

Public Administration and Constitutional Affairs Committee

Oral evidence: [Propriety of governance in light of Greensill, HC 59](#)

Tuesday 8 June 2021

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Members present: Mr William Wragg (Chair); Ronnie Cowan; Jackie Doyle-Price; Rachel Hopkins; Mr David Jones; John McDonnell; David Mundell; Tom Randall; Lloyd Russell-Moyle; Karin Smyth; John Stevenson.

Questions 1 - 123

Witnesses

I: Lord Maude of Horsham, former Minister for the Cabinet Office; Ian Watmore, former Permanent Secretary for the Cabinet Office; Sir John Manzoni, former Permanent Secretary for the Cabinet Office; and Bill Crothers, former Government Chief Commercial Officer and former Director at Greensill Capital.

Examination of witnesses

Witnesses: Lord Maude of Horsham, Ian Watmore, Sir John Manzoni and Bill Crothers.

Q1 **Chair:** Good morning and welcome to the Public Administration and Constitutional Affairs Committee. This morning's evidence session will consider propriety and ethics in light of Greensill. The Committee is very grateful indeed to all the witnesses who are giving their time today. This morning we will have four separate witnesses who will be speaking to us in turn; I will ask them each to introduce themselves for the record at the start of their particular section.

I welcome, first of all this morning, Lord Maude. Could I ask you to introduce yourself for the record?

Lord Maude of Horsham: I am Francis Maude. I was Minister for the Cabinet Office between 2010 and 2015.

Q2 **Chair:** Thank you. During that time, Mr Lex Greensill was employed as an adviser on supply chain finance and subsequently as a Crown representative. Lord Maude, when did you first meet Lex Greensill and



under what circumstances?

Lord Maude of Horsham: My recollection is that I only met him once during that time. No, it must have been twice, because I have subsequently seen a photograph, I think in late 2012, where there was an event in No. 10 to launch an initiative. I was there with the Prime Minister, Oliver Letwin, and I think Jeremy Heywood, and Lex Greensill was there. Other than that, I think I met him once and, to be honest, I cannot remember when it was. Shall I explain the background to this?

Chair: That might be helpful at this juncture, but if you could be relatively brief, that would be helpful.

Lord Maude of Horsham: Yes, of course. My main job at this period was leading a programme to cut the costs of running the Government. We were very focused on that—there was a big financial crisis, fiscal crisis—and we had to take the running costs out of government to protect against the need, otherwise, to cut services or benefits, or to reduce the need to do that, so cutting the running costs of government was my day job and this was immensely demanding.

Jeremy Heywood, at some stage—I think before he became Cabinet Secretary, which was in the new year 2012—asked me to see Lex Greensill. He said, “This is a very clever guy who is going to help you to save lots of money. What he is proposing is completely consistent with what you are trying to do.” At that stage I didn’t see Lex Greensill, but I was visited by Maurice Thompson and a small team from Citibank.

One of the things—I think it was the third thing they wanted to talk to me about—was supply chain finance and I didn’t get it. I could not see how this was something that was going to be useful for us. I could not see how Jeremy’s contention that this would save the Government a lot of money stacked up, because it is kind of rule 101 of finance that nobody can provide finance more cheaply than a triple-A-rated Government, which was what we were, and so if we wanted to advance money through our supply chain, and there were good reasons for doing that, the best way to do it was for us to do it ourselves. That is the background.

Chair: That is helpful. Thank you, Lord Maude.

Q3 **John McDonnell:** Thanks for that, Lord Maude. We have been told that you authorised Lex Greensill’s initial appointment to the Cabinet Office as a supply chain adviser. What was your understanding then of the role to which you were appointing him?

Lord Maude of Horsham: I have been told that I authorised it as well, but I have to say I have absolutely no recollection of it. I believe this and I only know this from documents I have seen giving evidence to the Boardman inquiry.

That initial appointment happened from 1 January 2012, which I think was the exact date when Jeremy Heywood became Cabinet Secretary,



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and I am told that it was signed off by myself and Ian Watmore, who again on that same day became Permanent Secretary of the Cabinet Office but who had been my Permanent Secretary running the efficiency and reform operation.

I believe this initial appointment was for him to work with some of my team in the Efficiency and Reform Group, ERG, and it became increasingly clear that there wasn't anything in it to help us to do what we were trying to do, which was to save the Government money. It is worth saying that we did save the taxpayer—cumulatively over five years—over £52 billion. These are actual folding-money cash savings that were subsequently validated. They were looked at by the NAO and they all stacked up.

I have seen nothing that suggests that any involvement the Government had with supply chain finance actually saved the Government money in any way, and this was a distraction. We had a very hardworking team—a mixture of people from outside, but nearly all mainstream career civil servants, working incredibly hard to deliver real cash savings—and this whole exercise was a distraction. At best, it was a distraction from their main job.

Q4 **John McDonnell:** To be fair to you and so that the general public know the general processes that go with this, the authorisation for this appointment would have been a sort of paper put into your red box for the night to sign. Did you authorise the extension of his appointment after the initial three-month period?

Lord Maude of Horsham: No. I didn't and I wasn't really aware of it, to be honest. I would occasionally hear references to the fact that Lex Greensill still had some kind of role in the Cabinet Office, but I believe it was in the EDS—the Economic and Domestic Secretariat—which did not come within my purview at all.

Q5 **John McDonnell:** The initial appointment would have just been a paper in your red box and that would have been it.

Lord Maude of Horsham: I suppose so. I have absolutely no recollection of it, but I assume that Nigel Boardman has had access to all of those documents. I have not seen a document. There may not have been a bit of paper but I honestly cannot remember.

Q6 **John McDonnell:** You were very specific: you did not approve of the extension.

Lord Maude of Horsham: No. From my point of view, this was not something I wanted my team to be spending time on.

Q7 **Lloyd Russell-Moyle:** We have been told that he wasn't appointed as a special adviser initially or in his reappointments. Can you explain to me, and I guess the general public, what was his appointment status then?

Lord Maude of Horsham: No, I cannot. I have absolutely no idea at all.



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Q8 **Lloyd Russell-Moyle:** Did you know if there were many people appointed in this quasi not civil servant, not special adviser status? Is that common to have this unclarity on appointments?

Lord Maude of Horsham: No, normally the system is—particularly if there is someone a Minister wants brought in—extraordinarily pernickety about how it is done. When I reflect on how difficult the system made it for us to bring in people who had real expertise and were going to help us to save real money, I find it surprising that this happened—the subsequent appointment in particular.

Looking back and thinking back, I can see why I would have agreed a temporary three-month thing to test it out. I respected Jeremy Heywood greatly. We worked together back when I was first a young Minister in the late 1980s and early 1990s, so I respected Jeremy a lot. If Jeremy said, “There is something in this. I think you should look at it,” at a time when I think it is fair to say Jeremy and I weren’t agreeing about everything and I did not want to have a fight with him unnecessarily, I can see why I would have agreed to that initial appointment, but the system is quite fussy generally about how people are brought in.

