



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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1. You sought the Committee's advice on taking up a commission under your independent consultancy, Matrix Partners Ltd.

The Committee's role and remit

2. As you will be aware, 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.

3. 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.

4. It is not the Committee's role to pass judgment on whether an appointment is appropriate or suitable in any other regard.

Appointment details

From the Chair

5. You sought the Committee's advice on taking up a paid, part time role with Apidae Ltd (Apidae), under your independent consultancy. Apidae is registered with Companies House as a management consultancy. You informed the Committee the Principle of Apidae is Mr Al Lukies, the Prime Minister's Business Ambassador for Fintech (and a Member of the Prime Minister's Business Council). You noted that Mr Lukies is involved with businesses at a number of stages, across the Fintech sector. Mr Lukies' main business, via Apidae, is Pollinate, of which Mr Lukies is the founder and CEO. Pollinate was created in 2017 to '*...turn the tide for the world's largest and most complex financial services institutions. Working with banks and their legacy platforms, Pollinate helps launch new services that reinvent the payments and financial services sector.*' Mr Lukies also carries out pro bono work, including with the Fintech Alliance, of which he is chair.

6. You stated you wish to advise Apidae (Mr Lukies) in relation to the development of Fintech business in the UK and abroad. You said this is likely to be brainstorming, questioning and challenging Mr Lukies' ideas, problems and opportunities - so the focus would be on strategic advice.

7. You informed the Committee you did not meet with Apidae while in office but did meet with Mr Lukies, as he was and remains the Prime Ministers Business Ambassador for Fintech. Therefore, you had occasional contact with him at official events in this capacity. You stated there is no relationship between Apidae and your former department HM Treasury (HMT). While you state you were not involved in any policy decisions or developments that could be seen to affect Apidae, as Chancellor you note you were involved in policy that impacted the Fintech sector as a whole. As an example, you note that you established the Patient Capital Review¹ which looked at ways to encourage long-term finance to support Fintech businesses alongside other innovative firms in the UK.

8. You informed the Committee you had routine and regular contact with Fintech businesses, and representative organisations of the Fintech Sector, as Chancellor. However, you confirmed you had no sensitive information regarding competitors.

9. The Permanent Secretary at the HM Treasury (HMT) was consulted about this application. HMT confirmed your above statements and said it has no relationship with Apidae. HMT confirmed as part of your role you will have met with other organisations in the Fintech Sector though it confirmed you have no access to sensitive information about potential competitors. HMT also confirmed any unannounced policy has been developed in the period after your resignation.

10. HMT confirmed there have been no policy developments that would have impacted Apidae Ltd directly or have had any major impact on the sector; though it stated companies operating in the Fintech sector will have benefited from the overall positive Fintech messaging and publicity from the government.

¹ An independent industry panel of entrepreneurs, academics and investment professionals was set up to support the Government's Patient Capital Review. This review, which was led by HM Treasury, was looking into the availability of long term finance for growing UK firms and identifying barriers to access to long-term finance for growing firms.

From the Chair

11. HMT noted it has a relationship with Fintech Alliance². In regards to the Fintech Alliance:

- it is a not for profit membership body for UK Fintech and is chaired by Mr Lukies
- you announced the launch of Fintech Alliance during UK Fintech Week in 2019
- HMT said it has since supported events run by Fintech Alliance e.g. ministerial speeches
- HMT states no policy decisions were taken that could benefit Fintech Alliance
- HMT said any decisions taken in office would have impacted the Fintech/financial sector as a whole and is considered to be in line with your role as Chancellor

12. HMT further noted that you were Chancellor for much of the Brexit process. It stated it is worth noting that while a significant amount of Brexit policy was started under yourself, it was not completed and was taken forward by the next Chancellor.

13. HMT has no concerns about you taking up this commission.

The Committee's consideration

14. The Committee considered this commission is consistent with the description of your consultancy which you described as a vehicle for development of an advisory and consultancy business, offering advice to companies and organisations in the UK and overseas.

