

Committee on Standards

Oral evidence: [House of Commons standards landscape](#), HC 1713

Tuesday 18 July 2023

Ordered by the House of Commons to be published on 18 July 2023.

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Members present: Sir Chris Bryant (Chair); Andy Carter; Alberto Costa; Allan Dorans; Sir Bernard Jenkin; Dr Michael Maguire; Dr Rose Marie Parr; Victoria Smith; Dr David Stirling; Sir Charles Walker; Carys Williams.

Questions 1-86

Witness

[I](#): Sir Laurie Magnus CBE, Independent Adviser on Ministers' Financial Interests.



Examination of witness

Witness: Sir Laurie Magnus CBE.

Q1 **Chair:** Welcome to this meeting of the Standards Committee. As you know, Sir Laurie, we have launched an inquiry—we set out the terms of reference yesterday—looking at the patchwork of different organisations that regulate Members of Parliament. You are part of that, we are part of that, the Committee on Standards in Public Life is part of that, and IPSA is part of that, as is ACOBA and lots of different things with acronyms, most of which are completely incomprehensible to the public, I would suspect.

I hope that we can have a fairly wide-ranging and general discussion. We have some questions about how your world fits with our world. I hope you enjoy yourself with us, and thank you very much for coming. I am conscious that your normal accountability through Parliament is to PACAC, and you have already been to see them earlier this year. We are not going to ask you any questions about how you were appointed or anything like that, because they dealt with all that back then.

Individual members will introduce themselves when I call them, because you may not know them. Some are lay members and some are Members of Parliament. As you know, the composition of the Committee is different from most other Select Committees.

Could you explain to us the process whereby Ministers routinely disclose interests, and how the list of Ministers' interests is compiled, just so we can get it all on the record?

Sir Laurie Magnus: First of all, it is very nice to be here, and thank you for inviting me to join you.

When Ministers are appointed, they are asked to fill in a form disclosing all their interests—all of them—including financial interests, shareholdings, directorships, memberships of charities, trusteeships and so on. That is not dissimilar to the information that Members of Parliament need to disclose. That information—in particular whether their tax affairs are up to date—is then discussed with their relevant permanent secretary, with a view to identifying areas of possible conflict with their position, but also trying to establish means by which they can, effectively, get rid of those conflicts or manage them.

The form comes back, together with a note on the discussion with the permanent secretary, to my team and me. We consider it, ask questions, make suggestions and make recommendations. That then goes back to the relevant Minister, following which the end point—this can be quite a protracted process in some cases—is that we agree a basis for managing those potential conflicts and disclosing in the lists of Ministers' interests those that are relevant to their role.

This is really important: it is not a register of all their interests. We cross-refer very much to the parliamentary registers, but it is specifically focused on identifying areas that are relevant to their role. That includes close members of their family, which is probably the most sensitive area,



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because members of their family have rights—GDPR legislation could apply. But, clearly, the potential for conflict with the interests of close members of their family needs to be noted and understood. They may not necessarily be included in the list.

Q2 **Chair:** That begs the question what counts as a close family member. Have you got a list of affinities?

Sir Laurie Magnus: The definition is spouse or partner, plus infant children and possibly others who may be living in their residence. We have to be a bit flexible in certain cases, and I very much encourage Ministers to go over the top, as it were, when disclosing areas of interest. So they will disclose that, “My sister works in the civil service,” or that, “My brother works in an engineering company,” if they have a Defence portfolio.

Chair: You would normally publish twice a year.

Sir Laurie Magnus: Yes.

Q3 **Chair:** But things change more frequently than twice a year.

Sir Laurie Magnus: Absolutely. You may not have seen this, but yesterday I published an update, slightly reflecting some of your comments. In my annual report, I said first of all that I wanted to return to the rhythm of publishing twice each year—every six months—but I also said that, for Ministers who have changed their roles or been freshly appointed, I would consider—

Q4 **Chair:** Because Dominic Raab had gone since you had produced your May list.

Sir Laurie Magnus: Yes. There were 10 changes since I produced the list in April. Those are reflected in the short list published yesterday.

Q5 **Chair:** I do not mean anything by this, but people in your post have had a habit of resigning. That tends to lead to quite a lengthy period in which there is not one of you. Is there a reason why it cannot be published without a person in post?

Sir Laurie Magnus: We publish the interests for the Ministers who are in post. Is your question—

Chair: There was a gap, so we did not have any publication for a year.

Sir Laurie Magnus: Well, absolutely, because there was not an independent adviser.

Q6 **Chair:** Yes, that is my point. It is not inconceivable that you might resign at some point—or continue forever—but my point is, why does there have to be a you in place for it to be published?

Sir Laurie Magnus: My understanding is that that is the way it works. Christopher Geidt published a list in May last year. There was then a gap



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before there was an appointment. I was appointed at the end of December last year, and I made it a priority to try to publish.

Q7 Chair: And you did it a bit early—I know. My anxiety is that we had four changes of Government in that period, and that just does not seem the best transparency.

Sir Laurie Magnus: Yes. The only thing that I can say, which may not reassure you completely, is that the process of declaration goes on; the requirement for Ministers to disclose continues. Within the Cabinet Office, they were submitting the forms. Advice was going backwards and forwards, but there just was not somebody in my position who had the independence or whatever to be able to make definitive judgments. It was not as if the ship was sailing with nobody at the wheel. Everybody was at the wheel; it was just the admiral on the bridge who was not there.

Chair: I am not sure what I am going to do with that metaphor, but anyway.

Q8 Dr Stirling: I am David Stirling, one of the lay members on the Committee. You have been helpfully explaining the process, which is a disclosure to the permanent secretary initially, a discussion between the Minister and the permanent secretary, and that then coming to yourself. I am interested in what it is that determines whether an interest appears in the public-facing list. What are the criteria for that, and who has the final say on whether something is published or not?

