



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

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April 2025

**BUSINESS APPOINTMENT APPLICATION: The Rt Hon Grant Shapps, former Secretary of State for Defence. Paid Appointment with 7percent Ventures.**

1. You approached the Advisory Committee on Business Appointments (the Committee) under the government's Business Appointment Rules for Former Ministers (the Rules) seeking advice on taking up a paid appointment with 7percent Ventures as a Partner.
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 your time in office, alongside the information and influence you may offer 7percent Ventures as a former minister. The material information taken into consideration by the Committee is set out in the annex below.
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 Ministerial Code sets out that ministers must abide by the Committee's advice. It is an applicant's personal responsibility to manage the propriety of any appointment. Former ministers of the Crown, and Members of Parliament, 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 risks presented

5. 7percent Ventures is a venture capital firm that looks to invest in early-stage technology businesses. As Partner you said that your role would be to advise on the setting up of a new venture capital fund.
6. You did not meet with, nor did you make any policy, regulatory or commercial decisions specific to 7percent Ventures. Therefore, the Committee<sup>1</sup> considered the risk that this role could reasonably be seen as a reward for decisions made in office is low.
7. As the former Secretary of State for Defence, you would have had access to a wide range of sensitive information. There is a broad overlap here, given 7percent Ventures invests in a wide variety of companies, including within the defence technology sector. This raises a reasonable risk that, given your time at the MOD, you may have had access to information that could be seen to provide unfair insight into investment opportunities around defence-related issues. In particular, the MOD identified privileged information on emerging defence technology trials that may have potential to offer 7percent Ventures an unfair insight into investment opportunities. The MOD recommended that the potential for this risk to arise should be mitigated.
8. As a former Secretary of State for Defence, there are also risks associated with your influence and network of contacts gained whilst in office - both internally to government, and within other governments and industry. In particular, the Committee considered the risks associated with a network you might be seen to make unfair use of for investment purposes..

#### The Committee's advice

9. The main risk in this case is associated with the potential overlap with your responsibility for defence, and the fund you are setting up. In order to mitigate the risks associated with specific privileged information that could be relevant from your time as Secretary of State for Defence the committee has imposed an additional condition. This prevents you from advising 7percent Ventures on emerging technology trials you had knowledge of from your time in as Secretary of State for Defence..
10. The Committee considered that the remaining risks associated with this application can be appropriately mitigated by the conditions below. These make it clear that you cannot make use of your access to privileged information, contacts or influence gained from your time in ministerial office to the unfair benefit of 7percent Ventures.

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<sup>1</sup> This application for advice was considered by Andrew Cumpsty; Isabel Doherty, Sarah de Gay; Hedley Finn OBE; Dawid Konotey-Ahulu CBE DL; The Rt Hon Lord Eric Pickles; Michael Prescott; Baroness Thornton; and Mike Weir.

11. In accordance with the government's Business Appointment Rules, the Committee advises that this appointment with **7percent Ventures** be subject to the following conditions:

- 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 ministerial service;
- For two years since your last day in office, you should not advise 7percent Ventures (including parent companies, subsidiaries, partners and clients) on specific defence technology trials that you were involved in or had sight of during your time as Secretary of State for Defence.
- for two years from your last day in ministerial office, you should not become personally involved in lobbying government or any of its arm's length bodies on behalf of 7percent Ventures (including parent companies, subsidiaries, partners and clients); nor should you make use, directly or indirectly, of your contacts in government and/or ministerial office to influence policy, secure business/funding or otherwise unfairly advantage 7percent Ventures (including parent companies, subsidiaries, partners and clients);
- for two years from your last day in ministerial office, you should not provide advice to 7percent Ventures (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 and its arm's length bodies;
- for two years from your last day in ministerial office, you should not become personally involved in lobbying contacts you developed during your time in office in other governments and organisations for the purpose of securing business for 7percent Ventures.

12. The advice and the conditions under the government's Business Appointment Rules relate to your previous role in government only; they are separate from rules administered by other bodies such as the Office of the Registrar of Consultant Lobbyists, the Parliamentary Commissioner for Standards and the Registrar of Lords' Interests.<sup>2</sup> It is an applicant's personal responsibility to

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<sup>2</sup> All Peers and Members of Parliament are prevented from paid lobbying under the House of Commons Code of Conduct and the Code of Conduct for Members of the House of Lords. Advice on obligations under the Code can be sought from the Parliamentary Commissioners for Standards, in the case of MPs, or the Registrar of Lords' Interests, in the case of peers.

understand any other rules and regulations they may be subject to in parallel with this Committee's advice.

13. By '*privileged information*' we mean official information to which a minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Ministerial Code or otherwise.
14. 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*'.
15. You must inform us as soon as you take up employment with this organisation, or if it is announced that you will do so. You must also inform us if you propose to extend or otherwise change the nature of your role as, depending on the circumstances, it may be necessary for you to make a fresh application.
16. Once the appointment has been publicly announced or taken up, we will publish this letter on the Committee's website, and where appropriate, refer to it in the relevant annual report.

The Rt Hon Lord Pickles

## **Annex - Material Information**

### The role

7percent Ventures is a venture capital investment company that invests in early stage technology companies. You said that your role as Partner would be to advise on the setting up of a new venture capital fund. You said that the role would not involve contact with government.

### Dealings in office

1. Of your time in office, you said the following:

- a. you did not make any policy, commercial or regulatory decisions specific to 7percent Ventures.
- b. you did not have any contact with 7percent Ventures.
- c. 7percent Ventures has no relationship with MOD
- d. you did not have access to sensitive information through any of your ministerial roles that could grant 7percent Ventures or its clients an unfair advantage.

### Departmental Assessment

2. The MOD provided the following information:
  - you did not make any decisions that would have specifically impacted 7percent Ventures or on specific emerging technologies.
  - any decisions you did make would have been sector-wide and possibly could have impacted 7percent Ventures minimally insofar as it invests in defence companies.
  - you did not have any contact with 7percent Ventures or any competitors.
  - you had access to privileged information regarding a trial of potential new defence technology that would require investment to scale - which does raise a potential risk.
3. The MOD recommended standard conditions plus a limitation to the role preventing you from advising/investing on specific defence technologies or trials that you were briefed on.