Lloyd Russell-Moyle: Normally people are either brought in via special adviser or a Civil Service route.

Lord Maude of Horsham: Yes. It is not that uncommon for people to be brought in as an unpaid adviser, and I believe he was unpaid. That is not all that uncommon, nor is it a bad thing, I think, if people offer their services to do something specific, to fill a need and so on.

Q9 **Lloyd Russell-Moyle:** That is understandable. With unpaid advisers, is it your understanding that they have to abide by all the same rules and regulations as a special adviser or as a paid staff member, or are they in this middle ground not covered by either?

Lord Maude of Horsham: I don’t know. I imagine they would be. I was asked to conduct a review for the Cabinet Office last year—again, on an unpaid basis—and I certainly had to go through quite a lot of rigamarole to be allowed to provide this unpaid service.

Q10 **Lloyd Russell-Moyle:** You would expect that they would be, but we will have to investigate it. Lex Greensill was not a No. 10 employee, but he was given a pass to access it. He was given a business card and an email address. Is that kind of thing normal for unpaid advisers in similar positions in your experience?

Lord Maude of Horsham: Certainly not to be given a No. 10— To be given a business card would be fine and an email totally normal, but I think it is surprising that he had all that No. 10 paraphernalia.

Q11 **Lloyd Russell-Moyle:** Do you think, looking back maybe, particularly for members of the public or people who were interacting with unpaid advisers, the fact that they can go around with business cards and email



addresses, without it being clear that they have a status that isn't formal in payment and contract, provides some difficulties in how people would see that particular person?

Lord Maude of Horsham: I think it has to be clear. I don't think there is anything particular about them being unpaid that makes that sort of suspect, but there need to be proper procedures—which generally there are—for ensuring that conflicts of interest are managed properly.

Q12 **Lloyd Russell-Moyle:** Not just conflicts of interest, but surely there is a case to put that, if I am speaking to someone whom I think is in government, it should be clear on the tin what status that person has in government, rather than a business card or a memo that do not make that clear. If someone has a status as an unpaid adviser for a three-month temporary "see it and try it" arrangement, compared with a permanent civil servant or a SpAD that is connected to the Minister, but that is not made clear in cards and in emails, it causes awful confusion and could cause the Government difficulties. In hindsight, do you think there is something to be said about making that clearer in those roles for outward facing?

Lord Maude of Horsham: Yes. I do see that in general. We ran a huge transparency programme where we were publishing organograms that took quite some time for Departments to sort out. Most of them did not have organograms, but we did require—

Lloyd Russell-Moyle: That would have been very good, yes.

Lord Maude of Horsham: We did that, so it ought to be transparent. I think that is a fair point.

Q13 **Mr Jones:** Thank you, Lord Maude. You have already told us that you regarded Lex Greensill's proposals and schemes as something of a distraction. I think that is right. Was that view shared by officials in the Cabinet Office?

Lord Maude of Horsham: I think my officials in the Efficiency and Reform Group did share that view. We were pretty clear that the idea that using supply chain finance would save the Government money just did not stack up.

The other argument for using it was that it would enable us to get money into the hands of subcontractors—suppliers down the supply chain—more quickly, but there are other things that can be done to do that. We were developing the use of project bank accounts, for example, which the Highways Agency had trialled and these were very effective. The Government would pay the money into this project bank account and the subcontractors could draw money from it at the same time as the prime contractor. That had wider application and we were pursuing that.

We were insisting that all prime contracts—as far as I recollect—had a requirement in them that the prime contractors should pay their



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subcontractors on the same kind of terms, so accelerating the cash flow down into the supply chain. We were doing a lot of things that would help to put money more quickly into the hands of the SMEs down the supply chain.

I had set up an SME panel to help us find ways of supporting the SME community through the way we did public procurement, and they were pretty negative about the idea of using supply chain finance because at the end of the day they would have been paying for it. Just like when you factor your invoices, you end up paying for it one way or another, and as I say no one can provide finance as cheaply as a triple-A-rated Government.

Mr Jones: Officials were not supportive of supply chain finance.

Lord Maude of Horsham: No.

Q14 **Mr Jones:** As I am sure you are aware, it was reported in *The Sunday Times* on 27 March, in an article by Gabriel Pogrund and John Collingridge, that indeed a report was submitted to you making the recommendation you have just outlined, which was that a project bank account was a far more suitable vehicle to get money into the hands of subcontractors than a supply chain finance system. It was a very forthright report by all accounts and recommended that you proceed down the PBA route rather than the SCF route.

You would have also seen from the report that it is suggested that subsequently—this is back in 2012—another report was sent to the then Prime Minister, David Cameron, recommending the adoption of supply chain finance. You appeared to be concerned about this and spoke to the official who prepared the report and took him to task, and the official denied having changed the report and that his view remained the same. Does that account tally with your recollection of what happened at the time?

Lord Maude of Horsham: To be honest, I don't have a very close recollection. There was a lot going on. We were incredibly busy and I had kind of mentally put supply chain finance into the "not of any interest" box. What did happen subsequently—and this may have been the same event—was that I gathered that a draft letter had been sent directly to the Prime Minister, certainly without going through me, and this draft letter would have issued from No. 10 to the Government's major suppliers suggesting that they should use supply chain finance to accelerate payments to their subcontractors.

That irritated me a very great deal, because one of the ways in which we were saving money was to deal with the Government's major suppliers holistically. Very early on in 2010, once we had worked out who the 20 biggest suppliers were, because there was no central data, I got them all in and said, "At the moment, you have contracts with 17 different bits of government. From now on you have one customer. It is me." We wanted to leverage the Government's buying power and scale to get much better



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deals from the major suppliers, which we did. We were very successful. We saved billions for the taxpayer by doing that.

From my point of view, to have a completely separate initiative issuing to the major suppliers, which had no connection at all with what we were already very intensively doing with them, including things to help advance cash flow into their subcontractors, was worse than a distraction. That actually cut across what we were doing, and so I have subsequently seen quite a stropic email I sent to Jeremy Heywood saying that that letter should not have gone into No. 10 and will he please make absolutely sure it does not issue.

As I recollect, there was then some toing and froing about what was the list of companies to whom this letter would issue and from whom. I had no problem, as part of broader economic policy business support, if BIS, as it then was, wanted to write to the leading companies—FTSE 100, whatever—to urge this. It was nothing to do with me. That was not a distraction. It did not run counter to what we were trying to do. But that it was specifically directed at the Government's major suppliers was a real problem for me and I did intervene, as I say, quite stropically to stop that happening.