Sir Laurie Magnus: The criteria for putting something in the list is basically if I and, frankly, the Minister—ultimately, the end responsibility rests with the Minister. That is a critical part of it. The criteria for publishing something in the list—I seek their agreement to what is published. If they did not agree, that would be another issue. I have not had such a case yet. The criteria are areas of interest that might have relevance to their role, and we try to err on the side of maximum disclosure. For a DEFRA Minister, it is relevant to disclose that they are a member of the National Trust, for instance. They are just a member, but it is relevant. That is the basis on which we agree to publish it. I think your question was about what happens if we disagree. Is that right?

Dr Stirling: Yes. Who has the final say?

Sir Laurie Magnus: The answer is we haven't yet.

Q9 Dr Stirling: So you haven't had a disagreement. How much confidence do you have that you are seeing full disclosure coming through from the discussion between the permanent secretary and the Minister?

Sir Laurie Magnus: Well, I have to be confident in that. It is the obligation of the Minister to make the relevant disclosures. In most cases, apart from possibly when we go into talking about spouses and family members, a lot of those interests will have been disclosed in the parliamentary registers. If they have not disclosed something that is relevant, obviously we will find out about it. That would be a concern, but



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I have not become aware of that in the context of the work so far. I have only been in post for seven months.

Dr Stirling: Thank you.

Q10 **Chair:** But we in the House would have a very different understanding of what should be declared publicly, because the judgment is not what you think is right or wrong, or what the Minister thinks is right or wrong. It is what a reasonable member of the public would consider to be something that might have affected the way they operated, and that might not just be within the one Department.

Sir Laurie Magnus: Yes. Actually, I don't think we are so far apart. Maybe I have not described it as effectively as I should. My job as independent adviser is to provide a sense check in looking at the discussion with the permanent secretary, who is the expert on the Department that the Minister is working for, but it is about looking more broadly. In the list of Ministers' interests, you will see that we have been more expansive, in terms of looking at disclosures, for Ministers who are in what you might call commercial and financial Departments.

Q11 **Chair:** Treasury, Business, Net Zero.

Sir Laurie Magnus: Exactly, and DSIT—the science and technology Department. I think that is important. It is about looking much more broadly. I would like to think that there is not actually a huge difference approach.

Q12 **Chair:** It has felt to me over the years that it is a big difference—I am thinking of not just you but your predecessors. I remember Lord Geidt decided that what had happened in relation to the redecoration of Downing Street did not have to be declared, because it was more than six months ago and it was from a Conservative peer, so it did not matter. That would not wash, I think, here.

Sir Laurie Magnus: Obviously, that was before my time. I am very keen to try to, as I have said in my annual report, introduce a degree of additional rigour to the process of looking at Ministers' declarations of interests. For instance, in the annual report, I said that I was looking to get Ministers annually to attest to their compliance and agreement with the ministerial code. That is something that happens all the way across the professional services sector.

Q13 **Chair:** Can I suggest that you might add, "and the code of conduct"—our code of conduct?

Sir Laurie Magnus: I can take that away.

Q14 **Chair:** The two need to sit together. I am just going to ask one other question before we move on to somebody else. It is on shareholdings. As you know, we have a rule that you have to register everything above 15% or £70,000; in other countries it is £1,000—much, much lower. For any company that is listed, you have to register any shareholding of 3% or more, because that is perceived to be a significant amount. If you go up



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by 1% or down by 1%, that also has to be publicly registered and all the rest of it. I just wonder—this is not an instance; I am completely making this one up, and I am not trying to finger anybody, as it were—but if a Minister had a £10,000 shareholding in BT, would you think that that was something that should be publicly known?

Sir Laurie Magnus: We have actually disclosed some shareholdings for Ministers in those sensitive Departments—like the Treasury and the Department for Energy Security and Net Zero—where there are commercial interests below the £70,000 threshold, for precisely that reason.

Sir Charles Walker: The Chairman mentioned that in some countries it is £1,000. It is \$1,000 in the United States, and given the quality of elected representation in the United States, I don't think we should use the \$1,000 as a benchmark of success. That is the point I would like to make.

Chair: We are doing so much better here than the United States at the moment.

Sir Charles Walker: I think we are, to be honest. I really do.

Chair: That's a whole day's debate, I think. Andy?

Q15 **Andy Carter:** Sir Laurie, I want to pick up on a point you made there. I think you said getting those registrations was a protracted process. We may have a reshuffle in the next few weeks. How long does it take for newly appointed Ministers to make those declarations and for you to have confidence that you are happy that a Minister is operating in a fair, open and transparent way?

Sir Laurie Magnus: The rule is pretty clear that they need to, upon appointment, have completed their form, discussed it with their permanent secretary and got it back to me within 14 days. I think it is fair to say, with the extensive changes of Government last year, that that probably, in certain cases, took longer. Once it comes back—in 14 days—I look at it. There are 120 Ministers. For many it is very straightforward, but there are some who have complicated interests, inevitably, and I need to actually meet them and have a discussion so that I can understand what their interests actually relate to. That is why I say it is a protracted process—because then there is discussion about the arrangements for recusal and so on. Sometimes a Minister might say, "Well, I am not going to be involved in the particular decisions relating to a particular part of my portfolio" and pass it to somebody else in their Department. There is quite a bit of that to sort out.

Q16 **Andy Carter:** What constitutes a conflict of interest for a Minister?

Sir Laurie Magnus: A conflict of interest is where a Minister is taking decisions either that can obviously have an impact on the particular interests they have—whether it is shareholding or financial interest of some kind—or where they might be perceived to have a potential interest. Perception is really important. This is also about protecting them from getting into a position where they might be compromised.



Q17 **Andy Carter:** Who has the responsibility for flagging up potential conflicts of interests, given that a Minister might be brand-new into a job and not really know what it entails until they have been doing it for a little while?

Sir Laurie Magnus: That is where the permanent secretary can help. It is a conversation between the permanent secretary and the Minister. The permanent secretary obviously knows their Department really well and knows the issues that will arise. They can look at the Minister's interests and fairly identify where the potential conflicts might be, as well as real conflicts, and then propose measures to address them.

Just to be clear—I have not properly explained this—where there is a conflict or a perceived conflict, the position in the rules is that the Minister either tries to dispose of that financial interest or puts it into a blind management arrangement where they cannot see what is going on. Blind means blind—

Chair: We will come back to that.

