

## Strengthening Ethics and Integrity in Central Government

Government Response to:

Committee on Standards in Public Life 23rd Report - Upholding Standards in Public Life

Public Administration and Constitutional Affairs Committee, 4th Report of Session 2022-23 -Propriety of Governance in Light of Greensill

Nigel Boardman - A report into the development and use of Supply Chain Finance (and associated schemes) related to Greensill Capital in Government: Recommendations and Suggestions

July 2023



# Strengthening Ethics and Integrity in Central Government

Presented to Parliament by the Deputy Prime Minister by Command of His Majesty

July 2023



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## **Executive Summary**

#### This summary covers new policy announced to Parliament in July 2023.

## The Business Appointment Rules and the Advisory Committee on Business Appointments (ACOBA)

The Government is introducing a set of fundamental reforms to the Business Appointment Rules to modernise the system, improve its usability for applicants and - most importantly - ensure that the integrity of Government is protected.

The current system has largely been in place since ACoBA was established in 1975. The Government accepts that the system needs reform to ensure that it is able to operate effectively where far fewer people stay in government service for life, and porosity between the public and private sectors is not only common, but something to be encouraged. Furthermore, while the vast majority of those subject to the Rules follow the process, and adhere to any conditions laid down on their future employment, recent breaches of the Rules have highlighted the limited options available to adequately apply sanctions.

For those entering government service from the private sector, addressing risks and determining conditions at the point people leave as part of an application process - rather than when they start - may be confusing and potentially off-putting. Despite the aim, outlined in the Declaration on Government Reform, to increase porosity between the Civil Service and private/third sectors, the system as currently administered risks reducing the influx of talent into the Civil Service. The Government will change the way the Rules are applied by including more of the requirements about restrictions on future employment within Civil Service contracts. For Ministers, the Government will develop a Deed of Undertaking so that the requirements of the Rules are enforceable in a way analogous to those for staff.

Changing the system in this way has a number of benefits. Firstly, there will be greater certainty for individuals as they will know the likely conditions they will face in any future employment at the point they agree to their contract. Secondly, such clauses will be inherently more enforceable given the conditions will be known at the start of the contract. Thirdly, this enforceability offers more scope when considering sanctions in the light of breaches of the Rules.

A change of this scale will take time to implement, and it is right that any such proposed changes go through the necessary consultation processes. The Government will consider introducing these reforms in a staged manner - addressing the most senior civil servants, and ministers, before rolling this out to all staff. We will work with ACoBA to introduce these reforms.

While this longer-term work is being implemented, the Government will introduce a series of immediate changes to the current system to improve its usability and timeliness for applicants. A new process will be introduced for lower risk roles and a memorandum of understanding will be developed with ACoBA clarifying the roles and responsibilities of those involved in administering the process, and the timescales applicants can expect. The Cabinet Office will

also do more to support departments through a revised training package and more detailed guidance.

As part of this work, in order to increase their enforceability, the Government will be integrating into legally binding agreements its other obligations on former office-holders and employees, namely the Radcliffe Rules on books and memoirs, and the rules on the return of, and access to, papers from time in office.

#### The Regulation of Public Appointments

The Government is committed to protecting the dual principles of ministerial discretion and appointment by merit in the public appointments process. To protect and defend these principles, the Government is implementing a number of recommended reforms to improve accountability and transparency in public appointments.

Direct ministerial appointments will be subject to greater transparency. The Government will be publishing guidance on Direct Ministerial Appointments, which will make clear the process for such appointments, and that the appointing minister is responsible and accountable to Parliament for their appointments. Departments will be required to publish a list of direct appointments annually, along with the terms of reference of appointments as they are made.

The Government is increasing accountability for appointments regulated under the Public Appointments Order in Council. If a Minister decides to appoint a candidate not deemed appointable by an Advisory Assessment Panel, they will be obliged to write to the relevant Select Committee explaining their decision, and to appear before it if requested by the Select Committee Chair. Non-Executive Board Members of Government Departments will now become a regulated appointment. Chairs of ethics bodies will chair Advisory Assessment Panels for their independent members.

For significant regulated appointments, Senior Independent Panel Members should report to the Commissioner for Public Appointments on the conduct of the recruitment campaigns they are involved with, where they have significant concerns that have not been resolved by the department. The Cabinet Office will work with departments to ensure that sufficient time is allowed for pre-appointment scrutiny to be undertaken by Select Committees for the relevant roles.

#### Transparency around Lobbying and the Register of Consultant Lobbyists

The Government will be implementing comprehensive reforms to improve the quality and accessibility of departments' transparency returns, which cover meetings, gifts, hospitality and travel.

The Cabinet Office is developing a single platform to collate and publish departments' transparency returns. This will provide a single public source of transparency data, replacing the system of separate publications. Following the deployment and adoption of an integrated database, the Government will look to move departments' transparency publications from a quarterly to a monthly basis.

New transparency guidance for departments will create stricter minimum standards for descriptions of meetings and make clear that meeting descriptions contain relevant and instructive information. Departments will also be required to disclose diarised phone calls and virtual meetings, as well as in-person meetings.

The Government has issued new guidance on Non-Corporate Communication Channels which lays out reporting requirements for communications via WhatsApp, private email and SMS. This should be read in line with the provisions of the Ministerial Code, which state that where a Minister discusses official business without an official present, "any significant content should be passed back to the department as soon as possible".

Transparency obligations will also be extended to Directors General, Finance and Commercial Directors, and Senior Responsible Owners in the Government's Major Projects Portfolio.

The Register of Consultant Lobbyists is designed to complement departmental transparency releases. Where a departmental release cites only the name of a consultant lobbyist, the Register provides further information regarding who that consultant lobbyist is operating on behalf of.

In line with the Register's overall purpose to prevent anonymous or hidden lobbying, the Government will look to implement through secondary legislation the recommendations that consultant lobbyists declare the ultimate beneficiary and subject matter of their lobbying approaches.

The Government accepts in principle that the scope of departments' transparency returns should be mirrored in the requirements of the Register of Consultant Lobbyists. However, the Government will be assessing the impact of expanded transparency returns on departments before introducing such a change in primary legislation.

