



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

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BUSINESS APPOINTMENT APPLICATION: Sir Tom Scholar, former Permanent Secretary for His Majesty's Treasury. Paid appointment with Nomura Europe Holdings.

1. Sir Tom 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 Nomura Europe Holdings (Nomura).
2. The purpose of the Rules is to protect the integrity of the government. The Committee has considered the risks associated with the actions and decisions made during Sir Tom's time in office, alongside the information and influence he may offer Nomura. The material information taken into consideration by the Committee is set out in the annex.
3. The Committee's advice is not an endorsement of the appointment - it imposes a number of conditions to mitigate the potential risks to the government associated with the appointment under the Rules.
4. The Committee considered whether this work was unsuitable given Sir Tom's former role as Permanent Secretary at His Majesty's Treasury (HMT) and the nature of Nomura's work in financial services. The Committee also considered the information provided by the department. The Committee has advised that a number of conditions be imposed to mitigate the potential risks to the government associated with this appointment under the Rules.
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

6. As a Japanese investment bank there is a stakeholder and regulatory relationship between Nomura and HMT. Sir Tom did not meet with Nomura while he was with HMT

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.

nor did he make any decisions specific to the company. As an investment bank with an office based in the UK, Nomura will have been affected by decisions made by HMT, for example, decisions related to the overall approach to regulation in financial services that Sir Tom was involved in. The Committee² noted these decisions impacted whole sectors, not just Nomura. As a result there is no evidence Sir Tom made decisions or took action in office in expectation of this role.

7. Given Sir Tom's former role as Permanent Secretary of HMT, supporting the government's decisions on economic and fiscal matters, he will have had oversight of a wide range of information that may provide an unfair advantage to a broad range of organisations. The Committee considered where Sir Tom advises on UK fiscal policy there is a risk that Nomura may be considered to gain from his privileged insight that is unavailable to its competitors.
8. The Committee took into account there are a number of mitigating factors that help to reduce the risks associated with Sir Tom's access to information and insight:
 - It has been over 12 months since he last had access to information within HMT or across government;
 - HMT informed the Committee that its policy moves quickly as it evolves and is published when it is finalised. HMT confirmed any policy matters Sir Tom was involved in have now moved on and it does not consider he has access to relevant privileged information. Not least as a result of:
 - significant changes in government including the appointments of a new Prime Minister, Chancellor of the Exchequer and other members of the Cabinet in October 2022, after Sir Tom left office in September 2022.
 - budget announcements since he left office in November 2022 and March 2023.
9. Given Sir Tom's role at the very centre of HMT, there are risks attached to his potential to offer unfair influence or access to government. This is especially relevant as Nomura has an active interest in UK government policy that is currently under discussion. The Committee noted there is already a relationship between the organisation and HMT and is a stakeholder in its policy work. The Committee considered that if the former Permanent Secretary of HMT was to contact the government in their capacity as Chair of the board of a financial institution it would be difficult to manage the real and perceived risk that this unfairly advantage the organisation, in this case Nomura.

The Committee's advice

10. The Committee was concerned about a former senior HM Treasury official advising a large financial institution, not least as a result of the access to information and influence he may be seen to offer. The Committee carefully considered the information provided by the department and Sir Tom and recognised the opportunity for him to offer an unfair advantage is limited, given the significant changes in administration that the other mitigations above, including that much of the matters he worked on have now been made public and/or changed as a result of subsequent budget statements or other announcements; and he is prevented from making use of his access to information and influence by the conditions below.
11. There remains a risk he could be seen to offer Nomura unfair access and influence, particularly if he was to contact government on Nomura's behalf in any capacity. The Committee's advice is therefore that Sir Tom should have no direct engagement with

² This application for advice was considered by Andrew Cumpsty; Isabel Doverty; Sarah de Gay; The Rt Hon Baroness Jones of Whitchurch; The Rt Hon Lord Eric Pickles; and Mike Weir.

the UK government on behalf of Nomura.

