

From the Chair



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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You approached the Committee about taking up an appointment as a Senior Advisor at OakNorth Bank.

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 pass judgment on whether an appointment is appropriate or suitable in any other regard.

Appointment Details

You seek to take up an appointment as a Senior Advisor with OakNorth Bank, a UK Fintech bank for small and medium sized companies that provides business and property loans. Your role will involve advising senior management to strategic trends, threats and opportunities; and promoting the bank to potential corporate clients. This is a paid and part time role involving a work commitment of 2 days per month. You noted you obtained this role through a personal contact.

You informed the Committee you met with all major banks operating in the UK and a number of minor ones (including foreign banks). You also informed the Committee you met OakNorth's founder at various third party organised Fintech events. You informed the Committee that its founder is a well-known Fintech entrepreneur and a regular attendee at Government hosted events related to Fintech.

You also informed the Committee you were involved in the development of policy relating to financial services, although most of the UK's policy is developed in response to EU initiatives. Further, you were not involved in any contractual decisions relating to OakNorth Bank and had no involvement in regulatory work.

The Permanent Secretary at HM Treasury (HMT) was consulted and confirmed to the Committee your account of any contact with banks; indirect contact with OakNorth Bank; and having met its founder at industry events. Further, OakNorth's founder delivered a keynote speech at the HM Treasury's International Fintech Conference in 2018, focused on their success in the UK Fintech sector, and introduced your speech directly afterwards. The department also note you met with CEOs of SoftBank and SoftBank Investment Advisers, who were major investors in OakNorth. In these meetings, you, as Chancellor, welcomed the investments made by SoftBank's Vision Fund in two UK Fintech firms (one of which being OakNorth).

HMT also confirmed OakNorth will have benefited from the overall positive Fintech messaging and publicity from the government, but it cannot recall any substantive policy changes they will have benefitted from whilst you were in office. Overall, no policy measures were introduced that would significantly impact OakNorth; and unannounced policy that may be seen to benefit OakNorth/the wider Fintech sector has been developed in the period after your resignation.

The department confirmed you were not involved in any contractual decisions relating to OakNorth and has raised no concerns about this appointment.

The Committee's consideration

When considering this application, the Committee¹ took into account this appointment is broadly connected to your role in office. As Chancellor, you were responsible for raising revenue through taxation, borrowing, controlling public spending and all fiscal and monetary policy. The Committee has therefore carefully considered whether there is any risk you could be seen to have been offered this appointment as a result of decisions made or actions taken in office. HMT have confirmed that any decisions taken in office that are relevant to your proposed employers would have impacted the Fintech/financial sector as a whole and is considered to be in line with your role as Chancellor. Though you met with individuals from OakNorth at industry events, HMT also confirmed you only had indirect interactions with OakNorth. Therefore, there is no objective reason this appointment should be seen as a reward for decisions taken in office.

As former Chancellor, the Committee noted you have significant knowledge of fiscal and monetary policy, including taxation and trade policy. The Committee also recognised that as Chancellor, you played a significant role in preparing the UK's exit from the EU. Both factors may be perceived to offer OakNorth Bank or any financial/Fintech company an unfair advantage. However, whilst any company stands to gain from your profile, skills and experience in these matters, there are significant mitigating factors which reduce the scope for you to offer an unfair advantage to your new employer. The Committee recognises that Brexit negotiations are ongoing and policies continue to evolve and HMT have advised that unannounced policy that may be seen to benefit OakNorth/the wider Fintech sector has been developed in the period following your resignation.

It is also significant that there has been a change in administration since you left office. It is therefore possible that any information you were privy to has already or will shortly be made public or will no longer be relevant. You are also subject to a 3- month waiting period to provide a gap between your access to sensitive information in your role as a Cabinet Minister and taking up any outside appointment.

The privileged information ban and extended lobbying ban will further mitigate any risk that you could be perceived to offer an unfair advantage through the use of contacts and disclosing information you were privy to whilst in Ministerial office.

The Committee gave careful consideration to whether an additional waiting period is required on top of the standard three-month waiting period for Permanent Secretaries, in view of HMT's oversight of financial services. In line with previous determinations, the Committee is minded to impose a 6-month waiting period to put some distance between your former and prospective role.

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

¹ This application for advice was considered by Sir Alex Allan; Johnathan Baume; Baroness Browning; Terence Jagger; Richard Thomas; Mike Weir; Lord Larry Whitty and John Wood. Dr Susan Liautaud was unavailable.

- A waiting period of six months from your last day in Ministerial office;
- that 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 Ministerial office. In the context of this general provision, the Committee considers you should specifically avoid giving OakNorth, or its subsidiaries, partners or clients, privileged insight into the Brexit related issues, insofar as it as it pertains to the negotiating position of the UK Government and other parties to the negotiations prior to the date upon which you left ministerial office, whether generally or regarding fiscal matters; and
- for two years from your last day in Ministerial office, you should not become personally involved in lobbying the UK Government, on behalf of OakNorth, nor should you make use, directly or indirectly, of your government and/or Ministerial contacts to influence policy or secure business on behalf of OakNorth or its partners/clients.

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.*"

The Committee also notes that in addition to the conditions imposed on this appointment, there are separate rules in place with regard to your role in the House of Commons.

I should be grateful if you would inform us as soon as you take up this role, 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 Rules and the Ministerial Code.

Please also inform us if you propose to extend or otherwise change the nature of your role as, depending on the circumstances, it may be necessary for you 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 where appropriate, refer to it in the relevant annual report.

The Baroness Browning

The Rt Hon Philip Hammond MP