Q15 **Mr Jones:** Why did you write to Jeremy Heywood? Did you believe that he was responsible for this recommendation being put to the Prime Minister?

Lord Maude of Horsham: It was perfectly clear that Jeremy had brought Lex Greensill into government. Jeremy was the principal advocate of this approach and clearly Jeremy had been involved in this. I honestly cannot remember whether it was submitted directly to—

Q16 **Mr Jones:** According to *The Sunday Times*, the report that you received was cc'd to Jeremy Heywood. Is that right?

Lord Maude of Horsham: It could easily be. I would not be at all surprised, yes.

Q17 **Mr Jones:** Jeremy Heywood would have been aware of the fact that the recommendations from senior officials was that the SCF route was not the right route to take?

Lord Maude of Horsham: I suppose so, yes. I imagine so. Jeremy was across most things.

Q18 **Mr Jones:** However, the Prime Minister took up this proposal with considerable enthusiasm and you mentioned the event on 23 October 2012, where you appeared with the Prime Minister and Lex Greensill when this announcement was made. Had you attempted to persuade the Prime Minister that this was not a good idea or—

Lord Maude of Horsham: I do not have all the documents in front of me, but if I remember correctly that event in October was the NHS pharmacists.



Mr David Jones: Yes.

Lord Maude of Horsham: My remit did not cover the NHS at all and if I remember rightly—this is a long time ago and there was a lot going on at the time—I think there had been attempts to find lots of places where supply chain finance might be applicable and this was one that—

Q19 **Mr Jones:** I think it is true to say that Lex Greensill was desperate to find other areas in which supply chain finance might be applicable. He made a grand tour of various Departments. According to *The Sunday Times* he visited at least 11 Departments, including the Ministry of Defence, which of course is a big purchaser within government.

Lord Maude of Horsham: Very big. When you say, “The Prime Minister took it up with enthusiasm,” I think that might be overstating it. He respected Jeremy Heywood a great deal, as I did. If I thought I was busy and had a lot going on, the Prime Minister would have had infinitely more going on. If a scheme is sold effectively, all Prime Ministers are susceptible to wanting to have things to announce. I can see how this might have appeared attractive, but I have no recollection of being involved in that.

Q20 **Mr Jones:** I think it is fair to say that not even the pharmacists were terribly enthusiastic about the early payment scheme, according again to the article. They could not understand why they were being asked to pay to be paid, and very few pharmacists actually took up the scheme. Is that your recollection?

Lord Maude of Horsham: I have absolutely no recollection at all. I would not have been involved at all in that. As I say, our remit did not include the NHS.

Q21 **Chair:** Lord Maude—this is not an attempt at flattery—you seem a fairly astute character and you have given quite clear answers to the Committee about what you thought the usefulness or otherwise of supply chain finance would be to the Government. It is very difficult when somebody is no longer with us to account for themselves, but how do you account for the enthusiasm for these schemes of somebody as astute as Jeremy Heywood when you yourself could see very clearly in the views that you have expressed to us that they were not at all applicable or practical for the Government? Do you have anything to say on that?

Lord Maude of Horsham: No. We had a hell of a lot going on. We were immensely busy and my team was incredibly busy doing things that would actually make a difference, and I just could not see how this would make a difference. I am afraid, when I am under that kind of pressure, I slightly tend to take quite a quick view of whether something is worthwhile, but I took proper time over this—because if Jeremy asked you to look at something, he is a bloody serious guy and you did do—and I could not see how it was useful and so I put it on one side. I just do not know. Jeremy had obviously known Lex Greensill from before. They had worked together previously and he saw something that I didn’t.



Chair: Thank you.

- Q22 **Jackie Doyle-Price:** Lord Maude, you were very radical in bringing people from outside into the Civil Service, as you have explained, to achieve better value for money and more commercial discipline, and in many ways that was very successful. You have also alluded to the fact that there were barriers to that. I think the word you used was “pernickety” about some of the behaviours of the machine when it came to bringing people in. The story we are hearing about Lex Greensill is perhaps it was less pernickety, but, putting that to one side, when it came to people moving back out into the private sector, what were the procedures for managing potential conflicts of interest in those circumstances? Has the machine taken those as seriously as it ought to have done, particularly in view of the barriers that are applied when people are coming in?

Lord Maude of Horsham: I think it does get taken quite seriously. For two years after I left government, everything I did had to go through ACOBA, the Business Appointments Committee. It is a slightly painful process and takes time, but it is a proper system and I obviously complied with it, as did others.

- Q23 **Jackie Doyle-Price:** As did the officials, yes. It is essentially a voluntary scheme. It very much relies on the honour of people to seek that advice.

We heard evidence from Lord Pickles. He has shared his observations about this particular series of events very frankly, as I am sure would not surprise you. What lessons do we have to learn from how ACOBA has been applied in this context? Do you have any observations about that?

Lord Maude of Horsham: No, not really. You will take a view on that and I can see that there is a case for when people take different roles. I have no problem with serving officials taking roles outside government, but that obviously has to be very controlled, and I can see that there is a case for that coming under the purview of ACOBA, so that a consistent approach can be taken. You on this Committee take a view on that.

- Q24 **John Stevenson:** Lord Maude, when you reflect on the Greensill saga and your time in office, more generally, do you think the right balance was struck between bringing business people closer to government and the need for ensuring proper propriety with regards to decision-making?

Lord Maude of Horsham: Yes, by and large I do. I have a very strong view that the Civil Service benefits from having people brought in from outside. Your next two witnesses are very good examples of that. I do not think it is brilliant at using them when they do come in and there is a view, which was expressed both at the Fulton Committee in 1968—which I was reading recently—and also by Peter Hennessy, the great historian of Whitehall, that the big lost opportunity was after the second world war.

During the war, when obviously the role of the state expanded massively, there was a huge infusion of people from industry, business and the universities into Whitehall—into the Civil Service. The opportunity after



the war was to bank that and make that part of how the Civil Service worked: to make it much more open, much more porous, much more inclusive and more heterogeneous. There was a very deliberate decision—supported, I suppose, by Ministers, but essentially a decision of the leadership of the Civil Service at that time—not to do that and to revert to the classic model of the Civil Service: the sort of mandarin-led Civil Service, which broadly persists to this day, with a sort of class divide between white collar mandarins and blue collar people, from outside as well as from inside, who are charged with implementation and, of course, implementation is absolutely critical to a successful Civil Service.

The wrong thing to come out of this—the wrong lesson to draw—is that it is a mistake to be able to bring people into the Civil Service from outside. If anything, it should be easier to bring people in and the Civil Service should be better at assimilating them, using them and benefiting from that. But there have to be proper processes and I think the lesson here is that someone was brought in without there being much in the way of real process.

Q25 **John Stevenson:** Therefore, your conclusion suggests that the idea is correct, but we have to make sure that the processes are correct?

