



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: Sir Charles Roxburgh KCB, former Second Permanent Secretary at His Majesty's Treasury. Application to work with Legal and General America under his independent consultancy.

1. You sought advice from the Advisory Committee on Business Appointments (the Committee) under the government's Business Appointments Rules for former Crown servants (the Rules) on his proposal to work with Legal and General America under his independent consultancy. The material information taken into consideration by the Committee is set out in the annex.
2. The Committee considered whether this work was unsuitable given your former role as Second Permanent Secretary at His Majesty's Treasury (HMT) and the nature of Legal and General's work - which has the potential to overlap with your time in office. The Committee also considered the information provided by the department.
3. The Committee has advised that a number of conditions and a waiting period be imposed to mitigate the potential risks to the government associated with this appointment under the Rules; this does not imply the Committee has taken a view on the appropriateness of the former Second Permanent Secretary at HMT taking up this role with Legal and General in any other respect.
4. The purpose of the Rules is to protect the integrity of the government. Under the Rules, the Committee's remit is to consider the risks associated with the actions and decisions made during your time in office, alongside the information and influence you, as the former Second Permanent Secretary at HMT, may offer Legal and General.
5. The Rules¹ set out that Crown servants must abide by the Committee's advice. It is an applicant's personal responsibility to manage the propriety of any appointment. Former Crown servants are expected to uphold the highest standards of propriety and act in accordance with the 7 Principles of Public Life.

The Committee's consideration of the risk presented

¹ Which apply by virtue of the Civil Service Management Code, The Code of Conduct for Special Advisers, The King's Regulations and the Diplomatic Service Code.

6. The Committee² considered this commission to be consistent with the description of your consultancy which you described as focusing on potential financial services clients in both the UK and the US. The consultancy will advise senior leaders including Chief Executives, Chairs and Boards on strategic or organisational issues - on matters such as corporate or business unit strategy, top level organisational structure and effectiveness, and strategic risk management.
7. When considering this application, the Committee noted as a financial institution there is a stakeholder relationship between Legal and General and His Majesty's Treasury. As a result of this relationship you met with Legal and General as part of wider HMT consultations with the industry. The Committee noted there is no funding relationship between HMT and Legal and General. HMT does not have a regulatory relationship with Legal and General which is regulated by the Prudential Regulatory Authority and Financial Conduct Authority. HMT does however have oversight of these regulators and overall financial services policy. While you made decisions impacting Legal and General, these were not specific to the organisation and affected the whole sector. As a result there is no evidence you made any decisions in expectation of this role.
8. Given your former roles as Second Permanent Secretary, you will have had oversight of a wide range of information and policy that may provide an unfair advantage to a broad range of organisations. The Committee considered there is a risk that Legal and General may be considered to gain from your privileged insight that is unavailable to its competitors. HMT specifically mentioned the following matters that you have privileged insight into: Solvency 2, Reform of the UK Regulatory Framework, Productive Finance Agenda and Reform of DC Pension Charge Cap.
9. The Committee took into account there are a number of mitigating factors that help reduce the risks associated with your access to information and insight that may be seen to offer Legal and General an unfair advantage:
 - HMT said any policy matters you were involved in will have moved on within 6 months of your last day in Crown service:
 - There have been two new Chancellor of the Exchequers since you left Crown service.
 - There have been two new Prime Ministers appointed, and two new Cabinets formed in September and in October.
 - The fast moving pace of HMT policy that is finalised and published via regular budgetary announcements.
 - You have confirmed you will not advise Legal and General on UK matters, including Solvency 2, Reform of the UK Regulatory Framework, Productive Finance Agenda and Reform of DC Pension Charge Cap. Your role will be limited to Chairman for Legal and General America, a role focussed outside the UK.
 - You have previous experience in the financial services sector, before joining government and are returning.
 - You are prevented from drawing on privileged information and have an ongoing duty of confidentiality.
10. Given your role at the very centre of HMT, there are risks attached to your potential to offer unfair influence or access to government. This is especially relevant as Legal and General has an active interest in UK government policy that is currently under

² This application for advice was considered by Andrew Cumpsty; Sarah de Gay; Isabel Doverly; Jonathan Baume; The Rt Hon Lord Pickles; Richard Thomas; and Mike Weir. Lord Larry Whitty and Dr Susan Liataud were unavailable.

discussion.

