



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 Canary Wharf Group Plc 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 Canary Wharf Group Plc (CWG), under your independent consultancy. CWG is a private real estate company that develops, manages and currently owns interests in approximately 7.7 million square feet of office space, 0.9 million square feet of retail and 327 completed Build to Rent units. It is the owner and developer of nearly 100 acres of property at Canary Wharf and elsewhere in London. You said you will provide strategic advice to the senior management team of this property company as it plans for post-covid recovery, the challenges ahead for the commercial property sector generally and the transport infrastructure challenges facing CWG.

6. You informed the Committee that Sir George Iacobescu, Chairman (and until recently Chief Executive of CWG), is a familiar figure in government circles and often attends events organised by departments/No 10. You said you had occasional contact with him throughout your period as Chancellor. You also informed the Committee CWG regularly acts as a venue for Minister's wishing to make public speeches. You told the Committee you were not involved in any policy decisions or developments that could be seen to affect CWG. Nor is there a relationship between HMT and CWG, but you did have routine and regular contact with property sector businesses and representative organisations of the property sector throughout your period in office. You confirmed you had no access to commercially sensitive information regarding competitors.

7. You also informed the Committee during your time in office, HMG lobbied to persuade The European Bank for Reconstruction and Development, (EBRD) to relocate it's office to Canary Wharf, to property owned by CWG. You said this was clearly a benefit to the company and you, as well as other senior officials, had significant interaction with CWG management in securing an outcome in line with HMG's policy objectives.

8. The Permanent Secretary at HMT was consulted about this application. HMT confirmed you had met with Sir George Iacobescu on 5 September 2017 and 14 December 2017 in a non-official/non-ministerial capacity. It also said you received an invitation from the CWG around the end of 2018 but did not attend. HMT confirmed you were not involved in relevant policy decisions or development.

9. HMT also provided more information regarding CWG and EBRD. HMT confirmed that EBRD¹ is an international financial institution headquartered in London. While Chancellor, you were the UK's governor to the EBRD and sat on the board of governors, it's highest decision-making body. HMT said it leads on EBRD policy issues across Whitehall, thoughworking closely with the Derpatrment for International Development. In practice day-to-day issues are delegated to the board of directors at the EBRD where the UK is represented by a senior treasury official. HMT noted that with the EBRD's lease at its current headquarters in Exchange Square London due to expire in 2022, it began a search to independently assess potential new locations in 2017. Shareholders including HMT/the UK were not involved in the process and the bank was supported by a number of external consultants. EBRD's original

¹ EBRD operates in 38 countries across Europe, central Asia and the Southern and Eastern Mediterranean, investing in projects which the market is unable to finance and provides technical assistance in the preparation and implementation of these projects. The bank has 71 shareholders (69 countries and 2 institutions- the European Commission and the European investment bank) which are each represented by a governor.

search yielded 18 potential properties, and the bank independently proposed the CWG property in Canary Wharf as the most suitable location. All shareholders were then presented with the option of either extending the current lease in Exchange Square or moving to the CWG property. HMT officials assessed the bank's proposal and judged the CWG property as the best option - it kept the bank in London and also represented good value for money. HMT advised you on this basis and you agreed with the recommendation to support the CWG move.

10. You alongside with other Ministers and senior officials consequently lobbied other shareholders to build support for the move and in April 2019 the final vote took place at the board of directors level. 80% of the shareholders, including the UK voted in favour for the move.

11. HMT confirmed the knowledge of both yours and HMT's interaction with CWG is limited to this specific EBRD case; that you do not have access to information in this policy area which remains sensitive and could offer CWG an unfair advantage; and it had no concerns with this appointment.

The Committee's consideration

12. The Committee² 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. When considering this application, the Committee took into account that you were involved in a decision that benefitted CWG and as a result this role could be perceived to be offered as a reward for actions you took while in office. However the Committee noted there are several factors that mitigate this risk:

- CWG was chosen by EBRD - you were not involved in choosing the location as part of its consideration
- EBRD assessed CWG to be the best option independent of any input from you or HMT
- The UK Government advised you to vote in favour for CWG - it was inline with government policy
- 80% of the board also voted in favour for CWG

The Committee noted HMT's internal assessment and judgement that the CWG proposal, as put forward by the EBRD limited the potential perception you could be seen to have made this decision and followed this course of action in expectation of this role several years later. CWG was chosen as the best fit, independently of your input, though you supported it as Chancellor. Therefore, the Committee considered the risk it might be perceived this appointment is a reward for decisions made or actions taken from your time in office.

14. The Committee was mindful that any Chancellor inevitably is involved in policy and decision making that impacts widely on the UK economy and almost all sectors. The Committee noted the perceived risk you could offer an unfair insight to CWG in regards to the UK economy as you may possess some sensitive information. However, the Committee gave

² This application for advice was considered by Sir Alex Allan; Jonathan Baume; Richard Thomas; Mike Weir; Lord Larry Whitty; Dr Susan Liataud; The Rt Hon. Lord Eric Pickles and John Wood.

From the Chair

weight to HMT's view that it has no concerns in you taking up this commission and you had no access to information that could unfairly benefit CWG. Further, it recognised the amount of time that has passed since you were in office, and the significant changes in the economic landscape since, which reduces the significance of the information you had access to at the time.

15. The Committee also noted that during your time as Chancellor you would have led on Brexit related policy and no deal planning. The Committee recognised that negotiations are still ongoing, with respect of the UK's future relationship with the UK, 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 this 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.

16. Given your role and profile as the former Chancellor of the Exchequer, there is a risk it could be perceived your contacts might assist CWG. The Committee noted the previous interaction between CWG and HMG and the fact it is a property company which could offer office space to HMG. The Committee considered the conditions attached to your consultancy to prevent the improper use of contacts to the unfair advantage of CWG, in particular the ban on providing advice on the terms of, a bid or contract relating directly to the work of the Government.

17. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work with **Canary Wharf Group Plc** 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

From the Chair

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 .

18. 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.

19. 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.*"

20. 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. 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.

21. 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 Lord Pickles

The Rt Hon Philip Hammond