Lord Maude of Horsham: Yes, absolutely.

Q26 **Mr Jones:** Lord Maude, Lex Greensill became a Crown representative. Who appointed him to that role?

Lord Maude of Horsham: It was quite late on. If I recollect rightly, it was spring of 2014. I don't remember it happening. I have seen the press notice that announced it that did not go out in my name. To be honest, I cannot remember whether I would have approved that or not. There is a bit of a tendency, when you get towards the end of a Government's mandate—and there was a bit of an expectation in the higher ranks of the Civil Service, and there had been some hopes, that I would have been moved out of my job on several occasions before that—that sometimes less attention is paid to the need to secure ministerial approval.

Q27 **Mr Jones:** Would anyone else have had the authority to appoint him to that position?

Lord Maude of Horsham: I honestly cannot remember. I cannot remember how formal the arrangements were for appointing Crown representatives. I was certainly involved in the early stages of it. It was a good exercise. It was part of that thing of dealing with the Government's major suppliers in a much more holistic way—to have someone with real commercial experience who could draw together the strings of the Government's overall holistic relationship with that particular supplier.

Chair: Lord Maude, thank you very much indeed for your time with the Committee this morning. If there is anything you wish to write to us about, which you neglected to mention, that would be most helpful, but thank you very much for your time.



Lord Maude of Horsham: Thank you.

Q28 **Chair:** Seamlessly, by aid of modern technology, we move on to our second witness this morning—we are not going to mention the cricket at all. Mr Watmore, please introduce yourself for the record.

Ian Watmore: I am Ian Watmore, and I think at the time you are going to talk to me about I was mostly a second Permanent Secretary in the Cabinet Office and, at the end, a first Permanent Secretary in the Cabinet Office.

Q29 **Chair:** Yes, indeed, that is right. The questions we are going to ask you predominantly relate to your time as Permanent Secretary of the Cabinet Office in 2011 and 2012. When did you first meet Mr Lex Greensill and under what circumstances, if you did?

Ian Watmore: I have no memory of ever having met him, but I have been told in recent weeks by the Cabinet Office record that I hosted one meeting, at which he was an attendee, back in November 2011, and I think that was the only time that there is a record of me meeting him. I left in June 2012 and I have certainly never seen him since, so that is probably the only time I met him.

Chair: That meeting presumably wasn't a one-on-one meeting.

Ian Watmore: No, there were other people in the room. You asked about the circumstances. I think the meeting came about because just prior to that we had had a request from No. 10. When I say "we", the piece of the Cabinet Office that Lord Maude was probably just talking about—I only caught the tail end of his evidence—was called the Efficiency and Reform Group so, if I may, I will use the acronym of ERG just to mean that.

ERG had had a request from No. 10 to do a review of supply chain finance. There were a number of scoping meetings for that review, and this was one that I attended. The conclusion of that meeting was that, subject to the Minister and the Cabinet Secretary agreeing, we would do a project to look at supply chain finance in the central Government supply chain. The reason for that was because No. 10 was pressing hard to expand the number of SMEs in the supply chain, and this was seen as a potential way of improving the SME involvement in the Government's supply chain.

Q30 **Chair:** As we have been told and as you have mentioned, you authorised Mr Greensill's initial appointment to the Cabinet Office. Why was he appointed and what was your understanding of the role to which you were appointing him?

Ian Watmore: In terms of authorising an appointment, I think it is not quite the way I have seen the paperwork. The paperwork went something like: we had the scoping meetings; the project was agreed to go ahead. That happened in what we call our Project Commissioning Board and he



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was then invited to be part of that project for a period of three months, and he was a designated commercial adviser, unpaid and part-time.

My interpretation of that paperwork is that he was there for a very short time as an unpaid consultant rather than as a civil servant. A Civil Service team conducted the project and the Civil Service team then reported back at the end of the three months that they had examined the ideas, and that while it was a meritable exercise to have done it, they were not going to take those ideas forward because there were other ways of achieving the same objective, so they reported back to the Cabinet Secretary to say, "Job done."

By the way, there were some mentions in the margins of the paperwork that other ideas had come up in Health and Defence, and that if No. 10 wanted to take those forward, that would be with those Departments, but the job was done within the ERG and it was concluded that there was no further action.

Q31 **Chair:** Thank you. Were you instructed to appoint Mr Greensill and, if so, by whom?

Ian Watmore: No, and it depends. We are using the word "appoint" as if he was appointed to a Civil Service role.

Chair: Afforded the opportunity perhaps.

Ian Watmore: I think the way I read the paperwork is that he was the expert on supply chain finance whom we were asked to work with.

Q32 **Chair:** Who asked you then in that case?

Ian Watmore: I think the original request came from No. 10 through the ERG team and it was through those mechanisms that the ERG team, including myself, met with Lex and then conducted the project.

Chair: When you say "No. 10", the person—

Ian Watmore: I think the original request came from Jeremy Heywood, who was at the time the Permanent Secretary for No. 10 and was Cabinet Secretary-elect, I think. He took over as Cabinet Secretary a couple of months after that initial request, but the push for SMEs and the supply chain was quite a broad push from No. 10. The Prime Minister himself was keen.

The special advisers—people like Steve Hilton, Rohan Silva; those sorts of people—were keen and a lot of Cabinet Ministers were. They saw it as a way not just of saving money in the Government supply chain, but of boosting British companies. I think it was a combination of those two things that motivated the push from No. 10 to get the SME community into the Government supply chain. On inheritance in 2010, I think they measured it as about 8% of the supply chain was SME, and the rest was larger organisations. This is of central Government. They wanted to increase that towards 30% from memory.



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Q33 **Chair:** How did they express their keenness?

Ian Watmore: What, on SMEs?

Chair: In this, because you have mentioned the then Prime Minister, Mr Cameron, Mr Heywood, Mr Hilton—

Ian Watmore: I think we should not confuse supply chain finance with the desire to—

Chair: I am talking about the appointment of Mr Greensill. We are at cross-purposes, Mr Watmore.

Ian Watmore: I am talking about the drive for small and medium-sized enterprises to be in the Government supply chain, which was a broadly based drive of the Government, Cabinet-wide really, but pressed hard by all those people that I have been talking about. The reason, therefore, for looking at supply chain finance on the request of Jeremy was in our case, narrowed down to our remit, precisely to look at whether or not that would improve the SME involvement in the supply chain because, as you can imagine, cash flow at that time was particularly crucial. Indeed, it is always crucial, but it was particularly crucial, because if the Government were paying their primary contractors quickly, but the primary contractors were then not paying the subcontractors—usually small businesses—small businesses could be discouraged from entering the job of trying to sell to the Government.

The only reason for looking at supply chain finance at that time was to see whether it would help to bring more SMEs into Government procurement and, in so doing, potentially make the procurement better and cheaper and also boost British businesses.