15. The Committee noted that you did meet with Mr Lukies in his capacity as the Prime Minister's Business Ambassador for Fintech and the Committee noted you and HMT work with the Fintech Alliance, chaired by Mr Lukies. However, while you made decisions affecting the Fintech sector (and business in general) these decisions were in line with government policy in your role as Chancellor and affected the Fintech sector and wider business as a whole - rather than any one business. The Committee agreed with HMT there was no reason this appointment should be seen as a reward for decisions or actions taken in office.

16. The Committee noted there is some crossover from your time in office with this commission. The Committee was mindful that any Chancellor is inevitably involved in policy and decision making that impacts widely on almost all business sectors including Fintech which was supported by the UK Government and HMT. This information could be of interest to Apidae. However, the Committee gave weight to HMT's view that there is a low risk in connection with your access to sensitive information that could provide an unfair advantage. This is primarily because the amount of time that has passed since you were in office, which reduces the significance of the information you had access to at the time (including movement in market sensitivities in the last several months).

17. The Committee also noted that during your time as Chancellor you would have led on Brexit related policy and no deal planning. The Committee considered HMT's comments that now the UK has left the EU, there is little risk that the information gained from no deal

² The Alliance was launched earlier in June 2019. It brings all the players in the UK's FinTech (Financial Technology) ecosystem together in one destination to support the continued growth of the sector. It will provide support to FinTech firms in the UK to help them access funding, attract international investment and talent, and provide a platform for UK firms to expand onto the global stage.

From the Chair

preparation will offer a significant advantage to your potential clients. However, the Committee recognised that negotiations are still ongoing, so there could be a risk, however small, you might offer an unfair advantage with regard to your insight here. Therefore, the Committee would draw your attention to the ban on use of privileged information that applies to all former Ministers. In his context, it would remind you this prevents you from advising on matters related to the UK's exit from the EU insofar as it relates to your time in office, including ongoing negotiations between the UK and other countries where it would draw on privileged insight.

18. Given your seniority and profile as the former Chancellor of the Exchequer, there is a risk it could be perceived your contacts gained in office might assist Apidae unfairly. The Committee would therefore like to draw your attention to the lobbying restriction and the restriction on providing advice on bids or contracts with the UK Government, to mitigate the risk you may be seen to offer an unfair advantage to Apidae. These restrictions would be in keeping with your proposed role to offer strategic advice.

19. As this proposed work relates to your time in office there are inherent risks associated with the sensitive information you may have had access to. The Committee considered a waiting period would normally be required to put a gap between your time in office and the taking up of this role with Apidae. However, given the amount of time that has passed since your time in office (8 months) and the tight conditions imposed below, the Committee considered no further waiting period is necessary.

20. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work with **Apidae Ltd** be subject to the conditions applied to your independent consultancy:

- 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 those you advise under your independent consultancy, 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;
- for two years from your last day in ministerial office, you should not become personally involved in lobbying the Government on behalf of those you advise under your independent consultancy (including parent companies, subsidiaries and partners). Nor should you make use, directly or indirectly, of your government and/or Ministerial contacts to influence policy, secure funding/business or otherwise unfairly benefit those you advise under your independent consultancy (including parent companies, subsidiaries and partners);
- for two years from your last day in ministerial office, you should not become personally involved in lobbying contacts you have developed during your time in office and in other Governments and organisations for the purpose of securing business for any company or organisation (including parent companies, subsidiaries and partners);

From the Chair

- for two years from your last day in ministerial office, you should not provide advice to any company or organisation on the terms of, or with regard to the subject matter of, a bid with, or contract relating directly to the work of the UK Government; and
- for two years from your last day in ministerial office, before accepting any commissions for your independent consultancy and or/before extending or otherwise changing the nature of your commissions, you should seek advice from the Committee. The Committee will decide whether each commission is consistent with the terms of the consultancy and consider any relevant factors under the Business Appointment Rules

21. 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 Ministerial Code/ Civil Service Code or otherwise.

22. 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.*"

23. I should be grateful if you would inform us as soon as you take up this consultancy and/ or commission, 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.

24. Once this consultancy is in operation, or has been publicly announced, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

The Rt Hon Philip Hammond

The Baroness Browning