Sir Laurie Magnus: Or there must be an arrangement, because perhaps they cannot dispose of it. If it is a Minister who has a family farming business or a family catering business, they cannot dispose of that, so then a recusal is put in place.

Q18 **Andy Carter:** A while ago, you mentioned declaration around tax affairs. Is that simply a tick box to say, "I have no investigations ongoing", or do you look at more detailed tax affairs?

Sir Laurie Magnus: No, it is a question—"Are your tax affairs up to date?"

Q19 **Andy Carter:** What does that mean?

Sir Laurie Magnus: It means that you have filed your tax returns with HMRC, which must be done every 31 January for the previous tax year—I think I am right. The further, related question is, "Have you been subject to an investigation?" or "Are you under investigation?"

Q20 **Andy Carter:** Do you ask, "Have you paid all your taxes that are due?"

Sir Laurie Magnus: The question, "Are your tax affairs up to date?" implies, "Have you paid your tax?"

Q21 **Sir Bernard Jenkin:** You started explaining the farming conundrum, but it has not been unusual for a Secretary of State responsible for agriculture also to be in farming. You say that there is some system of recusal. Can you say a bit more about that? In our code, we do not expect farmers not to vote on agricultural matters, or indeed not to speak on agricultural matters. How do you manage that?

Sir Laurie Magnus: As a general comment, it would not look good if somebody who was a farmer was not actually able to be a Minister in DEFRA, because actually they would know and understand a lot of the issues related to farming and land management. The question there is about ensuring that recusals relate maybe to decisions on grants,



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particularly grants in a particular region or whatever it might be. There must be an open transparency, but it is absolutely not about trying to stop people who know about the thing. A similar case might apply to somebody who has been involved in a digital business and understands AI. That is badly needed.

Q22 **Chair:** But you would not want a serving broadcaster, if there is such a thing, to be Secretary of State for broadcasting. That would seem to be a direct conflict of financial interest, would it not?

Sir Laurie Magnus: They would have to dispose of all their interests and close down all their connections.

Q23 **Chair:** And they would have to stop being a broadcaster.

Sir Laurie Magnus: Yes—absolutely.

Q24 **Chair:** But you don't have to stop being a farmer.

Sir Laurie Magnus: No, but there has to be a sort of judgment, doesn't there?

Sir Charles Walker: May I just agree with our witness? It is quite useful to have people in ministerial positions who actually know what they are talking about.

Sir Laurie Magnus: Yes.

Chair: Come, come—you'll start having all sorts of constitutional ideas.

Sir Charles Walker: But it really is. One of the problems is that we have too many Ministers who are really not familiar, from a professional background, with the brief that they are covering.

Q25 **Sir Bernard Jenkin:** The second question that I wanted to ask, which the Chair touched on, is this. You have no reference to the House of Commons code—there is no obligation under the ministerial code to comply with the House of Commons code, oddly. What is the justification for having different systems of disclosure, depending on whether someone is a Member of Parliament or a Minister? If you had to write a paragraph saying why the systems had to be completely different, what justification would you give?

Sir Laurie Magnus: First, there is an enormous amount of commonality, if you look at the parliamentary register. That is why we do not simply duplicate.

The difference arises—as I understand it; forgive me but I am not at all an expert on your system—because you look for Members to disclose relevant interests when they are participating in debates or whatever. What I am looking for are potential conflicts and the interests that therefore might have a bearing on a Minister's role, also taking account of their family members. The code is tied to their job and is probably, therefore, more specifically rigorous because of the importance of ensuring that their ministerial responsibilities are as far as possible protected.



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Q26 Sir Bernard Jenkin: So we should not be trying to make the House of Commons code declarations and the ministerial code declarations the same.

Sir Laurie Magnus: There is a great commonality, but I do not think they are ever going to be completely the same. That is why we have the list of Ministers' interests and this process, which goes on with permanent secretaries—with my team in the Cabinet Office and me—to identify measures to ensure that potential conflicts are properly handled.

Q27 Alberto Costa: Good morning, Sir Laurie. Is there not another reason, which Bernard was trying to tease out? The jurisdiction of the particular obligation that Ministers have is in your hands and those of the Prime Minister.

Sir Laurie Magnus: Yes.

Alberto Costa: And it is not necessarily acceptable to give that jurisdictional disciplinary role to either this Committee or the Commissioner of the House of Commons if there is a breach of the disclosure obligations. That is a central difference—the separation of powers, if I can put it that way, between the Executive and the legislature.

Sir Laurie Magnus: Thank you; I was going to mention that the separation of powers, of course, is an important part. Ministers are appointed under the prerogative of the Prime Minister and can be removed at the prerogative of the Prime Minister. The ministerial code is his code; obviously, I advise him on adherence to that code.

Alberto Costa: Thank you.

Q28 Chair: One of the things is the way we structure registration and declaration—they are different, although the words get mixed up frequently, as they do with what you have been talking about. For us, declaration is when you say something out loud and refer to your interests; registration is when you tell the register and it ends up being published on your behalf.

Part of what we believe about a financial interest of a Member is that it lasts for 12 months after they receive the benefit, but that does not apply to Ministers, does it? You don't do that—they might have had a shareholding of £100,000 at BT, but as they have divested it, they are immediately free. That is your version.

Sir Laurie Magnus: Yes—

Chair: But one could argue that if someone had a shareholding of £100,000 at BT and became a Minister, they should not be able to touch anything to do with BT for 12 months.

Sir Laurie Magnus: Yes; I hear that. In a way, if they had a £100,000 shareholding in BT and sold it, one could argue that that has eliminated the conflict, or the potential perception of conflict.



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You give me an opportunity to mention another item in my annual report. I wanted to look at the categories of interest that a Minister might look at. The thing that I think is relevant—I am not sure you have it in your requirements for registration—is past employment. If someone has been working for BT and might go back to BT afterwards, or potentially do something else in the telecommunications industry, that could be relevant. I am keen to look at that.

Q29 Chair: The one thing you cannot surrender is something that you have been given, such as a holiday or hospitality. Let us say, on 1 October, a Minister—or they might be a Back Bencher at that point—is given a holiday, tickets to the Brits or whatever, and they then become a Minister. That might still be registered with us, but it would not end up with you.