Q34 **Chair:** That is helpful. Thank you for that. We are told that Mr Greensill was not appointed as a special adviser. What was your understanding of his status?

Ian Watmore: Again, I honestly do not remember anything about the guy. I never met him apart from that one meeting and I have no recollection. But from the paperwork I saw, my view straightforwardly was he was an unpaid adviser/consultant to the project. In any environment in which the Government operate, there is always a multiplicity of resources. You have civil servants and special advisers, but you also have consultants, contractors and non-executives. There is a group of people from outside. He was not on the payroll. He did not go through an open recruitment process. He was appointed simply for three months for a part-time unpaid role to advise the Civil Service team on supply chain finance. I put him in the category of unpaid consultant.

Q35 **Chair:** In your experience, how common was that at the time?

Ian Watmore: It was not that common to have unpaid consultants, but when the coalition Government came in in 2010, the use of consultancy was widespread. Indeed, one of Lord Maude's major objectives was to



reduce expenditure on external consultants. In the first two years, in the period I was there, we reduced the expenditure by 70%. Part of the mantra was that if we reduced expenditure in the centre of the machine of government—overheads; office costs—the Treasury would be able to spend more on frontline public services like health, education and so on. Whatever spending envelope the Treasury set, spending less on consultancy meant more available for frontline public services. We did a lot of reducing of consultancy in that period.

I suppose in this particular case, a free resource was taken up and he was the expert on the subject, but his expertise did not influence the outcome of the project beyond his advocacy for the role because the project concluded not to pursue it.

Q36 David Mundell: During your time as Permanent Secretary at the Cabinet Office, Mr Watmore, Lord Maude, as Minister for the Cabinet Office, prioritised recruitment from outside the Civil Service. How much thought was given to potential conflicts of interest that might arise from this?

Ian Watmore: The recruitment into the Civil Service from outside, in my memory—I can give you several examples of things I was actually involved in and that is what my memory draws from—was always done through the open recruitment process that we followed, laid down by the then Civil Service Commission, which is now a role I have in the modern day.

For example, we recruited a new head of the Government Digital Service that way. We advertised openly, got a number of CVs, had a Civil Service commissioner lead the process, narrowed it down to a shortlist, did the interviews, and selected Mike Bracken to run GDS. He proved to be an outstanding choice. That was normal. Throughout my time in the Civil Service, that has been the normal way of doing business.

When you recruit at that point, you look at potential conflicts that might arise. Even if you get to the point when you have made the decision in principle to appoint somebody, pre-employment checks are then conducted by the HR function. If there are conflicts at that point, you deal with them and manage them, depending on what they are. Everyone is different. Difficult ones are usually referred to the Cabinet Office's propriety and ethics group. That is true in all of Whitehall. It is not just a Cabinet Office thing. That is the approach in all of Whitehall. We applied that to all those major appointments. We did not have any problems with conflicts of interest as a result of that process. We probably recruited half a dozen senior directors through that route, all with external expertise, who all went on and added great value inside the Civil Service.

Q37 David Mundell: What might those processes of managing an individual's conflict of interest or potential conflict of interest involve?

Ian Watmore: It is difficult to do an extreme one, but I will give you my own example for one. I spent most of my career before joining the Civil



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Service with Accenture. Therefore, if Accenture became involved in some area of government, I would recuse myself from that because, even though I have no ongoing financial or other commitments to the company and I am completely separated from them, it could have been seen that my view was tainted one way or the other, bending over backwards or bending too far the other way. I would have recused in that case.

Somebody else might be involved in advising on something that a former company might then be bidding for. In that case, that person would then be taken out of the bidding process so that they could not influence the selection. It depends on the particular conflict. But in the round, people were recruited for their external expertise and we sought their external expertise. We sought to make sure that they did not then have a conflict from that expertise when they were with us.

Q38 David Mundell: Was somebody overseeing it? You gave your own example. Did you do that on the basis of your own judgment? Was somebody from the propriety and ethics group overseeing that, or did you do that because you thought it was the right thing to do?

Ian Watmore: When I was originally recruited by the then Cabinet Secretary, Lord Turnbull, he wanted to appoint me but we discussed, both with him and the HR function in the Cabinet Office—because I was one of the early ones to come in off that route, so there was less case history then—how best to deal with any perceived conflict then. We agreed that that was the way I would operate from then on and I did.

Q39 David Mundell: Did you think at the time that the system in place was adequate and do you still think that to be the case?

Ian Watmore: Looking back on the time when I was there—I left in 2012, so I do not know what happened after that—the people that we recruited, particularly in this period you are interested in, all worked extremely well and were successful and effective civil servants.

Q40 David Mundell: You had no other concerns at that time about conflicts of interest that had arisen or might arise?

Ian Watmore: I had concerns about conflict of interest to be managed, but I did not have concerns that the system of managing conflicts of interest was broken. It was obviously important to manage conflicts of interest. It always is. It is not always a commercial one. It can be other things as well. Family situations can crop up when a civil servant's partner or spouse is a politician and we have to manage that kind of conflict as well. There are lots of conflicts to manage on an ongoing basis. But I did not think the system of managing conflicts of interest at that time was broken.

Q41 Rachel Hopkins: Reflecting on what you have spoken about, when authorising Lex Greensill's appointment, did you put in place the same protocols or any special measures to manage conflicts of interest?



Ian Watmore: I am sorry to repeat, but we did not appoint Lex Greensill to the Civil Service for this project. We used him as an expert consultant to the project. When you are working with an outsider like a consultant to a project, you are obviously aware that they bring expertise, but you know that one of the reasons for doing it is the hope and expectation that something will come of it and they potentially will benefit from it. The team would have been aware that this was Lex's expertise and therefore it was something that he was keen on, but the fact that they concluded that there was nothing to go forward with means that they managed that potential conflict extremely well because they listened to the evidence and they recognised that there was an intention to do good things with the supply chain and with SMEs but they concluded there were better ways of doing it than introducing a complicated financial scheme and that they could improve the cash flow of SMEs in a different way. The project team concluded that.

Q42 **Rachel Hopkins:** Can I come back on that? I take your point on whatever Lex Greensill's status was, but in any process, were there any actions or specific considerations around his real or perceived conflicts of interest in that role?

Ian Watmore: I do not know the details of that, because I do not remember. I am only saying what I have seen. I have seen a simple letter from the director of the project to say, "Join us for three months as a commercial adviser," and there is stuff in a letter about what he can and cannot do in that period. That supports what you are asking about. I do not have the recollection. I have seen it only briefly. The team would have been selected to take the inputs from Lex, but not to take the answer from him. That is the important difference I make. They were well aware that he was coming with—for want of a better word—an agenda on a topic, but they were applying that agenda to the situation they were dealing with and concluded that it did not apply. They managed that potential conflict extremely well.

