GIP on other UK transport assets.

### The Committee's consideration

The Committee carefully considered the risks presented by this application. Ms Chadwick is leaving a senior position in DfT where she had access to commercially sensitive information about UK transport infrastructure; and is moving to a private investment company which invests in transport infrastructure assets, alongside assets in other sectors.

Under the Government's Business Appointment Rules, the Committee must consider if there might be cause for reasonable concern that '...a civil servant might be influenced in carrying out his or her official duties by the hope or expectation of future employment with a particular firm or organisation, or in a specific sector...'

The Committee noted it was Ms Chadwick's role in office to engage and liaise with potential and actual investors in the UK's transport infrastructure, in particular, but not limited to, ports and airports (as these areas have more private investment). Ms Chadwick met with GIP in relation to their investments in Gatwick Airport and Edinburgh Airport (and previously London City Airport, though it sold its interests in February 2016). Ms Chadwick broadly described the discussions as including policy formation and decisions on the UK's transport infrastructure. Given this, there is a risk it could appear this role has been offered as a reward for actions taken while Ms Chadwick was in office. However, DfT confirmed Ms Chadwick's contact with GIP was an integral part of her role, and in keeping with protecting the UK's interests in critical national infrastructure investments. The Committee also agreed with DfT's view that the most significant decision made by the Government that directly affected GIP (on airport expansion in the South-East) would be considered to have negatively affected Gatwick (and therefore GIP as an investor) - as the decision was to back expansion elsewhere. Therefore, the Committee concluded the risk Ms Chadwick's actions were motivated by the expectation of future work is low.

Under the Government's Business Appointment Rules the Committee must also have regard to whether there is a risk of an employing organisation gaining improper advantage or exploiting privileged access to contacts in Government or sensitive information.

Until mid-January 2019, Ms Chadwick's role was wide reaching. Her responsibilities are set out above. Ms Chadwick is also a member of the Departmental Board and Executive Committee which has oversight of the Government's policy and delivery of road; UK strategy for rail; and High Speed Rail. In her role, Ms Chadwick has had access to a wide range of commercially sensitive information in relation to the aviation sector and had contact with a range of investors in UK transport infrastructure.

However, Ms Chadwick told the Committee that whilst she did have access to a wide range of information as a Board and Executive member of DfT, this was at a substantially different level of detail than in relation to her direct responsibilities. The Committee also considered it was significant here that DfT took immediate steps, in January 2019, to significantly reduce Ms Chadwick's responsibilities. Having done so, the Permanent Secretary told the Committee she is satisfied that appropriate measures have been put in place to mitigate potential conflicts which could arise around Ms Chadwick's access to commercially sensitive information. The Committee noted in particular this includes information about large scale infrastructure in aviation (such as details around the planned expansion at Heathrow).

The Committee also gave weight to DfT's view that the most significant risk under the Government's Business Appointment Rules related to aviation, in particular around GIP's investment in Gatwick and considered the risks could be adequately mitigated by imposing a restriction on working on UK transport assets for a year; a restriction on working on GIP's investment in Gatwick for two years; and the usual restriction on lobbying the Government (for two years).

Ms Chadwick is seeking to carry out an operational role at GIP; is not seeking to work on UK transport matters initially; the majority of GIP's assets are outside of the UK; and Ms Chadwick's role has been restricted since mid-January 2019. However, GIP's current UK assets are Gatwick and Edinburgh airports. To mitigate the risk Ms Chadwick may be seen to offer GIP a commercial advantage, the Committee considered it was appropriate to advise that Ms Chadwick should not become involved in work for GIP in relation to the UK aviation sector as a whole for the two years she is subject to the Government's Business Appointment Rules; and should be banned from working on any investment(s) GIP may seek to make in the wider UK transport sectors for a year from her last day in office.

Given the network Ms Chadwick has likely built up during her time at DfT, the Committee considered it was possible this could be used by transport infrastructure projects in the EU wishing to develop relationships within the UK around Brexit related issues. The Committee understands from Ms Chadwick this is not something she expects her role to involve. However, given the uncertainty around the UK's exit from the EU, the Committee considered it appropriate to advise that Ms Chadwick should not lobby contacts developed during Crown service in other organisations or governments, for the purpose of advising GIP in EU countries on Brexit related matters.

In the circumstances, the Committee has also considered whether a waiting period is necessary to put a gap between Ms Chadwick leaving office and taking up this role. The Committee considers there is a close link between the role Ms Chadwick held at DfT (responsibility for shaping policy, access to commercially sensitive information, and responsibility for managing relationships with investors) and the nature of GIP's business, which includes investments in UK transport infrastructure. The Committee concluded the risks could not be appropriately mitigated without putting a gap between Ms Chadwick's role at DfT and her taking up this role at GIP.

In reaching its decision, the Committee has given significant weight to the restrictions the Permanent Secretary at DfT has put in place whilst Ms Chadwick remains at DfT (from January to April), working on critical preparations for the UK's exit from the EU; and to the Permanent Secretary's confirmation that Ms Chadwick will not have access to discussions relating to current or potential future transport investment decisions. In the particular circumstances of this case, the Committee considered a three month waiting period (following her departure from DfT in April 2019) would be appropriate mitigation, alongside the other conditions below.

Further, the Committee wishes to make clear this advice is made on the basis of the information provided; and on the understanding that whilst Ms Chadwick remains in office, her responsibilities and access to information will be restricted as described by DfT above. However, if DfT/ Ms Chadwick become aware of any circumstances that would be relevant to this application and this advice, in the gap between receiving this advice and her leaving post, the Committee should be approached for further advice.

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:

- a waiting period of three months from her last day in Crown service;
- she should not draw on (disclose or use for the benefit of herself or the organisations to which this advice refers) any privileged information available to her from her time in

Crown service. (The Committee wishes to be explicit that this includes, but is not limited to, commercial information Ms Chadwick was privy to during discussions with infrastructure operators and investors);

- for two years from her last day in Crown service, she should not become involved in any work for Global Infrastructure Management LLP, Global Infrastructure Partners (including a consortium or other arrangement in which GIP is involved) on matters relating to aviation in the UK;
- for 12 months from her last day in Crown service, she should not advise Global Infrastructure Management LLP, Global Infrastructure Partners (including a consortium or other arrangement in which GIP is involved) on investment(s) GIP may seek to make in the wider UK transport sectors (maritime, road or rail);
- for two years from her last day in Crown service, she should not become personally involved in lobbying the UK Government on behalf of Global Infrastructure Management LLP, Global Infrastructure Partners (including a consortium or other arrangement in which GIP is involved), or its subsidiaries, partners or client; nor should she make use, directly or indirectly, of her Government and/or Crown service contacts to influence policy or secure business on their behalf.
- for two years from her last day in Crown service, she should not lobby contacts developed during Crown service in other organisations or governments, for the purpose of advising Global Infrastructure Management LLP, Global Infrastructure Partners (including a consortium or other arrangement in which GIP is involved), or its subsidiaries, partners or clients, on Brexit related matters.

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."

Please ensure Global Infrastructure Management LLP, Global Infrastructure Partners are made aware of the Committee's advice in this case, in line with the Department's responsibilities under the Business Appointment Rules.

I should also be grateful if you would ensure that we are informed as soon as Ms Chadwick takes up this position, or if it is announced that she 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 she had complied with the Rules.

Ms Chadwick must also inform us if she 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

Catriona Marshall  
**Committee Secretariat**