Sir Laurie Magnus: You are talking about gifts and hospitality. That is something that my terms of reference do not cover at the moment, in the sense that gifts and hospitality are disclosed by Ministers according to the rules of disclosure.

Q30 Chair: We will come on to transparency things later. My worry is that this is an area where it feels like there is a lighter, and more accepting, generous and liberal understanding of what an interest might be for a Minister. What would count as paid lobbying for an ordinary Back Bencher is allowed for a Minister.

Sir Laurie Magnus: I hear you, and I can take that on board, but I wonder how much that is an issue in reality. When people become Ministers, once they are Ministers, they have to disclose according to the transparency rules, which we will talk about.

Chair: We will come on to those. Let us move to Allan.

Q31 Allan Dorans: Good morning, Sir Laurie. I am Allan Dorans, Member of Parliament for Ayr, Carrick and Cumnock. Will you tell me what range of sanctions is available when a Minister fails to declare a significant interest that subsequently comes to light?

Sir Laurie Magnus: I have to say that I have not yet had to deal with that, so we are talking theoretically. Had we a situation in which a Minister had failed to disclose something that was significant—were it membership of a charity or something like that, it would still be a breach, but not significant—I would have to investigate it. If it were necessary and as appropriate, I would advise the Prime Minister accordingly.

However, I cannot talk about scales of sanctions and all the rest; ultimately, it is the Prime Minister's decision what constitutes a breach, as advised by me. It is also the Prime Minister's decision what a sanction might be, but it would be advised by me. Under my terms of reference, I have the ability to advise on sanctions. It is a hypothetical question, though; it very much depends case by case. I hope that it does not happen.

Q32 Dr Maguire: Good morning, Sir Laurie. I am Michael Maguire; I am also a lay member of the Committee.



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I have a couple of questions. In your annual report you mentioned that you are beginning to look at evolving best practice in the commercial and not-for-profit sector. What models are you looking at, and are any issues in terms of best practice in this area emerging at this stage that might be helpful for the Committee to look at?

Sir Laurie Magnus: My background is financial services, which is highly regulated. Inevitably, I tend to look at this in the context of financial services—in particular the position of directors of listed companies, but also people working in regulated businesses such as banks, fund managers, and insurance companies. That is why I have been particularly keen—and the Prime Minister has agreed—about this proposal of annual attestation, which seemed to be something that should be adopted. That is good practice—adherence to the ministerial code. That is the area I have been looking at.

On the issue of talking about past employment, if someone is looking to join the board of a listed company, for instance, they have to disclose their previous employment for a number of years.

Q33 Dr Maguire: What about the oversight of those arrangements? Is there anything emerging of which you would take cognisance that might be useful to consider?

Sir Laurie Magnus: Again, it goes back to—the first obligation is on the Minister to disclose what is relevant. I have the ability to ask questions. They are required under the ministerial code to provide all co-operation and information. I expect—certainly, my experience has been that it has been a co-operative process, in trying to identify potential conflicts and ways of handling them.

Q34 Dr Maguire: Thank you. My second question is, what rule of thumb do you use to decide whether it is in the public interest for a Minister to declare—not just register—a conflict of interest, whether that is pecuniary or not?

Sir Laurie Magnus: To publish, you mean, as well as declare?

Dr Maguire: Yes.

Sir Laurie Magnus: The answer is if I think it is relevant to their role. Going back to the question that the Chair asked me about shareholdings, I would expect a Minister of State who is in the Department for Business and Trade to disclose shareholdings below the £70,000 threshold, because I think it is relevant.

Q35 Sir Bernard Jenkin: How far below?

Sir Laurie Magnus: Pretty well to a de minimis level. There is one case, which I will not mention, where the shareholding was about £600, and we said, "Don't worry about that." There is a bit of a judgment, really, but it is certainly material.

Q36 Chair: You have to make a lot of judgments.



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Sir Laurie Magnus: Yes.

Chair: It doesn't feel very prescribed for you.

Sir Laurie Magnus: There is a sort of case precedent that I can look at. Obviously, I am advised by an excellent team in the Cabinet Office and I also have access to the propriety and ethics team, so I am able to get quite a handle on precedents. Ultimately, though, yes: there is a judgment. I am independent and impartial, and I must make that judgment.

Q37 **Chair:** You can take this or leave it, but my take would be to be pushing towards greater transparency. The worst thing, which really undermines the whole political endeavour, is when something comes out that had not been transparent and everybody goes, "Oh, so you were hiding it," even though it may have been completely innocent, and for what was it not published?

Sir Laurie Magnus: I agree with you. My approach—indeed, this was my predecessor's approach—is very much that it is better to disclose than not to disclose. If in doubt, disclose. I think that is a good principle.

Chair: And not just disclose to you, but disclose to the public—that would be my argument. Anyway, Alberto wanted to come in.

Alberto Costa: You have just asked my question.

Chair: Oh, gosh. I am channelling my inner Alberto now.

Q38 **Andy Carter:** I want to follow up on this point. Where a Minister has declared something to their permanent secretary, all that information is made public currently—

Chair: No, it's not.

Sir Laurie Magnus: No, it's not.

Q39 **Andy Carter:** That is the point around the transparency. If a Minister were at the Dispatch Box and an issue came up where there was a relevant declaration, is there a ministerial code requirement for the Minister to make that declaration at the Dispatch Box? They would be bound by the House of Commons code, but—

Sir Laurie Magnus: They are bound by the House of Commons procedure, aren't they? That overrides everything if they are in the House.

Q40 **Andy Carter:** Okay, but there is no declaration anywhere else for them to speak to their office team to say, "Hang on, I have a declaration here." It is only what the permanent secretary knows.

Sir Laurie Magnus: I would hope and expect that that would have been anticipated—that, knowing the range of their portfolio and their responsibilities, their interests, whatever they may be, would have been identified and appropriate arrangements put in place. As I say, they might range from getting rid of the interests, if they are able to do so, to some



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management arrangement where they do not have sight of them, or a recusal from being involved in any decision that could have a bearing on those interests. I would expect that to be put in place at the outset when they become a Minister.