12. The Committee considered there should be a significant gap between Sir Tom's time in office and taking up such a role. The Committee considers the 12 months that have already passed since he was in government are sufficient.
13. In the circumstances, the Committee's advice in accordance with the government's Business Appointment Rules is that this work with **Nomura Europe Holdings** should be made subject to the following conditions:
 - he should not draw on (disclose or use for the benefit of himself or the persons or organisations to which this advice refers) any privileged information available to him from his time in Crown service;
 - for two years from his last day in Crown service, he should not become personally involved in lobbying the UK government and its arm's length bodies on behalf of Nomura Europe Holdings (including parent companies, subsidiaries, partners and clients); nor should he make use, directly or indirectly, of his contacts in government and/or Crown service to influence policy, secure business/funding or otherwise unfairly advantage Nomura Europe Holdings (including parent companies, subsidiaries, partners and clients);
 - for two years from his last day in Crown service, he should not provide advice to on behalf of Nomura Europe Holdings (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 his last day in Crown service he should not have any engagement on behalf of Nomura Europe Holdings and its other businesses (including parent companies, subsidiaries, partners and clients) with the UK government and its arm's length bodies.
14. The advice and the conditions under the government's Business Appointment Rules relate to an individual's 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.
15. 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.
16. 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*'.
17. You must inform us as soon as Sir Tom's appointment is live or is announced. You

must also inform us if Sir Tom proposes to extend or otherwise change the nature of his role as, depending on the circumstances, it may be necessary for him to make a fresh application.

18. Once this appointment 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

Isabella Wynn
Committee Secretariat

Annex - Material information

The role

1. Sir Tom said Nomura is a Japanese investment bank. Its website states Nomura is an Asia-headquartered financial services group. It states that by connecting markets East & West, it serves the needs of individuals, institutions, corporates and governments through its four business divisions: Retail, Asset Management, Wholesale (Global Markets and Investment Banking), and Merchant Banking.
2. Sir Tom said he would be the Chair of the board. He said his role will be to ensure compliance with UK Corporate Governance Code and all other applicable corporate governance, legal and regulatory obligations. All the standard responsibilities of the chair of a UK company. He confirmed his role would not include any contact with government.

Dealings in office

3. Sir Tom said he did not meet with the organisation while in office.
4. Sir Tom said as Permanent Secretary he was ultimately accountable for everything the department did. He stated the financial services teams would have had extensive dealings with the banking sector, including international investment banks. But confirmed he did not meet with Nomura.
5. Sir Tom noted the Debt Management Office (DMO) are in regular contact with Nomura who are one of the GEMMs (gilt-edged market makers), who take on the role of buying government debt (gilts) when it is issued by the DMO and selling it on to the open market. Sir Tom said they are one of a number of investment banks carrying out this role, which is highly valued by the DMO and HMT, and indeed is essential to the ability of the UK government to borrow money to finance spending. The relationship is public, non-contractual and market-based: the DMO announces its intention to sell debt, and banks then submit their bids to buy it at whatever price they choose. There are no contracts. In their operations (including gilt auctions) the DMO acts entirely independently of HMT. He said he used to have monthly meetings with the head of the DMO, but never discussed anything institution-specific relating to their work, and never discussed Nomura.

Department Assessment

6. HMT provided its views on this application, confirming the details Sir Tom provided. It confirmed Nomura is likely to be subject to the regulatory capture set by HMT relating to financial services and investment practices. However, there is no evidence as Permanent Secretary, he acted in their particular favour.
7. HMT said it has a regulatory and contractual relationship with Nomura. It stated the Nomura Group is Japan's largest investment bank and brokerage group. It operates within the United Kingdom principally as Nomura Europe Holdings. It stated Nomura International PLC received one contract from HM Treasury, for assistance 'with disposal preparation and execution' for the Government Property Service. This contract began 20 December 2013 and ended 19 September 2014, but confirmed Sir Tom had no involvement in this as it was during his time working for the Cabinet Office.

8. HMT confirmed Sir Tom previously held the most senior position with HM Treasury, and thus is likely to have been exposed to a significant amount of sensitive information relating to the United Kingdom's financial system that could in theory benefit the prospective employer. However it said considering it has been one year since Sir Tom departed from his role as Permanent Secretary for HM Treasury, and there has since been a change of government, the currency of knowledge of any upcoming reforms to the financial sector is likely to be seriously diminished.
9. HMT stated it had no concerns with this appointment and recommended the standard conditions.