



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

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November 2020

1. You sought the Committee's advice on taking up a commission with Davidson Kempner European Partners 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 Davidson Kempner European Partners (DKEP), under your independent consultancy. DKEP, is the European subsidiary of Davidson Kempner Capital Management LP (DKCM) is a global institutional alternative investment management firm with over \$34 billion in assets under management. It is headquartered in New York City, with additional offices in London, Dublin, Hong Kong and Philadelphia. The firm has a particular focus on distressed investments and merger arbitrage.

6. You said you will act as an advisor. You described the role as providing analysis of, and insight into, Government policy announcements and strategic policy thinking, primarily in the area of economic policy, based on your understanding of the Government's policy agenda. You do not expect this role to involve contact with Government.

7. You informed the Committee that you did not meet with DKEP while in office. You stated there is no relationship between DKEP and your former department HM Treasury (HMT). You stated you had no official dealings with DKEP in office and as such you were not involved in awarding any contracts or funding to DKEP or involved in particular policy decisions or development with regard to DKEP. You confirmed you would have met representatives of the asset management industry on many occasions but did not have access to commercially sensitive information on these possible competitors.

8. The Permanent Secretary at HMT was consulted about this application. HMT confirmed the above statements. HMT noted you were involved in policy decisions that affected many sectors of the economy. It confirmed that you attended a small number of meetings and roundtables with the asset management industry, some more specifically within alternative asset management, such as one with Blackstone. However, HMT said these did not result in you having sensitive information that may provide DKEP/DKCM with an unfair advantage. It further confirmed any unannounced policy or sensitive information you had access to would no longer be up to date or sensitive due to the passage of time. HMT confirmed it has no concerns with this appointment.

#### The Committee's consideration

9. 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.

10. When considering this application, the Committee noted you were not involved in any discussions or decisions that specifically affected DKEP in your role as Chancellor. Further, HMT does not have a relationship with DKEP. Therefore, there is nothing to suggest you took any action or made any decisions whilst in office with the expectation of a future role as such the Committee considered the risk you were offered this role for decisions made in office as low.

11. 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 DKEP in regards to the

UK economy as you may possess some sensitive information. However, the Committee gave weight to HMT's confirmation you had no access to information that could unfairly benefit DKEP. Further, HMT 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; and had no concerns in you taking up this commission.

12. 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.

13. Given your role and profile as the former Chancellor of the Exchequer, there is a risk it could be perceived your contacts might assist DKEP. The Committee considered the conditions attached to your consultancy to prevent the improper use of contacts to the unfair advantage of DKEP.

14. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work with **Davidson Kempner European Partners** 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.

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 in 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 Ministerial Code/ 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. 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.

19. 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 Lord Hammond