



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

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1. You sought the Committee's advice on taking up a commission with FMA Partners LLP 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

5. You sought the Committee's advice on taking up a paid, part time role with FMA Partners LLP (FMA), under your independent consultancy. FMA was set up by Lord Francis

Maude alongside Baroness Finn on leaving government in 2016. FMA is formed of experienced practitioners who have experience from within the UK Government. It works with other governments around the world to deliver significant change and reform programmes which improve efficiency and ultimately deliver better outcomes for citizens. FMA's describe its works as helping its clients save money, through increasing efficiency in their operation.

6. You stated FMA Partners is currently undertaking government capacity-building projects for various overseas governments, particularly in the Middle East. You said your role will be to support FMA's team offering restructuring consultancy services to overseas governments. You noted that FMA's work is limited to working with governments on change and reform projects and does not seek to work with other forms of client. Therefore, your work would be limited to working with foreign governments to improve outcomes for their citizens.

7. You informed the Committee you did not have any official dealings with, nor were you involved in any policy decisions or developments that could be seen to affect FMA. You stated there is no relationship between FMA and your former department, HM Treasury (HMT).

8. You noted that in your role as Chancellor (as well as your former roles as Foreign Secretary and Defence Secretary) you met with foreign Governments, such as those FMA is working with.

9. The Permanent Secretary at HMT was consulted about this application. HMT confirmed your above statements and that it has no relationship with FMA. It further noted you would not have had access to sensitive information about potential competitors and you would not have had access to unannounced policy, as any relevant policy had been developed since your resignation.

10. In regards to your contact with foreign governments, HMT said as Chancellor you will have met with a number of foreign governments and attended a number of events alongside foreign governments such as the G20 summit. HMT further noted that you were Chancellor for much of the Brexit process the significant amount of Brexit policy which was started under yourself (focussed on no deal planning) was not completed and was taken forward by the next Chancellor.

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

#### The Committee's consideration

12. The Committee noted that 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.

13. The Committee noted that this commission is not directly related to policy or regulation from your time in office, and is drawing on knowledge, skills and experience from your time in government. However, the Committee was mindful that any Chancellor inevitably is involved in policy and decision making that impacts widely on almost all business sectors. This information could be of interest to possible clients of FMA. 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 reduces the significance of the information you had access to at the time, including movement in market sensitivities in the last several months and that your focus was on no deal planning, which is no longer relevant. It is also relevant that FMA's clients are foreign national governments.

14. 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 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.

15. Given your seniority and profile as the former Chancellor of the Exchequer, there is a risk it could be perceived your contacts might assist FMA. In particular as Chancellor you will have met with a number of foreign governments building up a network of contacts. The Committee would therefore like to draw your attention to the lobbying restrictions applied below which make it clear that use of your contacts within HMG and foreign governments to the unfair advantage of FMA or its clients would be inappropriate. Further the restriction on providing advice on the terms of, a bid or contract relating directly to the work of the UK Government prevents you from providing an unfair advantage to FMA in respect of future work with the UK. The Committee noted this is not your intention, as your work will focus on restructuring services and related advice to foreign governments.

16. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work with **FMA Partners LLP** be subject to the same conditions as 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);
- 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 .

17. 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/ Civil Service Code or otherwise.

18. 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."*

19. 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.

20. 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