Q41 **Chair:** The bit that I struggle with is that Minister X says everything to their permanent secretary and the permanent secretary goes, "Well, there are these rocks on the horizon that we might need to navigate," that all then goes to you, and you go, "Yeah, we're not going to publish all of that; we're going to publish about half of it," or a third of it, or 80% of it, or whatever. That just feels wrong to me. It feels like you are keeping something from the public.

Sir Laurie Magnus: Yes. The interests that are relevant are disclosed. If somebody is a farmer, that will be disclosed; if somebody has a shareholding in BT, as we talked about, that will be disclosed. What will not be disclosed are the working arrangements within the Department for the recusal.

Q42 **Chair:** Yes, but we had one instance where it was, wasn't it? It was between Robert Jenrick and Jake Berry. They both adjudicated on each other's granting of an award to their constituency, and that was thought to be okay. Others might go, "That looks a bit convenient."

The danger I foresee is that Minister X tells the permanent secretary, it all goes through to you and you say, "We're publishing all of this," and the Minister then knows that such-and-such has not been revealed publicly, so when they are in the Chamber, notwithstanding the rule that you have to declare much more fully than you register, they go, "Oh, well I've been told that I don't have to declare it."

Sir Laurie Magnus: I am not telling them that they do not have to—

Q43 **Chair:** No, but they may come to that conclusion, because it has become an accepted fact that some things are not made public.

Sir Laurie Magnus: Ministers are Members of Parliament. They are very familiar with the rules, or they should be. I do not see that they could use the ministerial published list as a means of somehow or other circumventing the rules that you have for disclosure.

Q44 **Alberto Costa:** This ties into a later question we have for you. There are instances where I would argue that there are issues of disclosure when a Minister, in attending to his or her job, accepts a particular gift of hospitality in their ministerial capacity. You said in answer to one of my colleagues' questions that they would have to disclose that in the House anyway, but I am not quite clear whether we are making the distinction clear about conflicts of interest and gifts and hospitality that might be received.

Chair: We will come on to that a bit more fully when Vicky asks her question, if that is okay.

Alberto Costa: Fair enough.



Q45 Sir Bernard Jenkin: How aware are you of the fact that permanent secretaries clearly have an obligation to advise Ministers about the ministerial code but they do not feel the same obligation to advise Ministers about compliance with the House of Commons code? That can lead to a kind of complacency that everything has been properly declared, because the Minister was addressing the House of Commons or a Committee, when actually there has not been compliance with the House of Commons code. How do you think that should be addressed?

Sir Laurie Magnus: The permanent secretary advises a Minister on the issues that they need to be conscious of in terms of conflicts. I will put hospitality and gifts and all the rest to one side, because I think you want to deal with that later. I will focus on private interests of Ministers and their business interests. The permanent secretary will advise on that. Ultimately, the rules of the ministerial code are there, and Ministers have to comply with the ministerial code; that is an obligation of a Minister of the Crown. The ministerial code does have a provision requiring them to comply with the requirements of the House of Commons and the House of Lords. If somebody is a Minister, I would expect them to comply with the ministerial code and all the interest disclosures and so on, which I am responsible for effectively monitoring, and Parliament—or you, or however it works—obviously holds them to account for compliance with the parliamentary rules.

Q46 Chair: Would you expect that wherever a Minister or PPS—because they are included in the ministerial code—were to be found in breach of the code of conduct they would be expected to resign?

Sir Laurie Magnus: I think that is another hypothetical question.

Chair: It is not. It certainly isn't.

Sir Laurie Magnus: Well, what I am focused on is the ministerial code, and—

Q47 Chair: But you just said that the ministerial code requires them to abide by the code of conduct, so if a Minister has not abided by the code of conduct and has been found by the House—

Sir Laurie Magnus: It depends what it is, but you are the masters of your code and will determine the sanction.

Alberto Costa: This is where the point comes in about hospitality and gifts—

Chair: No, that is not what I am referring to at all.

Alberto Costa: Forgive me.

Q48 Chair: For instance, this Committee found that a PPS had breached the code of conduct and they were suspended from the House, but no investigation was then conducted in relation to the ministerial code, and they just carried on regardless.

Sir Laurie Magnus: Are you thinking of a particular case?



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Chair: Natalie Elphicke, but there are other instances as well.

Sir Laurie Magnus: I have to say that that was before my time. I am sorry to use that—

Chair: I am using a concrete example just to ask the question. It is about how the two codes fit together, in a sense.

Sir Laurie Magnus: Rule 1.8 of the ministerial code is very clear. It says: “Ministers must also comply with the Codes of Conduct for their respective Houses and also any requirements placed on them by the Independent Parliamentary Standards Authority.”

Q49 **Andy Carter:** On that basis—let’s take the example that actually happened—if the PPS came before the Committee and was suspended by the House, would you investigate that under the ministerial code?

Sir Laurie Magnus: You have to look at it on a case-by-case basis. I can’t give you a theoretical answer. It may well be that they would be removed or resign before I got around to that, but clearly there would have been a serious infringement of the rules.

Q50 **Andy Carter:** Yes. It wouldn’t be unreasonable, then, to assume that if somebody breaks the House of Commons code and they are suspended—and to be suspended by the House is a pretty serious matter—you as the independent adviser to the Prime Minister would be saying, “You’ve been suspended by the House. This warrants an investigation under the ministerial code.”

Sir Laurie Magnus: Possibly I would, but I suspect it might have been dealt with before I even got around to saying that.

Q51 **Alberto Costa:** Ultimately, is it not the case that if a decision is made by this body or by the commissioner—a House decision—that does not necessarily equate to a decision that either you or, indeed, the Prime Minister, in his capacity as Head of Government, make? As you mentioned earlier, on powers of patronage, it is entirely for the Prime Minister to determine who does or doesn’t serve in his Government.

Sir Laurie Magnus: Yes. Could I just clarify? It was just pointed out to me that PPSs are not Ministers.

