



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

Room G/8, 1 Horse Guards Road, London, SW1A 2HQ

Telephone: 020 7271 0839

Email: acoba@acoba.gov.uk

Website: <http://www.gov.uk/acoba>

October 2020

1. You sought the Committee's advice on taking up a commission with Arora Holding Ltd 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 Arora Holding Ltd (Arora), under your independent consultancy. Arora Group, is a UK group of

From the Chair

companies involved in hotel operations, hotel management, property construction, and property portfolio asset management. You said the business had been affected by Coronavirus and created a strategic advisory board to bring outside thinking about future approaches. You said you will act as an advisor. The role will involve chairing four sessions per year of a newly created strategic advisory board to consider the future direction of the business, post-covid and providing ad hoc advice to the Chairman and CEO between these meetings. You do not expect this role to involve contact with government.

6. Mr Surinder Arora, founder and Non-Executive Chairman of the Arora Group, made a bid to build and operate the third Heathrow runway in competition with Heathrow airport. As of February 2020 the Court of Appeal ruled the Heathrow Expansion as unlawful. However both Heathrow and Arora are appealing this decision.

7. You informed the Committee that you did not meet with Arora while in office but said Mr Arora, is a former constituent and long-term political supporter and a personal friend. You told the Committee you were aware that the company had an interest in proposals to construct a third runway at Heathrow Airport. You sought and received advice from HMT's Permanent Secretary with regard to registering this interest and managing any potential conflict that might arise in your role as Chancellor and as a member of the Airports Sub-Committee.

8. You further informed the Committee that you likely would have met with representatives of the Hotel and Leisure sector and aviation industry in your capacity as Chancellor; but confirmed you did not have access to commercially sensitive information.

9. The Permanent Secretary at HMT was consulted about this application. HMT confirmed you raised with the Permanent Secretary:

- an article regarding Mr Arora's bid to build and operate the third Heathrow runway in competition with the Heathrow Airport.
- that Mr Arora is a constituent of yours, who has also donated to your local Conservative Association.
- Your request to make sure that if this plan came to HMT that you not be involved, and no papers in relation to this were sent to you (and instead sent to the Chief Secretary to the Treasury). HMT advised you at the Airports Sub-Committee to:
- declare your connection to Mr Arora to other members of the Sub-Committee before the discussion begins;
- inform the members of the Sub-Committee before the discussion that, should the Sub-Committee decide to proceed, you will delegate any subsequent decisions on how the runway is to be delivered to another Treasury Minister; and
- in the (unlikely) event that the discussion turns to the question of whether the proposed National Policy Statement should be amended to make it easier or harder for third-party developers such as Mr Arora to obtain development consent, you should take no part in the discussion or decision on that narrow point.

10. HMT confirmed it has had no dealings with Arora at an official level. HMT said it *'...wasn't heavily involved with the different promoters of expansion schemes because it has always been privately funded. We're involved at a much higher level, but Arora basically just want to build a terminal building. The team can't find any advice that was put to any HMT Minister on Arora's plans. DfT officials and Ministers have met Arora to discuss their proposals*

for Heathrow expansion. Arora haven't won any contracts from Government'. HMT confirmed it has no concerns with this appointment.

11. In relation to your role on the Cabinet Airports Sub-Committee the Cabinet Office were also consulted about this application. It confirmed:

- You did not meet with interested parties as part of the Committee;
- You did not have access to commercially sensitive information regarding companies in the Hotel and Leisure and the Aviation Industry;
- Primarily the papers would have included an overview of considerations that underpin decisions such as economic, noise and environmental.

The Committee's consideration

12. The Committee¹ 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 noted you were not involved in any discussions or decisions affecting Arora in your role as Chancellor, nor through your membership of the Cabinet Airports Sub-Committee. Further, HMT does not have a relationship with Arora. 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.

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 Arora in regards to the UK economy as you may possess some sensitive information. However, the Committee gave 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 Arora. 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 you were a member of the Cabinet Airports Sub-Committee. Though Cabinet Office confirmed you did not have access to sensitive information, commercial or otherwise, the Committee considered it necessary to prevent any real or perceived risk you may offer an unfair insight to Arora should you advise them on the Heathrow expansion or their appeals process. It therefore put in place an additional condition on this commission, preventing you from advising on any subject matter involving the Heathrow expansion.

16. 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,

¹ 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.

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.

17. Given your role and profile as the former Chancellor of the Exchequer, there is a risk it could be perceived your contacts might assist Arora. The Committee considered the conditions attached to your consultancy to prevent the improper use of contacts to the unfair advantage of Arora, in particular the ban on providing advice on the terms of, a bid or contract relating directly to the work of the Government.

18. Taking into account the above, in accordance with the Government's Business Appointment Rules, the Committee advises your work with **Arora Holding Ltd** be subject to the same conditions as your independent consultancy, **as well as the additional restriction below:**

- 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

From the Chair

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.

In addition, the Committee considered this commission with Arora Holding Ltd be subject to the additional condition:

- For two years from your last day in ministerial office, you should not provide advice on the terms of, or with regard to the subject matter of the Heathrow Expansion, including any bid by Arora Holdings Limited or the legal appeals process.

19. 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.

20. 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.*"

21. 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.

22. 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