#### **Compliance Functions in Government Departments**

Responsibilities for compliance with ethics and integrity policy are distributed among Ministers, Permanent Secretaries and Accounting Officers, Chief Operating Officers, HR Directors and Finance Directors. The Government will clarify the distribution of formal accountabilities across this system, outlining the responsibilities of the relevant persons in departments.

#### **Statutory Basis for Ethics Regulation**

The Government does not believe that the Independent Adviser on Ministers' Interests, the Commissioner for Public Appointments, and the Advisory Committee on Business Appointments should be established in primary legislation, nor the codes they oversee.

The position between the Executive and Parliament in relation to these scrutiny bodies is carefully balanced. These Codes draw their authority by virtue of being produced at the discretion of the Government, which is balanced against the independence of each scrutiny body and their accountabilities to Parliament. The Government believes that the current constitutional position is the correct one, and that placing scrutiny bodies into primary legislation risks drawing the Courts into political matters.

## The Business Appointment Rules and the Advisory Committee on Business Appointments (ACOBA)

## 1. The Government's Approach to Reforming the Business Appointment Rules

The Government is committed to improving and strengthening the Business Appointment Rules. Porosity between government and other sectors is beneficial and should be supported, but it must be underpinned by transparent and consistent processes to prevent any potential or perceived conflicts of interest.

The reforms outlined below will provide greater certainty to those in government on what roles they can take up once they leave their posts, and create a more enforceable system to ensure compliance.

In addition, the Government is making improvements to the way the Business Appointment Rules operate. These changes will ensure that the Rules are implemented in a timely manner with greater focus on the cases that present the most potential risk to the integrity of government.

#### 1.1 The Scope of Prohibited Employment under the Business Appointment Rules

#### Committee on Standards in Public Life, Recommendation 11

The Business Appointment Rules should be amended to prohibit for two years appointments where the applicant has had significant and direct responsibility for policy, regulation, or the awarding of contracts relevant to the hiring company.

#### Public Administration and Constitutional Affairs Committee, Paragraph 35

The Government should implement the CSPL's recommendation to extend the scope of the Business Appointment Rules to prohibit employment in sectors where the applicant has had "significant and direct" responsibility for policy, regulation or the award of contracts rather than only with firms they have had a relationship with. Such a measure should be applied to Ministers as well as SpAds and Officials at SCS3 and SCS4 grades. Moreover, the implications of this should be made more prominent to prospective hires prior to commencement.

The Government agrees that the roles individuals undertake in government are highly relevant to the consideration of what people should be allowed to do once they leave those roles. However, the Government considers that taking the recommended approach to apply

automatic and lengthy bans is overly broad, and could lead to a system where consideration is determined by contingent factors, rather than one based on a thorough analysis of the inherent risks. It could also act as a fetter on porosity between the public and private sectors and weaken some of the aims of the Declaration on Government Reform. In practice, the system being put forward by the Government to include more of the requirements about restrictions on future employment in contracts may come to similar conclusions as those recommended above, but these will be undertaken on the basis of the contractual clauses.

#### 1.2 The Length and Scope of the Lobbying Ban

#### Committee on Standards in Public Life, Recommendation 12

The Business Appointment Rules should be amended to allow ACoBA and government departments to issue a ban on lobbying of up to five years.

#### Committee on Standards in Public Life, Recommendation 13

The lobbying ban should include a ban on any work for lobbying firms within the set time limit.

While lobbying in the right circumstances can play a valuable role in the policy making process, it is right that lobbying that takes advantage of confidential information or inappropriate access should not be permitted. The Government is therefore supportive of the principle of these recommendations, but considers them too broad in their current scope. A ban on lobbying for five years would not be possible without extending the scope of the Rules for that length of time, and is also likely to be so long that it would be deemed as an unreasonable restraint on trade. Furthermore, banning work for all lobbying firms would be disproportionate given a role as an 'in-house' lobbyist is functionally the same. Instead, lobbying bans will continue to be part of the ongoing system - but applied proportionally.

#### 1.3 The Enforcement of the Business Appointment Rules via Contracts

#### Committee on Standards in Public Life, Recommendation 14

The government should make adherence to the Business Appointment Rules an enforceable legal requirement for ministers, civil servants, and special advisers, and set out what the consequences for a breach of contract may be.

#### Boardman Report, Recommendation 11

That government makes post-employment restrictions on civil servants and ministers legally binding.

#### Public Administration and Constitutional Affairs Committee, Paragraph 27

The Government has told us that it is exploring contractual mechanisms to ensure that the Business Appointment Rules are legally enforceable. We support this. In its response to this report, the Government should outline the form that this will take and the sanctions which will apply. It should also outline the timeline for implementation.

#### Public Administration and Constitutional Affairs Committee, Paragraph 28

Enforcement and the ability to sanction those that breach the Rules is fundamental to ensuring a regulatory regime that commands public confidence. This could be achieved by the Government pursuing those who do not comply with their obligations under the Business Appointment Rules through the courts.

The Government agrees that the Rules should be incorporated more effectively into contracts. While the Rules already form part of civil servant terms and conditions, this can be strengthened by increasing the detail in the contractual clauses so they, in conjunction with the Rules, make clear what people can and cannot do after leaving Government. Ministers are not employees and do not have contracts. The Government is instead committed to developing a 'ministerial deed' which will be designed to legally commit ministers to the Rules, and any resulting conditions, in the same manner as civil servants. The Government hopes that, as a result of these improvements to the system, breaches of the Rules will become rarer. However, if needed, tightening the legal framework governing the application of the Rules in this manner will allow the Government to explore further sanctions, such as financial penalties, if and where such breaches occur.

#### 1.4 The Application of Decisions by ACOBA

#### Committee on Standards in Public Life, Recommendation 15

ACoBA rulings should be directly binding on applicants.

As set out in the previous section, the Government is clear that the Business Appointment Rules must be binding on all who are subject to them. The Government's proposals for the system include new contractual clauses which, in conjunction with the Rules, will make clear the conditions each individual will face depending on the proposed role they wish to take up after Government service. Therefore, for those on these new terms and conditions, the proposal will change from one where they apply to ACoBA for advice to one where they consult the Rules and their contract for the resulting conditions. In such cases, it will be the contractual clauses - rather than ACoBA advice - that will be binding on individuals.

