



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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1. You sought the Committee's advice about taking up a role with the Financial Services Compensation Scheme (FSCS) as a Non-Executive Director.
2. Your last day in office was 13 February 2020.

The Committee's remit

3. It is the Committee's role to advise on any 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.
4. 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.
5. 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.
6. It is not the Committee's role to pass judgment on whether an appointment is appropriate or suitable in any other regard.

Appointment details

7. You wish to take up a paid part time role with FSCS. You said FSCS compensates customers of the businesses authorised by the Financial Conduct Authority (FCA), if the business collapses. Its website states it was set up by parliament and funded by the financial services industry, FSCS is completely independent of the Government and financial services industry. Under the Financial Services & Markets Act 2000 (FSMA), the UK regulators (the FCA and the Prudential Regulation Authority) appoint the directors on terms which ensure they run FSCS independently of the UK regulators - though FSCS is accountable to the regulators and ultimately to the Treasury. It is funded by levies on firms authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). FSCS's costs are made up of compensation costs and management expenses.
8. You said as a Non-Executive director on the Board of the FSCS you will be supporting the Executive team and overseeing the overall FSCS strategy and finances. You do not expect your role to involve contact with the Government.
9. You confirmed you had no official contact with the company whilst Secretary of State at DCMS; and that you hold no sensitive information related to FSCS. You confirmed you made no relevant policy decisions or development affecting FSCS and there is no relationship between FSCS and your former department, the Department for Media, Culture and Sports (DCMS).
10. You did inform the Committee you had dealings with the FSCS when you chaired the House of Commons Treasury Select Committee between July 2017 and July 2019 but this was in your capacity as an MP.
11. DCMS confirmed it does not hold any relationship with FSCS, contractual or otherwise; that within your last two years in office you had no involvement in awards or grants involving FSCS and did not have access to unannounced policy or information of sensitivity that could unfairly benefit FSCS. The department has no concerns with you taking up this role.

The Committee's consideration

12. When considering your application, the Committee¹ took into account that you did have official dealings with FSCS whilst you chaired the House of Commons Treasury Select Committee between July 2017 and July 2019 prior to you joining DCMS. However, this was in your capacity as an MP and both you and DCMS confirmed that, during your time as Secretary of State, you did not make any policy or funding decisions that affected FSCS. The Committee therefore considered the risk you were offered the role as a reward for actions taken or decisions made in ministerial office as low.
13. The Committee considered this role raised no propriety concern under the Rules. Whilst there is a close relationship with Parliament and the organisation, there is no funding relationship with the Government and no reason to consider the organisation stands to gain an unfair advantage. However, the Committee would draw your attention to the conditions below which also make it clear that it would be improper to make use of information and contacts gained in office to the unfair advantage of your new employer.

¹ This application for advice was considered by Sir Alex Allan; Jonathan Baume; The Rt Hon Lord Pickles; Richard Thomas; Mike Weir; Lord Larry Whitty and John Wood. Dr Susan Liautaud was recused

14. 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:
- you should not draw on (disclose or use for the benefit of yourself or the persons or organisations to which this advice refers) any privileged information available to you from your time in ministerial office; 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 Financial Services Compensation Scheme (including parent companies, subsidiaries, partners and clients); nor should you make use, directly or indirectly, of your contacts in the Government and/or Crown service to influence policy, secure business/funding or otherwise unfairly advantage Financial Services Compensation Scheme (including parent companies, subsidiaries, partners and clients).
15. 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 as a member of the House of Lords.
16. 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.
17. 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.*"
18. 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; and 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.
19. 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.
20. 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.

21. 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 Rt Hon Lord Pickles

The Baroness Morgan of Cotes