Q52 **Alberto Costa:** They are not Ministers. The point that I am making is that it is not for this House to enforce a ministerial obligation on you or the Prime Minister. It is not for this Committee or the commissioner to determine whether a PPS or a Minister should continue in their role simply because they have been found to be in breach of the House. That is for you and the Prime Minister to determine—is that correct?

Sir Laurie Magnus: I would hesitate to even question the authority of the House of Commons as a supreme authority, but—

Chair: Oh, many have, and most recently.

Alberto Costa: You may well be put in that position, Sir Laurie.



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Sir Laurie Magnus: My position is to advise the Prime Minister on the ministerial code and compliance with the ministerial code. That is the role and he obviously has a prerogative to hire and fire as appropriate, taking account of my advice as he chooses. But I will just say that private secretaries—

Chair: PPSs are not part of the Government.

Sir Laurie Magnus: Yes.

Chair: Which is a line in the ministerial code. None the less, they are referred to at great length in the ministerial code, so it ends up feeling like a bit of a grey area. And they have to vote with the Government; otherwise, they will be sacked. It is a bit of a grey area.

Q53 **Dr Parr:** Good morning, Sir Laurie. I am Rose Marie Parr and I am a lay member of this Committee. As a PS to that, when you give your independent advice to the Prime Minister, what happens if it is not accepted? Where does that place you?

Sir Laurie Magnus: So far, I have not had that issue, but the arrangements are as stated in my terms of reference and, indeed, the ministerial code. If I give advice to the Prime Minister and for some reason he might not take that advice, I have the ability to request that that advice is published. I think that that is quite a good fall-back.

Q54 **Chair:** Request or require?

Sir Laurie Magnus: I can, I think, require.

Q55 **Carys Williams:** Hello, I am Carys and I am one of the lay members. You started to mention blind trust arrangements earlier. Could you tell us a bit more about how you consider and treat them?

Sir Laurie Magnus: A blind trust, by definition, has to be blind. A number of them have been established by Ministers, particularly Ministers with substantial financial interests, shareholding interests. When they become a Minister, with a blind management arrangement—a blind trust—they place their interests under the management of a third party. For it to be deemed to be blind, they can have no visibility on what is happening to those investments and no influence over the sale or purchase of new investments, so they are completely removed from what is going on.

You might say that that is quite a surprising thing to do, but it isn't so surprising, with a portfolio of listed shares and maybe unlisted shares, to put those into a blind trust and receive only information about revenue and capital gains for the purposes of filing an annual tax return. That is my understanding of what I would expect a blind trust to involve, so that the Minister has no visibility of what is going on.

Q56 **Carys Williams:** How do you gain assurance that it is truly blind?

Sir Laurie Magnus: I am looking to them to confirm that they have a blind management arrangement.



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Q57 **Carys Williams:** Is it a verbal confirmation or is there some verification process?

Sir Laurie Magnus: On the form they say “blind management arrangement”. I think they also have to say who is responsible for the blind management arrangement.

Carys Williams: Thank you.

Q58 **Dr Stirling:** Let me move away from BT, because they have been advertised enough this morning. If I have a major shareholding in a company that manufactures widgets and I put that into a blind trust, the conflict surely still remains with me if my Department is involved in some process associated with those widgets.

Sir Laurie Magnus: You are absolutely right. That is where the blind trust arrangement becomes more difficult. If your company was a private company that you had founded and you became a Minister with responsibility for something affecting widgets, even if you put the company into a blind trust you would still have an exposure because you would be aware of that business. While you might withdraw from membership of the board, put your shareholding under the control of a third party and not vote on shareholder resolutions or whatever, you would still be aware of that widget business. With that situation—there are a few of those situations—a blind management arrangement does not work, so there has to be a recusal of some form to ensure that you do not get involved in decisions that might have an impact on your business. Does that make sense?

Q59 **Chair:** Might it not be in the public interest to know what those are?

Sir Laurie Magnus: Definitely. In that circumstance, particularly if you could not sell your widget business, or your widget interest, that would be in the list.

Chair: It’s always widgets, isn’t it?

Sir Laurie Magnus: Well, it’s a widget business.

Chair: I get it. Bernard is next.

Q60 **Sir Bernard Jenkin:** You have mentioned the transparency returns, but they are not actually in your remit, are they?

Sir Laurie Magnus: No.

Q61 **Sir Bernard Jenkin:** But something in the transparency returns might create a potential conflict of interest. For example, if a Minister receives repeated hospitality from a certain interest, how would that be captured?

Sir Laurie Magnus: I was going to say that if I became aware that transparency returns had not been completed properly by a particular Minister or there was something that looked very untoward—of course, that probably would have come through the disclosures anyway—that might be something that I would look at. I have not seen any of that or



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any reason to get involved in that in the seven months that I have been in post. But you are right: it is not within my remit.

The transparency returns that you have here for Members of the House of Commons and those that exist for the House of Lords are slightly different. For Ministers the transparency returns come out every quarter, although I understand that moves are afoot to try to bring the timing more in alignment with the parliamentary returns. But of course the ministerial returns are at £140 for gifts and almost zero for hospitality other than a cup of tea and a sandwich, whereas I think for MPs it is £300.

Q62 Chair: Yes, although I foresee a problem. I don't quite understand why the transparency returns—in particular, hospitality and gifts—are not part of your remit. I would have thought that they spoke directly to a financial interest. If an individual member of the public says, "I want to know all the financial interests and so on—the declarations and registrations of Minister X," they have to go to the Commons code of conduct register; they have to go to your twice-yearly reports, or occasional ad hoc ones, and then, if we are going to go to each Department doing 12 publications a year, 1,440 documents online every year. That just doesn't feel like transparency or convenience.

Sir Laurie Magnus: You have been very clear in your views on that.

Chair: You mean I have banged on about it?

Sir Laurie Magnus: No, no. I wasn't going to go so far, but you have been very clear. The transparency guidelines for Ministers are managed by their relevant permanent secretaries. The gifts are of course gifts to the Government, received in their capacity as Ministers, and anything over £140 is disclosed. They can buy and pay the excess, or not, but it is disclosed every quarter.