#### 1.5 The Government's Working Relationship with ACOBA

#### **Boardman Report, Recommendation 12**

That government develops with ACoBA a Memorandum of Understanding that sets out more clearly how they can work more effectively together.

ACoBA performs a vital service by independently providing advice on future employment to safeguard the integrity of Government. They will continue to do this in the same way for those who remain on their existing contractual terms and conditions. The Government expects ACoBA to also play a pivotal role for those who move onto the new contractual terms and conditions as advice is likely to be needed to determine if and how certain clauses should apply. Given the nature of change to the system and the role ACoBA will play in it, the

Government agrees that a MoU or Framework Document is essential to clearly set out the roles and responsibilities for it and ACoBA. This will make clear the timescales under which applications to ACoBA should be processed, and formalise the process the Government is introducing to allow applicants to start their proposed employment (with maximum conditions provisionally imposed) if - in exceptional cases - ACoBA's consideration exceeds 90 days (not including when more information has been requested from individuals/applicants).

#### 1.6 Investigations into Potential Breaches of the Business Appointment Rules

#### Committee on Standards in Public Life, Recommendation 16

ACoBA should have the power to undertake investigations into potential breaches of the Business Appointment Rules, and be granted additional resources as necessary. The Cabinet Office should decide on sanctions or remedial action in the case of a breach.

ACoBA is already empowered to make inquiries into potential breaches of the Business Appointment Rules, and do so whenever they have reasons to believe that a breach may have occurred. Where they believe a breach has occurred, they write to the Cabinet Office setting out the facts, and it is then for Cabinet Office ministers to determine what action to take. The Government has recently provided more resources to ACoBA to enable it to undertake its functions more effectively, and discussions on resource allocation will continue to take place in accordance with departmental budgeting processes.

#### 1.7 Transparency around Decisions under the Business Appointment Rules

#### Committee on Standards in Public Life, Recommendation 17

Government departments should publish anonymised and aggregated data on how many applications under the Business Appointment Rules are submitted, approved, or rejected each year.

The Government agrees that transparency of the Business Appointments Rules and how the process is administered is essential to ensure that the public can have confidence in it. Information is currently published on both GOV.UK and in departmental Annual Reports and Accounts, and the Government agrees that the recommended information should be published. In practice, the specifics of the data to be published may need to be amended given the planned system will move from an application-based system to a contractual one.

#### 1.8 Improving Departments' Implementation of the Business Appointment Rules

#### Committee on Standards in Public Life, Recommendation 18

The Cabinet Office should ensure the Business Appointment Rules are applied consistently across all government departments, and work with ACoBA to promote best practice and awareness of the rules.

The vast majority of people subject to the Business Appointment Rules adhere to the process, and follow any conditions set. This is in large part due to the work departments undertake to raise awareness of the Rules and follow the required processes when people leave. The Government accepts the need for the Cabinet Office and ACoBA to continue to play a convening and supporting role in this process. A new departmental training programme is already underway, and this will be supplemented as needed with other support, in collaboration with ACoBA. This will include guidance on the changes the Government is making to introduce a new application route for lower risk roles (e.g. unpaid trusteeships, journalism and academia), and will provide greater clarity on which roles do not require an application at all. These changes will mean that departments and ACoBA can focus more resources on the applications that present genuine risk to the integrity of government.

### The Regulation of Public Appointments

## 2. The Government's Approach to Reforming the Regulation of Public Appointments

The Government is committed to protecting the dual principles of appointment by merit in the public appointments and ministerial discretion in the process. To protect and defend these principles, the Government is implementing a number of recommended reforms to improve accountability and transparency in public appointments.

## 2.1 Accountability around the Appointment of Candidates who are not Deemed 'appointable' by Advisory Assessment Panels

#### Committee on Standards in Public Life, Recommendation 19

The Governance Code for Public Appointments should be amended to make clear that ministers should not appoint a candidate who is deemed unappointable by an assessment panel, but if they do so, the minister must appear in front of the relevant select committee to justify their decision.

#### Public Administration and Constitutional Affairs Committee, Paragraph 59

The system of public appointments is predicated on the principle that such appointments are the responsibility of the relevant Minister and it is they that should be held accountable for them. On this basis, we endorse the recommendation of the Committee on Standards in Public Life that Ministers wishing to appoint a candidate deemed unappointable for a role or, if the competition is being rerun, who was previously deemed unappointable, should have to appear before the relevant Select Committee to explain their decision and to do so before the appointment is confirmed. The Governance Code should be updated accordingly.

The Government agrees that Ministers should retain the right to make appointments, with Ministers being accountable to Parliament for any appointments they make. The Government accepts that a stronger degree of accountability is appropriate in the event that a Minister decides to appoint a candidate not deemed appointable by an Advisory Assessment Panel. Should such an appointment occur, Ministers will be obliged to write to their Select Committee, and appear before it if requested by the Select Committee Chair. The Governance Code on Public Appointments will be amended to reflect this. The Government notes that no such appointments have been made since the Grimstone Review in 2016.

## 2.2 The Role of the Commissioner for Public Appointments regarding Panel Composition

#### Committee on Standards in Public Life, Recommendation 20

The Governance Code should be amended so that ministers must consult with the Commissioner for Public Appointments on the composition of all panel members for competitions for significant appointments.

The Government believes that the current process for Significant Public Appointments is properly constituted to ensure that the composition of Advisory Assessment Panels is balanced and fair. The Governance Code makes clear that Panels must include a departmental representative, a representative of the body concerned, and a Senior Independent Panel Member (SIPM). The Commissioner for Public Appointments must be consulted on Ministers' choice of SIPM, who should not be politically active.

#### 2.3 Reporting Obligations of Senior Independent Panel Members

#### Committee on Standards in Public Life, Recommendation 21

Senior Independent Panel Members should have a specific duty to report to the Commissioner on the conduct of significant competitions.

#### Public Administration and Constitutional Affairs Committee, Paragraph 61

Rather than only raising concerns, Senior Independent Panel Members should report to the Commissioner for Public Appointments on the conduct of all significant public appointments processes. The Governance Code should be updated accordingly.