Q43 **Rachel Hopkins:** Will there be a record of those considerations?

Ian Watmore: It was a three-month project in the margins of thousands of days of work going on in the Cabinet Office at the time. We are not talking about a huge thing here. That project had an opening and a closing letter, of which I have seen a summary. Yes, there will have been something there to both start the project and also make the conclusions I have let you have.

Q44 **John Stevenson:** Mr Watmore, more generally, looking at Crown Representatives, is there often an inherent conflict of interest in their role?

Ian Watmore: I caught the tail end of what Lord Maude was saying on that. I can remember that quite well in my time. He and his team came up with the idea of Crown Representatives as a way of managing suppliers across the Government. A company like Fujitsu, for example,



had contracts with most of Whitehall, probably—certainly half of Whitehall. There were separate contracts and separate departmental arrangements.

Lord Maude thought that if the Government joined up across all of those Departments and then used their purchasing power, they could get better deals from those companies. He proved that because in the early period of his time as Minister, we aggregated across all the major suppliers to the Government and got an additional 10% off the bill not just for the year in question but for the rest of the deal, which amounted to—from memory—north of £1 billion a year. It was big money. He used the combined purchasing power of the Government to do it.

We needed somebody to speak on behalf of the Government across that and, actually, all the early Crown representatives were serving civil servants. They were people in other Government Departments who had the lead on that particular contractor and then they spoke on behalf of the whole of the Government and worked with their colleagues in the other Departments. For example, the early three big ones I remember in IT were Fujitsu, Cap Gemini and EDS, which became known as HP when it was bought by HP. They were three of the biggest suppliers in the Government. The three Crown representatives for those were the commercial directors of the Home Office, HMRC and DWP, who were serving civil servants. The concept was not an external or internal one. It was about having somebody speaking on behalf of the Government on a relevant topic.

The first of the private sector or non-civil servant ones we appointed—I cannot remember the process for it and do not have any records of it; all I can remember is that it was an advertised process and it was an unpaid part-time role as well—was Stephen Kelly as the mutuals Crown representative. The Government were pushing hard on this policy area, which was to take the public sector and mutualise it as a joint partnership between the staff and the private sector. That was the philosophy. Stephen had experience on how to do those sorts of spinouts and share structuring and so on.

Q45 **John Stevenson:** But if they are civil servants and they have no outside interests, quite clearly there is not a conflict. But if they are from the private sector coming in and they do have external interests, potentially there is a conflict. Do you think there is an inherent conflict of interest in this appointment?

Ian Watmore: No, because in the particular case, Ministers were looking for expertise in something that we did not have inside the Civil Service. Mutualising a piece of the public sector was a pretty avant-garde thing to be doing.

Q46 **John Stevenson:** That is fine, but were adequate measures put in place back then to ensure that the potential question of conflict of interest was addressed with these appointments?



Ian Watmore: From my memory, we knew that Stephen had other interests, but we were not interested in those interests. We were not working with those other interests. We were interested in his expertise and it was the expertise that was deployed to help do the first mutual of the Government, which was the My Civil Service Pensions mutual. That whole mutualisation project was put under governance, which the Cabinet Secretary of the day chaired himself with other Permanent Secretaries on it. It was a project with lots of governance to ensure there were no problems with that project. Stephen had a particular form of expertise that we could have paid large sums of money to get in from the City of London, but he provided off the back of the Crown representative role. That is how that came about. The first half a dozen to eight Crown representatives were mostly civil servants. Stephen was the toe in the water for that.

Q47 **Tom Randall:** Would Mr Greensill's post have been included in ACOBA's remit?

Ian Watmore: It was not a post. It was not a Civil Service post, as I understand it. It was an external consultancy post. My understanding is that ACOBA deals only with Ministers and civil servants on leaving. But we would have put into the letter to him something to say that he had to behave according to Civil Service arrangements while he was operating. But like all consultancy, you come in, you do a project, and you go off to do other projects. It was arranged that way at that time.

Q48 **Tom Randall:** In your view, for people perhaps like Mr Greensill, ought that to be formalised?

Ian Watmore: There could possibly be a look at consultancy in general, because that was the role he played. Do you want to put an additional set of things on people who are consultants to the Government? But as I said earlier on in one of the questions, the Government used consultants a lot in that time and probably have gone back to using them a lot since.

We were doing our level best to reduce these consultants. As I said, we got it down by 70% in a year. Part of the reason for that was pure cost and we wanted to save money centrally so that we did not have to bear that burden, but partly because we believed there had been an over-reliance on consultancy and that there is a lot of expertise in the system already available that could be used, which is not to say consultancy should not be used in the right way but just that there was too much of it.

Yes, it is always possible to say two things about consultancy: one, there is too much of it and, two, when it is valid and the right thing to do, are there further areas to look at afterwards? But I do not know that that is a topic that I have ever studied, so I would not have a further opinion on that.

Q49 **Chair:** Thank you very much indeed, Mr Watmore, for your time this



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morning and for answering the Committee's questions. If there is anything you wish to furnish us with additionally, please do write to the Committee. Thank you very much indeed for your time.

Again, with the aim of seamless technology, we move to our third witness this morning, Sir John Manzoni. Good morning, Sir John. Introduce yourself for the record, please.

Sir John Manzoni: Thank you, Chair. I am John Manzoni. I was Chief Executive of the Civil Service and Cabinet Office Permanent Secretary for the period you would like to question me about.

Q50 **Chair:** Yes, indeed. Thank you very much. Sir John, according to the Cabinet Office's transparency publications, you met a number of times with Mr Greensill and with Mr Bill Crothers. What was the purpose of these meetings and what was discussed at them?

Sir John Manzoni: They took place over a number of years. I actually managed the exit of Bill out of the Civil Service and I met him over a period of years after having managed him out of the Civil Service, because that is what I do in making sure people are good and making sure people are okay. I met him in the course of 2016 and right up until 2018. He left the Civil Service at the end of 2015. We talked about how he was doing and what he was doing. I recall he was doing various things. He was helping with Salesforce and I was talking to him about Salesforce because that was an early stage of something that he was doing. I am sure you will ask me about that, but as he left the Civil Service, he was focused on the commercial capability within the Civil Service, so I was talking to him about diversity in that. I was introducing him to various people—not civil servants but others. Through 2016 there was a series of conversations with Bill, which I put in the general category of care and maintenance of relationships of senior people, which I do all the time.

I do not remember when I first met Lex, but I did meet Lex as well. Bill was present in some of those meetings. I never met Lex outside of the office. They were all in the Cabinet Office and they were all recorded because Lex was making various proposals. This was not until 2018. Bill was present in one or two of those meetings where Lex was talking to me in my role as Chief Executive of the Civil Service, not as Permanent Secretary of the Cabinet Office, about various proposals, some of which you have heard about like supply chain finance. There were some things on the MOD. There were some things on the health system, which I am sure we will come to. That was the nature of the conversations that I had with Bill and Lex. I never met Lex outside of the office.

