



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

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1. You approached the Committee about taking up an appointment as a Member of the External Advisory Group for McKinsey & Co.

### The Committee's role and remit

2. 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.

### The Application

5. You sought the Committee's advice on taking up a paid, part-time position as a Member of the External Advisory Group at McKinsey & Co (McKinsey). McKinsey & Co is an American management consulting firm which operates globally. The website states it partners with clients to transform their organizations in the '*...ways that matter most to them*'. It describes embedding digital, analytics, and design into core processes and mind-sets, building capabilities that '*...help organizations and people to thrive in an ever-changing context*'. It operates across the private, public, and social sectors.
6. You state this paid, part time role will be to provide advice and expertise to McKinsey's governing body (the Shareholders Council) and its Global Managing Partner; and attend two meetings per year with the Global Managing Partner and the five Shareholders Council chairs, with ad-hoc calls as needed. You do not expect this role to involve contact with Government. Example topics might include:
  - i. How McKinsey addresses specific situations involving country and sector risk
  - ii. How McKinsey describes its impact and what it discloses publicly
  - iii. Recruiting policies and personal conduct policies
  - iv. Types of partnership arrangements
7. You informed the Committee that you met with Mckinsey at stakeholder events but you were not involved in policy development or decisions, nor were you involved in awarding contracts or funding that affected McKinsey.
8. You also noted that during your time as a Minister you frequently attended events where individuals were present from other strategy consultancies and accounting firms with consulting contracts. You noted your former department used consultants for advisory work but said there is no contractual relationship between McKinsey and your former department.
9. You noted any interaction with other firms, such as EY interactions would not have given you any confidential or competitive information which might affect this advisory role with McKinsey.
10. Your former department, the Department for International Trade (DIT) was contacted about this application. DIT confirmed your comments and further stated as you left the department nine months ago, it does not believe you have any knowledge of unannounced policy that could give McKinsey an unfair advantage.
11. The Department confirmed you attended multiple events where members of McKinsey and competitors were in attendance, in line with your ministerial role. At these stakeholder engagement meetings the topics ranged from the Export Strategy to British American trade relations. DIT said any engagement with McKinsey and competitors through these meetings was high level and informal and no policy decisions were taken as a result. It further noted you had one 1-1 meeting with McKinsey, in January 2018: an introductory meeting following your appointment. This involved a broad discussion, including discussing ideas for the Export Strategy.

Attendees from McKinsey were Dame Vivian Hunt (UK Managing Director, whom you knew previously) and Jonathan Dimson (Senior Partner).

12. DIT also confirmed you had no access to sensitive information regarding competitors and is not aware of any reason you should not take up this appointment.

#### The Committee's consideration

13. When considering this application, the Committee<sup>1</sup> considered whether this appointment could be perceived as a reward for decisions taken in office. The Committee noted that you did meet with McKinsey, but in the same manner as the dealings you had with other similar organisations as a Minister. Further, you had no involvement in policy or funding decisions specific to McKinsey. As such, the Committee did not consider it could reasonably be perceived you were offered this unpaid role as a reward for decisions made or actions taken in office.
14. The Committee noted that whilst there are no specific proprietary issues here, there may be a risk around the nature of the information you had access to by virtue of your ministerial portfolio. However, the Committee noted that as Minister for State for Trade and Export Promotion you were exposed to a broad range of insight and information. Whilst in office you sat on the European Union Exit and Trade (International Trade Committee and met with numerous businesses as part of your stakeholder work. However, any high level information from this time was prior to the UK's exit from the EU and under a different administration. This is an area in which thinking and policy has moved quickly and the Committee agreed with DIT that the amount of time that has passed since you were last in office is a significant mitigating factor. Further, under the Rules you are prevented from drawing from any privileged information you were privy to by virtue of your previous Ministerial role which appropriately mitigates any remaining risk.
15. Given your seniority, the Committee noted you would have had access to a wide range of contacts across Whitehall and within the Government. The Committee would therefore like to draw your attention to the lobbying ban below which makes it clear that you must not make use of your contacts gained in office to the unfair advantage of McKinsey. Although DIT confirmed it has no contractual relationship with McKinsey, as a consultancy firm there is a risk it may seek to work with DIT in the future and the Committee is aware it has done work with other government departments. As such the Committee has imposed a ban on providing advice on the terms of a bid or contract relating directly to the work of the UK Government, though it recognises this is not necessarily the intention of the advisory role you describe.

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<sup>1</sup> This application for advice was considered by Sir Alex Allan; Jonathan Baume; Baroness Angela Browning; Terence Jagger; Dr Susan Liautaud; Lord Larry Whitty and John Wood. Richard Thomas was unavailable.

16. In the circumstances, the Committee's advice is that, under the Government's Business Appointment Rules, this appointment with McKinsey & Co be subject to the following conditions:

- that you should not draw on (disclose or use for the benefit of yourself or the organisations to which this advice refers) any privileged information available to you from your time in Ministerial office;
- for two years from your last day in Ministerial office, you should not become personally involved in lobbying the UK Government on behalf of McKinsey & Co (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 McKinsey & Co (including parent companies, subsidiaries, partners and clients); and
- for two years from your last day in ministerial office, you should not advise McKinsey & Co or its clients on work with regard to any policy you had specific involvement or responsibility for as Minister at the DIT, or where you had a relationship with the relevant client during your time as Minister at the DIT.

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 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 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 Baroness Browning

Baroness Rona Alison Fairhead CBE