The Government considers the purpose of this recommendation to be fulfilled by the Model Letter for Senior Independent Panel Members. In it, SIPMs are told that:

As the Senior Independent Panel Member it is your duty to highlight any material breaches of the Governance Code or Public Appointment Principles. In the first instance any concerns should be raised with a senior Departmental official, however if you feel it is appropriate you may speak directly to myself or the Commissioner for Public Appointments who is always available to discuss any matters arising in respect of the Governance Code and the Public Appointments Principles.

The Government is satisfied that the letter ensures that SIPMs should report to the Commissioner for Public Appointments on the conduct of the recruitment campaigns they are involved in, where they have significant concerns that have not been resolved by the department. The Government does not believe it is necessary to create additional reporting requirements where SIPMs have no concerns about their recruitment campaign.

#### 2.4 The Appointments Process for Ethics Bodies

#### Committee on Standards in Public Life, Recommendation 22

The chairs of ACoBA and HOLAC, the Registrar of Consultant Lobbyists, the Commissioner for Public Appointments and the Independent Adviser on Ministers' Interests should all be appointed through the process for significant public appointments, and the assessment panel for each should have a majority of independent members.

#### Public Administration and Constitutional Affairs Committee, Paragraph 63

We have seen the extensive scope for Ministerial discretion in the public appointments process and that, in addition to the self-restraint of Ministers, the role of the Commissioner has been vital in ensuring that the principles in Governance Code have been adhered to. The Chairs of the other ethics watchdogs play a similar role in safeguarding the integrity of public life. The independence required for these roles is analogous to that of the Chair of the Office of Budget Responsibility and should be treated as such. Given this, Ministers' nominated candidates for these roles should require the endorsement of the relevant Select Committee. Candidates that are not endorsed by the relevant Select Committee for these posts should not be appointed.

#### Public Administration and Constitutional Affairs Committee, Paragraph 66

Too often, the Government has appeared to approach the pre-appointments process as a tick box exercise rather than an important component in the public appointments process. The Committee's patience in this respect is not limitless. We are aware that this frustration is shared by other Select Committees. When making appointments that require a pre-appointment hearing, sufficient time must be allowed for this stage to be completed.

#### Committee on Standards in Public Life, Recommendation 23

Chairs of standards committees should chair assessment panels for the appointment of their independent members.

The Chairs of the Advisory Committee on Business Appointments, the House of Lords Appointments Commission, and the Committee on Standards in Public Life are appointed via the process for significant public appointments, while the Commissioner for Public Appointments is appointed via an equivalent process (noting that the Office of the Commissioner cannot regulate itself). The Government believes that the Independent Adviser on Ministers' Interests should continue to be a direct ministerial appointment, given the close relationship of trust that must exist between the Independent Adviser and the Prime Minister. The Government agrees that where standards bodies are committees (ACoBA, CSPL, HOLAC), that the Chair of the body chairs the Advisory Assessment Panel for the recruitment of their independent members.

The Government does not believe that these appointments require an extra layer of independent oversight (either through a panel having a majority of independent members, or the granting of a veto to the relevant select committee). These appointments do not need a greater level of independence than that of other high-profile regulators and bodies (such as the Information Commissioner or the Equality and Human Rights Commission). The Government

is committed to enabling effective accountability around appointments, and agrees that sufficient time should be given for pre-appointment scrutiny.

#### 2.5 Clarifying the Process around Direct Ministerial Appointments

#### **Boardman Report, Recommendation 5**

That direct ministerial appointments, whether or not remunerated, need a clearer and more transparent process, set out in a new Code of Practice which makes clear the expectations on both departments and appointees and reaffirms that express Ministerial approval is required.

The Cabinet Office has produced *Guidance on Direct Ministerial Appointments (DMAs)* that makes clear the process for such appointments, and that the appointing minister is responsible and accountable to Parliament for their appointments. The *Guidance* will be published.

#### 2.6 Transparency around Direct Ministerial Appointments

#### Committee on Standards in Public Life, Recommendation 24

Government departments should publish a list of all unregulated and regulated public appointments.

#### Public Administration and Constitutional Affairs Committee, Paragraph 71

To improve transparency, Cabinet Secretary Simon Case told the Committee that he considered the suggestion that a register of direct appointments be maintained and published as "an obvious thing to do". We agree and recommend that departments begin to compile and publish such registers immediately and that they are kept updated contemporaneously.

#### Public Administration and Constitutional Affairs Committee, Paragraph 73

The letters of engagement issued to direct appointments are tantamount to a contract of employment. They state the purpose for which the appointment is being made, the term length, and their accountability. These letters should be shared with the Chair of the relevant Select Committee when the appointment is made.

The Government is committed to improving transparency around direct ministerial appointments, and will be requiring departments to publish annually a list of DMAs under their remit. The Government will further require that the terms of reference for DMAs are published online, rather than their letters of engagement (as it is the terms of reference, rather than letters of engagement, that set out the purpose, scope and remit of the DMA). Exemptions to this requirement will be in place for a very small number of sensitive roles.

#### 2.7 The Appointment of Non-Executive Directors of Government Departments

#### Committee on Standards in Public Life, Recommendation 25

The appointments process for Non-Executive Directors of government departments should be regulated under the Governance Code for Public Appointments.

Future appointments of Non-Executive Board Members to Government Departments will be regulated by the appointments process laid out in the Governance Code, following an update to that effect to the Public Appointments Order in Council.

## Transparency around Lobbying

## 3. The Government's Approach to Improving Transparency around Lobbying

The Government is implementing comprehensive reforms to improve the quality, frequency, and accessibility of departments' transparency returns.

#### 3.1 The Format of Departmental Transparency Releases

#### Committee on Standards in Public Life, Recommendation 26

The Cabinet Office should collate all departmental transparency releases and publish them in an accessible, centrally managed and searchable database.

The Cabinet Office is developing a single database to collate and publish departments' transparency returns, which cover meetings, gifts, hospitality and travel. This will provide a single public source of transparency data, replacing the system of separate publications. Departments will remain responsible for collecting and clearing their data.

#### 3.2 Minimum Standards for the Description of Meetings

#### Committee on Standards in Public Life, Recommendation 27

The Cabinet Office should provide stricter guidelines on minimum standards for the descriptions of meetings and ensure compliance by government departments.