Q51 **Chair:** Could any of those meetings be construed as constituting lobbying?

Sir John Manzoni: I genuinely do not believe they could, no. The ones in my office in the Cabinet Office were talking about specific proposals. In fact, to some of them I invited the Treasury in. We had the MOD. I had a



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convening role as the chief executive. They were definitely about some specific pieces of business. But outside of the office, I genuinely think they cannot be classified as lobbying, no. They were me having relationship conversations with Bill. He was present when I arrived and I had, essentially, made some changes to the leadership of the commercial function and he was one of those changes.

Q52 John McDonnell: Greensill Capital was awarded the NHS Pharmacy Earlier Payments Scheme without going through a competitive tender process. Why was there no tendering process in this case?

Sir John Manzoni: I did read the Treasury Committee evidence on this. I am afraid I have to correct the record. It was absolutely tendered. It was absolutely a tendered process. It was not untendered. In fact, that business was run, as I recall, by Citibank for a long time.

This debate kept coming back about supply chain finance in the Government and there was a big debate about whether or not it was a good thing or a bad thing. Of course, it would be much better to have the national health system pay all the pharmacists on time, but the fact is that it is a large distributed system. It cannot work at the same pace. We had quite a debate and I have seen a few bits of paper about that debate, which I was part of.

We decided that in fact, rather than retender that process in the way that it was originally structured with Citibank, we would create a framework through the Crown Commercial Service such that the terms of that contract would be better for the Government. It was actually a framework that was tendered. This was not untendered business.

I believe, in fact, we made a mistake. We pushed the framework out. It was challenged legally, so we had to abandon the original tender and reissue the tender, which then subsequently Greensill won on the basis of price.

Q53 John McDonnell: Explain that again. We would welcome a written note on this, if possible, to get absolute clarity. What was tendered?

Sir John Manzoni: The way we tender these things is to create frameworks. There is a management consultancy framework. I do not know the detail. I was not deeply in CCS, of course. But we created a framework for supply chain finance in the Government. When you create a framework, you still have to bid for particular business under that framework, and the particular business that was being bid for was the supply chain finance for the pharmacy system. As I understand it, that was bid in a proper way through CCS, competed and won ultimately by the Greensill organisation. It was a proper tendered process.

Q54 John McDonnell: Do we know who else bid for it?



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Sir John Manzoni: I do not, I am afraid, but some others did, yes. This was in 2018 or something like that. The CCS organisation will have all of that detail, I am sure.

Q55 **John McDonnell:** A note on your understanding of the process that was gone through, what was bid for, who bid for it and how those decisions were made would be incredibly helpful.

Sir John Manzoni: It is quite important to correct the record because I did read somebody asserting that it was not tendered. That is not true.

John McDonnell: It would be useful to have that information in detail. Thanks, Chair.

Q56 **Chair:** Thank you, John. Sir John, is it possible to have a tendering process with only one bidder?

Sir John Manzoni: I am afraid I do not know the answer. It might be. I do not know. I would be speculating, I am afraid. This was run through the CCS structure in 2018, so there was a whole organisation to do this.

John McDonnell: It would be useful to have absolute clarity on this, because it is a pivotal point in some of the discussions that have taken place.

Q57 **Mr Jones:** Sir John, as you clearly know, Bill Crothers went to work for Greensill Capital while still a serving official. Is it right that you authorised that arrangement?

Sir John Manzoni: This is quite interesting. I have read the various testimonies of this Committee and others. The timelines are important here. I want to come back in a moment to talk about those timelines and who actually approved what at the time.

The discussions about Bill's change of status—as I have already said, moving out of government and into the private sector—were going on from March to July 2015. We were discussing various options. He was originally going to leave the Civil Service and contract himself back on a part-time basis. Indeed, in the final email that I have seen that said that would be a good idea, he suggested that he was going to be a senior adviser for Greensill as he left the Civil Service. So actually he went to two-and-a-half days a week in the Civil Service from 1 September 2015, and at the same time took a role as an adviser with Lex Greensill.

In preparation for this Committee, I was trying to think to myself what checks were done and all of those things. It turns out I was not actually elected Permanent Secretary for the Cabinet Office until 29 August 2015, three days before Bill left. I was involved in the conversation with Bill. He was working for me because I was the Chief Executive of the Civil Service at the time. But I was making sure that the discussions about him leaving were transparent to both the head of propriety and ethics at the time, and the Cabinet Secretary of the time, both of whom approved the final



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agreement that he would leave on 1 September, go part-time in the Civil Service and be a senior adviser to Lex Greensill.

I suppose, looking back at this, I had honestly assumed that I had been the Permanent Secretary for the Cabinet Office but I was not in July. I was not until the end of August that year. Even if checks were supposed to have been done, somebody else in the Cabinet Office would have done them. As the Chief Executive of the Civil Service, I had made sure that the head of propriety and ethics was comfortable with that arrangement. We went through all of that.

But as I think back to this, the truth is—and I have read the outrage on how this could possibly happen—that genuinely this was not a question of how we can give this guy some advantage in what he was doing. This did not occur like that.

The first point is we had defined Bill's role from the first. He was called the chief procurement officer. He was not doing that job. The job of CCS, which we have discussed, which is where all the procurement happens, in fact over that time was reporting to me, not to Bill, because this was the beginning of the building of the commercial function. Think back at that time. We did not have the functional structure we have today. It was quite complicated. It was quite messy. We were evolving a structure. It was only much later in 2016 that I flipped the procurement organisation under the chief commercial officer. When Bill was around, he had the title but he was not doing the procurement. But in any event, his role until September as defined—and this is written down—was all about capability in the Civil Service. In fact, he wrote to me saying, "I will do three things. I will continue worrying about commercial capability in the Civil Service. I will advise on big deals, if there are any"—it turns out there were none—"and I will help you find my successor," and it turns out he did not. His role was quite specifically defined absolutely not to do with procurement. That is the first point.

The second point is he started his part-time role on 1 September 2015. He then left the Civil Service sometime in November 2015 and was an adviser to a company called Greensill, which at the time had no UK public sector practice, was accounted in Australian dollars and was a small start-up company doing hardly any business even in the UK at all, never mind the public sector. As we looked at Greensill and said, "Go and help that little start-up," there did not appear to be any conflict. That was exacerbated by the fact that actually Greensill's first public sector business in the UK happened two or three years later in 2018. That is when Greensill won this pharmacy contract as his first contract. So the timelines are quite important here, even if we had looked at it, and the head of propriety and ethics did look at it, by the way, and concluded there was no conflict.

Q58 **Mr Jones:** Who was the head of propriety and ethics at the relevant time?