Q63 Sir Bernard Jenkin: I don't know whether the transparency returns could capture what I am about to describe, but what conversations happen between officials and Ministers, or between you and Ministers, about conflicts of interest that might arise from future employment post-ministerial office?

I don't know whether you remember the Committee I chaired, the Public Administration and Constitutional Affairs Committee, doing two reports on ACOBA. The second was about the requirement for action in this area, highlighting the fact that the conversations just do not seem to take place, so a Minister can leave a Department and finish up being employed very generously by a company that was previously lobbying his Department for a particular outcome, which the Minister gave. I will not name any examples, but there are some very, very glaring ones. What conversations take place around that, and how do you capture that?

Sir Laurie Magnus: I have to say that that is not something that comes within my remit, other than the recognition that ACOBA compliance is part of the ministerial code. What I do think—I am not sure how far it moves the dial—is that asking Ministers annually to sign up to confirm their



adherence to the ministerial code at least gives an actual written confirmation of compliance and adherence to clearing appointments, prospective appointments and so on with ACOBA, but that does not fall within my terms of reference.

Q64 Sir Bernard Jenkin: The problem is that ACOBA is trying to address a reputational risk after the event, but the conflict actually arose when the Minister was in office. Why is there not a more open conversation about potential conflicts, so it is at least not a taboo subject, which it seems to be at the moment?

Sir Laurie Magnus: I am seven months in the role. I have not seen evidence of discussions with permanent secretaries about future employment, but I would expect, as part of the declaration of interests, that if a Minister was contemplating taking on employment with a firm of accountants, say, or whatever it might be, they would disclose that and be recused. Actually, it is poor form to be looking at or talking about a job when you are a Minister. Ministers are not supposed to have second jobs.

Q65 Sir Bernard Jenkin: I know that, but that is the point, isn't it? We all know that ministerial careers come to an end and that Ministers plan their exits and what they are going to do afterwards. Should there not be more open conversation about that, rather than just pretending that the conflict does not exist, which seems to be what is happening at the moment?

Sir Laurie Magnus: If there is a conversation going on, then there is a conflict. Isn't that right? If there is a conversation going on then there is a potential conflict, and the obligation should be on the Minister to disclose it to their permanent secretary and say, "Look, you should be aware that I am having a conversation with a potential employer." It goes back to the foundation of the ministerial code: it is down to Ministers to identify their conflicts.

Q66 Sir Bernard Jenkin: What I am suggesting is that the obligation on Ministers to disclose should be explicit rather than just hanging in the air as an implication. In our report, we recommended a change to the civil service code so that if an official felt there had been any implication of future employment for a civil servant while they were discussing a contract or whatever, they would be under an obligation to disclose it. There would therefore be a conversation about it, and it would come to be regarded as unacceptable; thus, future employers of Ministers and officials would actually stop making those implied offers. "When you step down from ministerial office, have you thought about what you might do afterwards?"—that is all it needs, but that would be an improper approach to a Minister and the Minister should be under obligation to declare it.

Sir Laurie Magnus: I would say that it is implicit, but can I come back to you?

Sir Bernard Jenkin: I recommend a glance at our report.

Chair: He is recommending his own work, which is very fine. We come to Vicky and then Rose Marie, and then I have a couple of very easy



questions at the end.

Q67 **Victoria Smith:** Good morning, Sir Laurie. I am Vicky Smith, one of the lay members of the Committee. I would like to ask you a question about something you have touched on a little already. How straightforward is it to judge when a benefit has been given or accepted in a ministerial capacity?

Sir Laurie Magnus: As I said, I do not get involved in the disclosure of benefits in terms of gifts and hospitality, but as I understand it a gift to a Minister is made in their capacity as a Minister, so it is therefore a gift to the Government. Private offices of Ministers and their Departments are pretty switched on to identifying those gifts and deciding whether they fall into the box of being a gift to a Minister, or whether it is something that needs to be disclosed because it is a gift to them in their capacity as a Member of Parliament.

Q68 **Chair:** Hospitality?

Sir Laurie Magnus: With hospitality for Ministers, anything above a sandwich and a cup of tea has to be disclosed.

Q69 **Chair:** It does not feel like that. The classic question that we have had before is: Priti Patel goes to a Bond premiere, and decides not to disclose it here, even though the ticket is worth well over £300. She decides she is going in her ministerial capacity. When we asked Michael Ellis, who was then Minister for the Cabinet Office, why that was in her ministerial capacity, he said that it was because James Bond exercises Executive functions. Apart from the fact that James Bond, a fictional character, works for MI6, which is accountable to the Foreign Office and not the Home Office, you can see that there might be an element of ridicule.

Sir Laurie Magnus: Yes.

Q70 **Chair:** Your predecessor was of the view that it was not great if a Minister got to choose which register to put something on. It should be abundantly clear. Would you mind if we got rid of this exemption for “ministerial capacity”?

Sir Laurie Magnus: The ministerial exemption is a Government exemption. It comes back to Mr Costa’s point about the separation of powers. It is officers of the Crown disclosing their gifts and hospitality relative to—

Chair: No. Sorry, but that is not—

Sir Laurie Magnus: As opposed to in their capacity as an MP.

Q71 **Chair:** But factually, Ministers used to have to do it through the House. It was introduced in 2015 and we cannot find any process whereby the code of conduct was changed to effect this. The new code of conduct in 2015 said that you did not have to if you were going in your ministerial capacity, so it is our decision—it is the House’s decision—but would you mind if we got rid of that exemption?



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Sir Laurie Magnus: I do not think I have a locus. This is not within my terms of reference.

Q72 **Dr Parr:** Lovely to see you, Laurie. I am Rose Marie Parr, a lay member, as I said earlier. You will be glad to know that we are coming to the end of our questions. Hopefully you do not find this too much of a leading question, but the Leader of the House has committed to publishing departmental transparency returns on a comparable timescale to the Register of Members' Financial Interests. Do you think there is a case for closer integration of the Ministers' interests process and the House process? I suppose it goes back to timescales and transparency.

Sir Laurie Magnus: In terms of the transparency data, which is gifts and hospitality in my book, you referred to the Leader of the House's comments. As I understand it, moves are afoot to have closer alignment in the timing of the publication of that data. I think that plays absolutely to what you have been requesting.