Boardman Report, Recommendation 13 (part 1)

That government strengthens its transparency reporting by:

• defining more clearly what should be included in the return, including a sufficient explanation to enable a reader reasonably to be able to understand the purpose of the meeting and who was present at it

New government guidance will create stricter minimum standards for descriptions of meetings and make clear that meeting descriptions contain relevant and instructive information.

#### 3.3 The Frequency of Departmental Transparency Releases

#### Committee on Standards in Public Life, Recommendation 28

The government should publish transparency returns monthly, rather than quarterly, in line with the MPs' and peers' registers of interests.

#### Boardman Report, Recommendation 13 (part 2)

That government strengthens its transparency reporting by:
requiring more frequent returns

Following the development, deployment, and adoption of an integrated transparency platform, the Government will look to move departments' transparency publications from a quarterly to a monthly basis. It would not be efficient or proportionate to introduce this change while the new database is under development.

#### 3.4 Accountability around Departmental Transparency Releases

#### Boardman Report, Recommendation 13 (part 3)

That government strengthens its transparency reporting by:

- designating a senior responsible departmental official who is properly trained to supervise the transparency returns
- reporting in their Annual Report on the timeliness of the publication of its transparency returns
- requiring accounting officers to explain to their responsible Select Committees any failure to publish transparency returns in a timely manner.

The Government does not believe that there needs to be any significant changes to the accountability structure around departments' transparency releases. Under existing guidance, Ministers' should clear their own returns prior to publication, while Permanent Secretaries retain ultimate responsibility for clearing Senior Officials' returns and overall departmental performance. Permanent Secretaries are already accountable to their Select Committees for all aspects of departmental performance.

## 3.5 Widening the Application of Transparency Obligations to Senior Civil Servants and Special Advisers

#### Committee on Standards in Public Life, Recommendation 29

The government should include meetings held between external organisations, directors general, and directors in transparency releases.

#### Committee on Standards in Public Life, Recommendation 30

The government should include meetings held between external organisations and special advisers in transparency releases.

The Government agrees that transparency obligations should be extended to all Directors General, Finance and Commercial Directors, and Senior Responsible Owners in the Government's Major Projects Portfolio, reflecting Senior Civil Service roles most likely to be subject to lobbying approaches. This change will be implemented in the next version of the Government's transparency guidance. The Government does not believe that transparency obligations should be extended to equivalent Special Advisers, as unlike Ministers and Senior Civil Servants (via the Carltona Principle), Special Advisers cannot authorise public expenditure nor exercise any statutory powers.

#### 3.6 Updating Guidance on the Definition of Official Business

#### Committee on Standards in Public Life, Recommendation 31

The government should update guidance to make clear that informal lobbying, and lobbying via alternative forms of communication such as WhatsApp or Zoom, should be reported to officials.

#### **Boardman Report, Recommendation 15**

That government publishes an appropriate set of principles to define when an interactive communication should be deemed official business and therefore disclosed.

The Government has issued new guidance on Non-Corporate Communication Channels which supersedes the 2013 guidance on use of private email. This guidance makes clear that "Substantive government information' is information that materially impacts the direction of a piece of work or that gives evidence of a material change to a situation" and lays out reporting requirements. This guidance complements the Ministerial Code 8.14, which makes clear that significant discussions of official business should be reported back to officials:

If a Minister meets an external organisation or individual and finds themselves discussing official business without an official present – for example at a social occasion or on holiday – any significant content should be passed back to the department as soon as possible after the event.

The principle that any discussion of official business must be reported back to officials includes conversations conducted via WhatsApp or Zoom, or in social settings.

#### 3.7 Widening the Range of Declarable Communications

#### Committee on Standards in Public Life, Recommendation 32

The government should revise the categories of published information to close the loophole by which informal lobbying is not disclosed in departmental releases.

Boardman Report, Recommendation 14

That government extends the definition of 'meeting' to include all forms of non–public interactive dialogue which, were it face to face, would constitute a meeting requiring inclusion in the transparency return.

The Government will be expanding transparency obligations to include the disclosure of diarised phone calls and virtual meetings which occur in place of an in-person meeting. The Government does not believe that transparency obligations should include letters, WhatsApps, impromptu phone calls or emails, which do not alone evidence a substantive lobbying

engagement. Where an 'informal' lobbying approach is granted time or resource by Government, it should result in a diarised engagement and therefore be recorded.

### The Register of Consultant Lobbyists

## 4. The Government's Approach to Reforming the Register of Consultant Lobbyists

The Register of Consultant Lobbyists is designed to complement departmental transparency releases. Where a departmental release cites only the name of a consultant lobbyist, the Register provides further information regarding who that consultant lobbyist is operating on behalf of. The Government is accepting recommendations to improve the operation of the Register where they fit with its overall purpose.

## 4.1 Widening the Application of Transparency Obligations to Communications with Senior Civil Servants and Special Advisers

#### Committee on Standards in Public Life, Recommendation 33

Consultant lobbyists should also have to register on the basis of any communications with special advisers, directors general, and directors.

The Government accepts in principle that the scope of departments' transparency returns should be mirrored in the requirements of the Register of Consultant Lobbyists. However, the Government will be assessing the impact of expanded transparency returns on departments before introducing such a change in primary legislation.

#### 4.2 The Format of the Register's Transparency Returns

#### Committee on Standards in Public Life, Recommendation 34

Consultant lobbyists should have to declare the date, recipient, and subject matter of their lobbying.

#### Boardman Report, Recommendation 17 (part 1)

Rules on transparency of lobbyists are strengthened by:

• lobbyists including in their quarterly information returns the number of incidents of lobbying, the subject matter in sufficient detail for a third party to understand the nature of the lobbying, and which named individuals were lobbied

The Government agrees in principle that consultant lobbyists should have to declare the subject matter of their lobbying in sufficient detail for a third party to understand the nature of the approach, and will look to implement this via secondary legislation. However, the Government does not agree that consultant lobbyists should have to declare specific individual instances of lobbying (date and recipient), as this would change the nature of the Register

from a list of consultant lobbyists' clients to a list of individual instances of lobbying. Individual instances of lobbying are recorded in the departmental transparency returns, against which the Register of Consultant Lobbyists can be cross-referenced.