The Committee's advice

11. You confirmed there will be no contact with government in this role, in line with the expectations set out in the Rules. Whilst there is a risk you could be seen to be offering Legal and General unfair access and influence in this role, this is mitigated by the usual conditions which prevent you any involvement in work Legal and General may seek to take up with the government, whether commercial bids for work, or for funding. Further, the limitation of the role to Chairman of Legal and General America, a role with a focus outside the UK, helps mitigate the risk you would be in a position to do so.
12. The Committee considered it significant that you are continuing your career in consulting and financial services, where you gained expertise and knowledge from your experience outside of government before you joined HMT. There are a number of mitigating factors in relation to your access to information, as outlined above. You held a senior and pivotal role within HMT and there remains a risk you have privileged insight and influence that could be seen to offer an unfair advantage. The Committee agreed with HMT that it is necessary to include a restriction that reflects the limitation to your role to Legal and General's America (as Chairman), to appropriately mitigate the risks associated with your access to information.
13. The government's Rules state that as the former Second Permanent Secretary at HMT, you are subject to a three month waiting period as standard. The Committee previously considered your consultancy should be made subject to a six month waiting period from your last day in Crown service. The Committee considered this was also an appropriate gap to manage the risks associated with this work for Legal and General.
14. In the circumstances, the Committee's advice in accordance with the government's Business Appointment Rules is that this work with Legal and General should be made subject to the same conditions attached to your independent consultancy (including the additional restriction below):
 - a waiting period of six months from your last day in Crown service (6 months from 30 June 2022);
 - 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 Crown service;
 - for two years from your last day in Crown service, you should not become personally involved in lobbying the UK government and its arm's length bodies on behalf of those you advise under your independent consultancy (including parent companies, subsidiaries, partners and clients); nor should you make use, directly or indirectly, of your contacts in government and/or Crown service to influence policy, secure business/funding or otherwise unfairly advantage those you advise under your independent consultancy (including parent companies, subsidiaries, partners and clients);
 - for two years from your last day in Crown service, you should not provide advice to on behalf of those you advise under your independent consultancy (including parent companies, subsidiaries, partners and clients) 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 or any of its arm's length bodies; and

- for two years from your last day in Crown service, before accepting any commissions for your independent consultancy and or/before extending or otherwise changing the nature of his 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.

In addition, the Committee has imposed the following condition on your work with Legal and General:

- For two years from his last day in Crown service his role with Legal and General should be limited to Chairman for Legal and General America. In doing so, he should not advise Legal and General or its clients on matters that draw on his privileged insight from his time as Second Permanent Secretary at His Majesty's Treasury, including:
 - Solvency 2
 - Reform of the UK Regulatory Framework
 - Productive Finance Agenda
 - Reform of DC Pension Charge Cap
15. The advice and the conditions under the government's Business Appointment Rules relate to your previous role in government only; they are separate to rules administered by other bodies such as the Office of the Registrar of Consultant Lobbyists or the Parliamentary Commissioner for Standards. It is an individual's responsibility to understand any other rules and regulations they may be subject to in parallel with this Committee's advice.
 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. You must inform us as soon as your appointment is live or is announced. 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 have complied with the Rules. You must also inform us if you propose to extend or otherwise change the nature of this work as, depending on the circumstances, it may be necessary for you to make a fresh application.
 19. Once this work has been publicly announced or set up, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

Yours Sincerely,

Annex - Material information

The role

1. You wish to take up work with Legal and General under your independent consultancy. Legal and General is a UK listed asset management, pension and insurance company.
2. You said your part-time role will be Chairman for Legal and General America. You said Legal and General America is a subsidiary of Legal and General Group, based in Frederick, Maryland. It is the legal entity through which Legal and General conducts its regulated insurance business in the United States. You said you will not be advising on any issues relating to UK regulated markets, including Solvency 2, 'productive finance', the UK future regulatory framework, or the DC Pension Charge Cap. These were the areas on which you said you had interactions with Legal and General over the past 2 years of your time at HM Treasury. You also said you would not provide any advice on specific investment decisions relating to individual companies, sectors or asset classes, or advise on UK financial stability policy or the work of UK Government investments.
3. You said as this work will be focussed on outside of the UK it will not relate to any of your work at HMT; nor will it involve any contact with government.
4. You said you would be resuming your former trade from before you entered government. You worked for Arthur Andersen from 1981 to 1984, and then McKinsey & Company from 1986 until 2013, when you joined HMT. At McKinsey, you said you specialised in financial services work where you advised top management at leading banks, insurers and asset managers on issues of strategy, risk management and organisation - the areas you propose to work in under your consultancy.