Dr Parr: We would welcome that. Thank you.

Q73 **Chair:** Our register is going online in an updated, all-whizzing version in September. People will be able to search the database and so on. Would you be open to some means of having direct links through to the ministerial register as well?

Sir Laurie Magnus: I am always quite wary of any IT.

Chair: Me too, but do you think it would be good in principle?

Sir Laurie Magnus: In principle, I cannot see why we would have an issue with a link to the list of Ministers' interests.

Q74 **Alberto Costa:** I would like to reinforce this. Although you very helpfully said that the issue of hospitality and gifts is not within your locus, you did advise this Committee in your evidence that the Departments are pretty switched on, to use your colloquial phrase, when it comes to identifying which gifts or hospitality fall within the remit of a Minister's normal activities, notwithstanding the Bond film example that seems to be wheeled out at every occasion that we discuss this.

Chair: I have others if you want them, Alberto.

Alberto Costa: You are quite confident that Departments are pretty switched on at identifying this.

Sir Laurie Magnus: I believe they are. I have not conducted a whole lot of due diligence, but my experience of the civil servants that I have worked with—I have a lot of experience of the Cabinet Office; I also have experience of DCMS because I continue to chair an arm's length body—is that they are pretty beady about this sort of stuff.

Alberto Costa: That is very helpful. Thank you

Q75 **Chair:** I have two further questions. First, 1.3.c of the ministerial code says that Ministers must provide "accurate and truthful information to



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Parliament, correcting any inadvertent error at the earliest opportunity." I presume you could investigate that if a Minister were not to do that, because that would be a breach of the ministerial code.

Sir Laurie Magnus: In theory, yes.

Q76 **Chair:** Why only in theory?

Sir Laurie Magnus: You are correct. When I said, "in theory", it was because I am not aware of anything at present, but clearly—

Q77 **Chair:** Are you saying that you have not had anyone write to you to complain that a Minister has given inaccurate or untruthful information?

Sir Laurie Magnus: I have—one or two. Yes.

Q78 **Chair:** And you have not investigated any of those?

Sir Laurie Magnus: They have not been matters needing investigation because some other resolution or whatever has happened, but I would of course investigate in a case relating to 1.3.c and in which there was prima facie evidence. That would fall as a potential breach of the ministerial code so, yes, of course I would.

Q79 **Chair:** If the UK Statistics Authority were to write to a Minister to say, "You cannot keep on using these statistics; they are false, they are untruthful and they are inaccurate," that is surely prima facie evidence.

Sir Laurie Magnus: It might be. I am choosing my words carefully, and I hope you will recognise that. It might be.

Q80 **Chair:** We are only going for prima facie evidence; we are not going for ultimate, deciding evidence. I just don't understand why you would not investigate in such a situation.

Sir Laurie Magnus: I do not want to commit myself.

Q81 **Chair:** I am not setting a trap for you here; I am just asking. One of the things that we most commonly hear as politicians is, "You all lie to Parliament. All MPs lie all the time." We know that it is a very laborious process to get a reference to the Committee of Privileges about whether a Member of Parliament has misled the House, but there is a rule.

Sir Laurie Magnus: Yes, there is a clear rule. Actually, if you go back to the inquiry into Nadhim Zahawi, that was one of the issues I raised.

Q82 **Chair:** And 9.1 of the code says that when Parliament is in session, announcements must be made to the House first. Did you investigate that?

Sir Laurie Magnus: I speak as not an expert on the procedures of the House, but I think the Speaker is pretty vigilant on that.

Q83 **Chair:** But the Speaker has no authority to do anything. I suppose he could decide that it is grossly disorderly conduct, name a Minister and have them suspended from the House for a few days, 20 days or whatever, but that would be upping the ante considerably. I just wonder



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whether you ever advise on that.

Sir Laurie Magnus: I have not advised in the seven months I have been in post. Clearly, it is in the ministerial code. I would have to react to it if the issue arose. Is that a fair answer?

Chair: Yes. I am terrified that you are now going to have a lot of issues arising.

Alberto wants to come in. You are not allowed to do the separation of powers again, because I have been very good at not pointing out that there is no such thing as a separation of powers.

Q84 **Alberto Costa:** Sir Laurie, forgive me if this already exists, but I am not sure whether there is a formal channel of regular communication between you in your capacity as ministerial code adviser, the commissioner for the House of Commons and the commissioner for the House of Lords. It seems to me that were there to be regular formal meetings, a lot of the issues that this Committee has discussed over the course of the last couple of years might, in fact, be ironed out between the respective office holders that have a standards function.

Sir Laurie Magnus: That is a very helpful suggestion. I have had informal discussions with the commissioner, which I welcome, and he reached out to me, for which I was very grateful. The word “formal” implies something that will be noted, with minutes taken. Ultimately, I am an independent adviser to the Prime Minister on Ministers’ interests. I am very happy to appear before this Committee and answer questions, and please feel that you can invite me back again—I would be very happy to come. But ultimately, when I am talking about policy issues, I have to take my lead through a discussion with the Prime Minister.

Q85 **Dr Maguire:** I have a simple question, and I should probably know the answer to it, but I will ask it anyway. Can you initiate inquiries under your own auspices—on your own initiative—or do you have to be referred?

Sir Laurie Magnus: The way it works is that I can initiate an inquiry but, first of all, I have to consult the Prime Minister. The words in the ministerial code are that he would not normally refuse, unless there were public interest grounds. If he did refuse, the reasons would have to be published, unless, again, there were really substantial public interest grounds. I am very comfortable with that, and I think it gives me a strong position, if that becomes necessary.

Q86 **Dr Maguire:** So you would not like to see any change to that arrangement.

Sir Laurie Magnus: I am very comfortable working within the terms of reference.

Chair: Sir Laurie, thank you very much for a lot of your time, and for the generosity and magnanimity with which you have addressed all our questions. We are enormously grateful. Thank you very much. We look forward to ongoing work with you, and if there are things where we can



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co-operate, we very much hope that we will be able to do so.