#### 4.3 Expanding the Definition of a Consultant Lobbyist

#### **Boardman Report, Recommendation 16**

The requirement to register as a consultant lobbyist should be extended to:

- lobbyists employed by more than one organisation
- any former senior civil servant or minister who engages in lobbying
- removing or severely curtailing the exemption for 'incidental lobbying'
- removing the exemption for those not registered for VAT

The Government does not believe the requirement to register as a consultant lobbyist should be expanded, as this would fundamentally change the nature and purpose of the Register. The purpose of the Register is to prevent anonymous lobbying by mandating the disclosure of consultant lobbyists' clients. Any lobbying conducted by a former civil servant or Minister is already covered by the Business Appointment Rules.

The Office of the Registrar of Consultant Lobbyists has recently issued new guidance covering the 'incidental lobbying' exemption. Removing the exemption for those that fall below the VAT registration threshold would require primary legislation, which the Government does not intend to bring forward at this time.

#### 4.4 Disclosure of the Ultimate Beneficiary of a Lobbying Attempt

#### Boardman Report, Recommendation 17 (part 2)

The rules regarding the transparency of lobbyists be strengthened by:

• requiring lobbyists to disclose the ultimate person paying for, or benefitting from, their lobbying activity

The Government agrees in principle that consultant lobbyists should declare the ultimate beneficiary of their lobbying activity, and will look to implement this via secondary legislation. This is in line with the purpose of the Register as a means of preventing anonymous or hidden lobbying.

#### 4.5 Introduction of a Statutory Code of Conduct and Review of Sanctions

#### Boardman Report, Recommendation 17 (part 3)

The rules regarding the transparency of lobbyists be strengthened by:

- requiring registered lobbyists to meet a statutory code of conduct, setting minimum standards
- government keeping under review whether the Registrar of Lobbyists should be able to impose more meaningful penalties for non-compliance, particularly in the event a statutory code of conduct (which seeks to police behaviour) is introduced;

and making knowingly deceiving in the process of lobbying a criminal offence.

The Government does not believe that consultant lobbyists should be subject to a statutory code of conduct. The industry already operates its own recognised codes, to which most consultant lobbying organisations are signatories. The Government does not believe it is appropriate to introduce a new, separate statutory code of conduct against which it could exercise sanctions. The Government believes the existing civil penalties scheme remains sufficient.

## **Compliance Functions in Government Departments**

#### 5. The Government's Approach to Compliance

The Government is strengthening and clarifying compliance arrangements across departments.

#### Committee on Standards in Public Life, Recommendation 1

The Civil Service should review its approach to enforcing ethical standards across government, with a view to creating a more rigorous and consistent compliance system, in line with the recommendation of the Boardman report.

**Boardman Report, Recommendation 1** 

Government should establish an effective method for ensuring compliance with governance processes and the wider regulatory framework.

Public Administration and Constitutional Affairs Committee, Paragraph 20

The Cabinet Secretary denied that there is a lack of resource dedicated to compliance issues in Government but admitted that there is a "brigading issue" of making them work together. We accept that Nigel Boardman's proposal for a Compliance Function might create difficulties by cutting across current compliance operations located in existing Functions. However, other means of addressing the "brigading issue" are required. We were told work has been conducted to address this. In its response to this report, the Government should include an update on this and its next steps.

Responsibilities for compliance are distributed among Ministers, Permanent Secretaries and Accounting Officers, Chief Operating Officers, HR Directors and Finance Directors. The Government will clarify the distribution of formal accountabilities across this system, outlining the responsibilities of the relevant persons in departments.

## Statutory Basis for Ethics Regulation

## 6. The Government's Approach to the Statutory Basis of Ethics Regulation

The Government is not bringing forward new primary legislation to underpin the roles, remits, and codes of standards bodies.

#### Committee on Standards in Public Life, Recommendation 2

The government should pass primary legislation to place the Independent Adviser on Ministers' Interests, the Public Appointments Commissioner, and the Advisory Committee on Business Appointments on a statutory basis.

#### Public Administration and Constitutional Affairs Committee, Paragraph 29

Putting ACoBA on a statutory basis is not a prerequisite for the Rules to be legally enforced and should not delay it being put into operation. Nonetheless, to reflect the importance of its role and to clarify the status of it and the Rules, we recommend that ACoBA should be placed on a statutory basis as soon as possible.

#### Public Administration and Constitutional Affairs Committee, Paragraph 55

The Commissioner for Public Appointments should be placed on a statutory basis in an Act of Parliament at the earliest opportunity. The legislation should make clear that the Commissioner's role is to ensure that public appointments made by Ministers are in compliance with the Governance Code. It should also detail the process by which the Commissioner is appointed, the term of office, and their role in revisions to the Governance Code for Public Appointments.

#### Public Administration and Constitutional Affairs Committee, Paragraph 81 (part 1)

Primary legislation should be introduced at the earliest opportunity to establish the Independent Adviser as a statutory position to end the uncertainty about whether future appointments will be made at all. This should not, however, delay the appointment.

#### Public Administration and Constitutional Affairs Committee, Paragraph 104

The various ethics regulators should continue to be separate and should not be consolidated into a single ethics regulator. Nonetheless, coordination is to be encouraged. Current informal coordination could be firmed up by establishing a committee comprising the heads of the various bodies. Placing them on a statutory basis provides an opportunity to regularise aspects of their operation, including the means of appointment for their heads and the status and application of the Codes and Guidance that they oversee, but it should recognise that one size does not fit all and the differences in their functions should be maintained.

The Government does not believe that the Independent Adviser on Ministers' Interests, the Commissioner for Public Appointments, and the Advisory Committee on Business Appointments should be established in primary legislation, nor their associated codes.

The position between the Executive and Parliament in relation to these scrutiny bodies is carefully balanced. These Codes draw their authority by virtue of being produced at the discretion of the Government, which is balanced against the independence of each scrutiny body and their accountabilities to Parliament. The Government believes that the current constitutional position is the correct one, and that placing scrutiny bodies into primary legislation risks drawing the Courts into political matters that are the sole purview of the Government. The Government will allow this reform package to take effect before any further consideration of statutory change, in the next Parliament.