Dealings in office

5. You informed the Committee you met with Legal and General and provided the following dates:
 - 2021-02-15 Discussion Of Productive Finance Agenda
 - 2021-03-03 Budget Call
 - 2021-03-26 Discussion Of Productive Finance Agenda
 - 2021-10-26 Discussion of Global Investment Summit and Solvency 2 reform
 - 2021-10-27 Budget Call discussion of the major measures in the Autumn Budget to solicit initial industry reactions
 - 2022-02-21 Discussion of Economic Secretary's speech to ABI setting out plans for Solvency 2 reform
 - 2022-04-05 Follow up discussion following publication of HMT Solvency 2 consultation
6. You said these calls were made as part of wider HMT consultations with the industry on these matters. Given your relationship with the CEO, you called Legal and

General. Other colleagues called other firms.

7. You said you had involvement in development of departmental policy and was involved in the following areas of policy development that are relevant to Legal and General and its competitors:
 - **Solvency 2.** During late 2021 and early 2022, you said you were involved in the department's work in formulating HMT's position on Solvency 2 reform. This resulted in a speech given by John Glen to the ABI in February 2022 and a subsequent more detailed consultation document issued in April 2022. Therefore, all the policy work that you said you were involved with became public knowledge before you left HMT. The Solvency 2 consultation closed after you left HMT and so you said you did not see any of the consultation responses nor are you aware of the Government's response. You said since then, the new government has signalled that it wishes to take a different approach to Solvency 2. You said you have no information about this new approach other than what is already in the public domain.
 - **Reform of the UK Regulatory Framework.** You said you were involved in the development of the new UK Regulatory Framework which was made public when the Financial Services Bill was laid in Parliament in July 2022. The new government is announcing further reforms later this month. You said you had no insight into these new reforms.
 - **Productive Finance Agenda.** You said you were involved in HMT's work to expand the provision of finance to support the growth of the economy. The main policy work here – the Patient Capital Review – was published in 2017. Given Ministerial and No 10 interest you said you continued discussions with leading investors, including L&G, about ways to advance this agenda.
 - **Reform of DC Pension Charge Cap.** You said you were aware of this proposed reform which was announced by Chancellor Rishi Sunak in March 2022. DWP are the lead for this policy area and DWP officials led the development of this policy.
8. You informed the Committee all regulatory decisions relating to Legal and General are taken by the independent regulators, the Prudential Regulatory Authority and Financial Conduct. The Financial Policy Committee, on which he represented HMT, did not discuss individual insurance companies or asset managers. It only discussed these sectors as part of the overall financial system. You said you do not have any specific information about L&G or its competitors from these FPC discussions.
9. You also informed the Committee you had the following meetings with similar organisations:
 - Phoenix Group
 - 2021-06-29 Discussion of Phoenix Life current business strategy, opportunities for investment in the United Kingdom and Her Majesty's Government productive finance agenda.
 - 2022-02-21 Discussion of Economic Secretary's speech to ABI setting out plans for Solvency 2 reform
 - Aviva
 - 2022-03-16 Discussion of Aviva's plans to expand investment in UK infrastructure and other long-term assets
10. You said you did not discuss privileged or market sensitive information with either Phoenix Group nor with Aviva in these meetings.

Department Assessment

11. HMT provided its views on this application, confirming the details you provided.
12. HMT said *'Legal and General is one of the UK's leading financial institutions. Naturally its senior leaders have a regular dialogue with the Chancellor and Treasury Ministers and with Senior Officials. HMT does not have a regulatory relationship with Legal and General, which is regulated by the independent Prudential Regulatory Authority and the Financial Conduct Authority. HMT does however have oversight of these regulators and overall financial services policy. HMT does not have any contractual relationships with Legal and General.'*
13. HMT said you were aware of the overarching debate on financial services regulatory change. The area relevant to this sector is the debate around Solvency 2. They stated you will as you will not be advising on this area (or the UK more widely) the risks associated with your access to information are mitigated - noting you have not had access to any confidential information relevant to this proposed commission which does not involve advice on UK regulated markets.
14. HMT said given the nature of this engagement, and the rapidly changing nature of UK financial services policy under new Chancellors and their Ministerial teams, it does not see a risk that Sir Charles has access to policy or other departmental information that gives him or Legal and General an unfair advantage in relation to his proposed role of strategy engagement. HMT said the value of your insight into that policy formulation has decayed as a result of Budget information being made public and the significant change policies have undergone since you left.
15. HMT also noted a 6 months waiting period attached to your consultancy will provide a sufficient gap between your access to information and the resumption of your former 'trade'.
16. HMT recommended the proposed limitation to your role to North America should be explicit to safeguard the appointment.