# The Ministerial Code and the Independent Adviser on Ministers' Interests

## 7. The Government's Approach to the Ministerial Code and the Independent Adviser on Ministers' Interests

The Government is maintaining the position outlined in the latest update to the Ministerial Code in December 2022, which reaffirmed a scheme of graduated sanctions and the expanded powers and remit of the Independent Adviser on Ministers' Interests.

#### 7.1 Format of the Ministerial Code

#### Committee on Standards in Public Life, Recommendation 3

The Ministerial Code should be reconstituted solely as a code of conduct on ethical standards.

The Government is maintaining the existing structure of the Ministerial Code, noting the advantages of providing a single source document for all aspects of ministerial work and conduct.

#### 7.2 Legislative Status of the Ministerial Code

#### Committee on Standards in Public Life, Recommendation 4

A requirement for the Prime Minister to issue the Ministerial Code should be enshrined in primary legislation.

In line with section 6 of this response, the Government does not believe the Ministerial Code should be enshrined in primary legislation.

#### 7.3 Revisions to the Ministerial Code

#### Committee on Standards in Public Life, Recommendation 5

The Independent Adviser should be consulted in any process of revision to the Ministerial Code.

Section 3.1 of the terms of reference for the Independent Adviser states that "Before the Ministerial Code is amended, the Prime Minister will consult the Independent Adviser."

#### 7.4 Graduated Sanctions under the Ministerial Code

#### Committee on Standards in Public Life, Recommendation 6

The Ministerial Code should detail a range of sanctions the Prime Minister may issue, including, but not limited to, apologies, fines, and asking for a minister's resignation.

#### Public Administration and Constitutional Affairs Committee, Paragraph 95

If the introduction of graduated sanctions to the Ministerial Code is to be effective, it cannot be used as a means to avoid significant sanction for serious breaches. The Government should outline the range of sanctions and indicative examples of breaches to which they might apply. Without this, the suspicion is that the only determinant of the level of sanction will be political expediency. The reappointment of the Home Secretary sets a dangerous precedent. The leaking of restricted material is worthy of significant sanction under the new graduated sanctions regime introduced in May, including resignation and a significant period out of office.

The Prime Minister has introduced graduated sanctions under the Ministerial Code, which now states at paragraph 1.7:

Where the Prime Minister retains his confidence in the Minister, available sanctions include requiring some form of public apology, remedial action, or removal of ministerial salary for a period.

The Government does not believe that the Code, nor any other document, should set out directly indicative examples of sanctions that should apply to particular breaches, with the exception that resignation is expected for Ministers who knowingly mislead Parliament. It is for the Prime Minister to determine, on the merits of each individual case and the surrounding circumstances, what sanction should apply on a case-by-case basis. The Prime Minister is accountable to Parliament for any decisions made in relation to the Code.

#### 7.5 Appointment of the Independent Adviser on Ministers' Interests

#### Committee on Standards in Public Life, Recommendation 7

The Independent Adviser should be appointed through an enhanced version of the current process for significant public appointments.

#### Public Administration and Constitutional Affairs Committee, Paragraph 87

Concerns about the process for appointing the Independent Adviser are longstanding. The independence and integrity of the postholder are fundamental to their ability to carry out the role. As with the other standards watchdogs, the power of the Prime Minister to appoint the Independent Adviser should be balanced with a robust and transparent appointment process that allows the candidate to demonstrate their qualities for the role rather than their name being 'alighted upon', as is currently the case. The Independent Adviser should be subject to the Commissioner for Public Appointments process applicable to Significant Appointments. In addition, in accordance with our recommendation in this report concerning revisions to that process, the Independent

Adviser's appointment should be subject to a pre-appointment hearing with the relevant Select Committee and should require its endorsement.

As per section 2.4 of this response, the Government believes that the Independent Adviser should remain a direct ministerial appointment.

#### 7.6 The Initiation of Investigations under the Ministerial Code

Committee on Standards in Public Life, Recommendation 8

The Independent Adviser should be able to initiate investigations into breaches of the Ministerial Code.

#### Public Administration and Constitutional Affairs Committee, Paragraph 92

We welcome that the Terms of Reference for the Independent Adviser now effectively include the authority to initiate inquiries. We would expect the requirement that Prime Ministers' consent be given beforehand to be used in extremely limited cases, such as where matters of national security or legal privilege are involved. Further to our recommendation above, we expect the next Independent Adviser to retain this power in the Terms of Reference applicable to their appointment.

#### Public Administration and Constitutional Affairs Committee, Paragraph 81 (part 2)

We expect the new Independent Adviser to retain the greater powers and that they will complete any legacy inquiries they inherit.

In line with the latest Terms of Reference and Ministerial Code, the Independent Adviser may now initiate an investigation having consulted the Prime Minister.

While the Prime Minister could choose not to consent to an investigation as part of that consultation, the Government is clear that consent would only be withheld in exceptional circumstances, where the Prime Minister considers there are public interest reasons for doing so. The Independent Adviser is further able to require that the reasons for an investigation not proceeding be made public (unless the reasons for the investigation not proceeding necessitate continued confidentiality). These transparency obligations provide further reassurance that consent would only be withheld in exceptional circumstances.

#### 7.7 The Determination of Breaches of the Ministerial Code

#### Committee on Standards in Public Life, Recommendation 9

The Independent Adviser should have the authority to determine breaches of the Ministerial Code.

The Prime Minister, as the head of the Executive, has sole responsibility for the organisation of His Majesty's Government. The Ministerial Code is an expression of the Prime Minister's prerogative powers in this regard, setting out his expectations of Ministers' conduct. The Prime

Minister must therefore retain the ultimate right to make a determination on whether or not a Minister has breached the Ministerial Code. The Independent Adviser's role is to provide advice to support that decision making.

#### 7.8 The Publication of the Independent Adviser's Findings

#### Committee on Standards in Public Life, Recommendation 10

The Independent Adviser's findings should be published no more than eight weeks after a report has been submitted to the Prime Minister.

The Terms of Reference of the Independent Adviser state that he may "require that his advice at the conclusion of an investigation be published in a timely manner". The Government agrees that this should occur no more than eight weeks after a report is submitted to the Prime Minister.

#### 7.9 Investigations into a Sitting Prime Minister

#### Public Administration and Constitutional Affairs Committee, Paragraph 99

The position of the Prime Minister in relation to their compliance with the Ministerial Code is a complex one. Whilst the Independent Adviser can initiate investigations into any suspected breach of the Code and should be able to issue private advice on appropriate sanction, it is ultimately for the Prime Minister to decide the response to any breach of the Code they may have made.

The Government agrees that it is for the Prime Minister to account for their own conduct under the Ministerial Code, in line with their prerogative and constitutional position.

# The Management of Conflicts of Interest in the Civil Service

## 8. The Government's Approach to Conflicts of Interest in the Civil Service

The Government has introduced a new model policy to improve the management of outside interests in the Civil Service. This increases consistency and transparency, and ensures that conflicts of interests are managed effectively.

#### 8.1 The Management of Conflicts of Interest in the Civil Service

#### Boardman Report, Recommendation 3

Government should further improve the management and monitoring of conflicts of interest in the Civil Service.

A model policy for departments on the Declaration and Management of Outside Interests was published in June 2022 on GOV.UK.

This increases transparency and external scrutiny, and will ensure a consistent understanding of what constitutes a conflict of interest - whether they are potential, perceived or actual.

This policy sets out the process for considering, declaring and publishing any outside interests. The Government is clear that individuals should not wait for any prompts to declare relevant outside interests. It is every employee's responsibility to declare interests as they arise, adhere to the Civil Service Code and comply with departmental rules.

The policy makes clear that Senior Civil Servants will now need to confirm on an annual basis that their declarations of interest are up to date (including a nil return).

We are supporting departments to implement the policy by providing training on application of the new guidance.

#### 8.2 The Management of Secondary Employment in the Civil Service

#### Boardman Report, Recommendation 10

The application process for secondary employment for civil servants should be more transparent and clearly regulated.

The new policy sets out that departments must now publish details of any outside employment (i.e. secondary employment), work or appointment (paid or otherwise remunerated) held by a member of the Senior Civil Service that has been agreed through the process for the declaration and management of outside interests.

#### 8.3 Pre-Appointment Rules

#### **Boardman Report, Recommendation 2**

Government should introduce pre–appointment rules which prevent for a period of time civil servants dealing with or promoting their former employer after joining the civil service.

The Government considers that the new policy addresses the concerns in this recommendation without introducing mandatory rules. For example, the policy makes clear that during recruitment to the Civil Service, it is good practice for departments to consider asking applicants to declare any relevant outside interests as part of the application process. Furthermore, individuals should not wait for any prompts to declare relevant outside interests. It is every employee's responsibility to declare interests as they arise, adhere to the Civil Service Code and comply with departmental rules.

### Supply Chain Finance and Government Contracts

#### 9. The Government's Approach to Supply Chain Finance

The Government's Model Services Contract, reissued in April 2022, and HM Treasury guidance on Novel Financing Arrangements, issued in March 2022, implements a number of recommendations from the Boardman review.

#### 9.1 The use of Supply Chain Finance in Government

#### **Boardman Report, Recommendation 7**

That government should restrict the use of supply chain finance in central government to exceptional circumstances only.

#### **Boardman Report, Recommendation 8**

That ESAS should only be used by government in exceptional circumstances and when no other option (e.g. weekly or more frequent payment) is available.

Guidance on Novel Financing Arrangements, issued by HM Treasury to Accounting Officers on 18 March 2022, states that:

"Novel or complex financing arrangements are often presented in a way that suggests the department or arm's length body will gain a monetary benefit at no cost. This is rarely the case and such offers should be treated with an appropriate amount of scrutiny and scepticism. . .

Novel or complex financing arrangements almost always result in the department, and ultimately the Exchequer, bearing a level of risk. . .

In any event, entering into novel or complex financial arrangements of any kind would be a novel and contentious activity, and would always require explicit HM Treasury approval."

#### 9.2 Restrictions on Contractors

#### **Boardman Report, Recommendation 18**

That government impose a contractual prohibition on contractors referring to government contracts in marketing material without government consent.

#### **Boardman Report, Recommendation 19**

That government requires tenderers to disclose any former minister or senior civil servant employed or retained by them and explain the steps they have taken to ensure that they have not thereby obtained an unfair advantage in a procurement exercise.

The Government's Model Services Contract, reissued April 2022, makes clear that:

#### 33.6 The Supplier:

(a) must take action to ensure that neither the Supplier nor the Supplier Personnel are placed in the position of an actual, potential or perceived Conflict of Interest.
(b) must promptly notify and provide details to the Authority if an actual, potential or perceived Conflict of Interest happens or is expected to happen.

33.7 The Authority will consider whether there are any appropriate measures that can be put in place to remedy an actual, perceived or potential Conflict of Interest. If, in the reasonable opinion of the Authority, such measures do not or will not resolve an actual or potential Conflict of Interest, the Authority may terminate this Contract immediately by giving notice in writing to the Supplier where there is or may be an actual or potential Conflict of Interest.

### Honours, Whistleblowing and Recruitment

## 10. The Government's approach to honours, whistleblowing, and the recruitment of external hires into the Civil Service.

The Government keeps the honours, whistleblowing and recruitment processes under continuous review.

#### 10.1 Honours

### Boardman Report, Recommendation 6

That government strengthens the oversight of the honours process within departments.

The Cabinet Office undertakes continuous review and assessment of the honours process across government.

#### 10.2 Whistleblowing

#### **Boardman Report, Recommendation 4**

That government should strengthen – whistleblowing processes in the Civil Service.

Civil Service HR undertakes continuous improvement of whistleblowing processes, in line with the Nominated Officer structure under the Civil Service Code.

#### 10.3 Follow Up to the Baxendale Report

#### **Boardman Report, Recommendation 9**

That government undertakes a follow up review to the Baxendale Report reviewing the experience of external hires into the Civil Service to ensure that impediments to effective recruitment and retention are eliminated, and that this exercise be repeated at regular intervals.

The Government sees no need for a formal follow-up review to the Baxendale Report, as Civil Service HR already undertakes continuous review and assessment of hiring practices.

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