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Sir John Manzoni: The well-known Sue Gray, whom we all felt was quite fierce when she needed to be and was quite the bible of propriety and ethics at the time. That is what was going on.

Q59 **Mr Jones:** Sue Gray was consulted on this proposal and gave it her blessing?

Sir John Manzoni: Yes, she was.

Q60 **Mr Jones:** Which official authorised the secondment, if you can call it that, of—

Sir John Manzoni: I do not know. I suppose it was me. It is quite hard to tell because, as I say, I was the Permanent Secretary of the Cabinet Office from the very end of August. Bill left on 1 September. But I have seen the correspondence between him and me and Sue saying, "This all seems fine." In fact, there is an email where Sue says, "That is fine. I will talk to the head of ACOBA because, for future roles, Bill will want to talk to ACOBA about any roles that he took." It is important to understand this. Bill through this time—because I have seen the emails—was genuinely trying to do the right thing here. He was not trying to shirk stuff. He was sort of asking for advice from the person who we all felt was in control of this. Sue thought quite carefully. I am sure we looked at it. I am sure somebody looked at it. But we did not feel there was any conflict to be managed, frankly, at the time.

Q61 **Mr Jones:** Can you understand why there is concern about this and why there is concern that it is an apparent conflict of interest? Here you have the official in charge of the Government's procurement going to work on a part-time basis for an organisation that was clearly at some stage of its life attempting to secure contracts to supply services to the Government. Can you understand why this is causing concern? Even the Cabinet Secretary himself says that he found the whole arrangement, as he put it, "pretty extraordinary".

Sir John Manzoni: That is what I meant when I said it is easy to pile on the outrage and take a moralistic perspective on this. I genuinely think this needs balance and it needs detailed understanding of the timeline.

Point one: the title of Bill Crothers was chief procurement officer—or he might have been the chief commercial officer; I do not know. His role was specifically nothing to do with procurement when he went part-time in the Civil Service on 1 September. He left the Civil Service between two and three months later. Point one.

Point two: there was not any conflict at the time. The issue of whether Lex was working some agenda or working some angle, by the way, only came to fruition more than two years after all this happened. Was he working some agenda? He may well have been. I must admit, in retrospect, we probably should have said, "By the way, Mr Crothers, you must not lobby or do any of those things for a period after you have left the Civil Service." In retrospect, we probably could and should have been



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tighter in doing that. But the fact is, as I have already told you, so far as I am aware, he absolutely was not lobbying for anything for Lex Greensill for a period of two years, not with me anyway, because I was not talking about the Greensill work with him for a long time until he came into my office with Lex on the specific proposals.

Look, I understand and I read the Cabinet Secretary's testimony. It is easy to throw outrage at this because it sounds so terrible. But first, it is a complicated area. Secondly, understand the timeline. I genuinely do not think there was any malintent intended. Might we have been able to be tighter? Yes, fully accepted, but there was no malintent. I do understand the surprise and the outrage but only because the detail of the timeline is not necessarily clear.

Q62 **Mr Jones:** It is absolutely clear that as former head of procurement, Mr Crothers would have been well aware of systems relating to procurement within the Government. He would also have a great number of influential connections within the Government and would therefore be an extremely valuable employee for Greensill Capital.

Sir John Manzoni: Of course, he was trying to go through the right process, but he did not need to go through ACOBA. That is why, of course, ACOBA says that you must not use connections for two years after and all of those things. I accept that if he had, it would not have been smart. So far as I am aware, he did not. We should have probably written that down. That I completely accept. Somebody should have written it down. As I have said, this happened in March to June 2015. I was the chief executive, not the Permanent Secretary of the Cabinet Office at the time.

I do not dispute that this is murky, complicated and difficult. It is not quite so outrageous as it is easy to conclude and take the moral high ground. I have heard various testimonies. It is easy to say, "It is absolutely outrageous". It did not appear outrageous at the time and it was not supposed to be outrageous.

Q63 **Mr Jones:** You have read the testimony of the Cabinet Secretary and Mr Darren Tierney, who was director general of propriety and ethics. You will recall that Mr Tierney was asked the reason for this arrangement being put in place; that is the secondment of Mr Crothers to Greensill Capital. Mr Tierney said that one of the reasons was at the time Greensill Capital did not have any public sector work. Did you note that element of his testimony?

Sir John Manzoni: I think I recall. I do not have the detail in front of me and I scanned it. I remember the conversation. One should not conclude that therefore Bill's job was to go and get it.

Q64 **Mr Jones:** No, we cannot make that leap, but we have heard from Mr Tierney that part of the reason for the departure of Mr Crothers to Greensill was that Greensill did not have any public sector work.



Sir John Manzoni: I am not sure I accept that. In fact, I know I do not accept it because I was the guy who was working with Bill as he left the Civil Service. Remember at this time few senior civil servants left government. When I arrived, I moved quite a lot of civil servants out of their jobs and into the private sector. This was a transitional arrangement. He did not leave the Civil Service to go and work for Lex Greensill. That was not the motivation. He took an advisory role with Lex Greensill. He also advised Green Park, a recruitment consultant. I have already mentioned Salesforce. I think he advised Salesforce. I do not know what the arrangements are now, but I think he advised those. He did not leave the Civil Service specifically to go and work at that time for Lex Greensill. There was a note where he said, "I will advise Lex Greensill for a day a month," or whatever it was as he left, "and this may increase," but we did not know what he was thinking. That was what he did. But he was also doing a number of other things at the time. You should ask him, but we should not ascribe specific motivations and machinations on this.

Q65 **Mr Jones:** You have told us that you managed the departure of a number of officials out of the Civil Service. Were any other senior officials similarly exempted from seeking ACOBA clearance during your time at the Cabinet Office?

Sir John Manzoni: I do not remember them all. I do remember one because it was relatively high profile, which was equally complicated. Mr Meggs was the head of the IPA. I cannot remember when this was. A year or two ago, there was a bit of a scramble because the Department for Transport needed a new chair for Crossrail. Tony was put forward as the new chair of Crossrail. The then Secretary of State for Transport approved the appointment. It did not occur to us because we felt this was one piece of Government to another piece of Government. It was an approved ministerial appointment. He went and he was agreed and everything else. Then he realised he should have done something with ACOBA and put an application in to ACOBA. ACOBA said, "We do not do retrospective applications, so no comment," which mortified him, frankly. I kicked myself because I probably should have picked it up, but we genuinely thought there this was one bit of the Government to another bit of the Government and the role had to be approved by the Secretary of State for Transport. That is the only one that I can remember that did not go through the ACOBA process. We feel bad about that and he does, too. It does not do him any good at all.

Q66 **David Mundell:** Sir John, do you agree with Lord Macpherson, who suggested that given the wide-ranging remit of the Department, any official in the Cabinet Office will almost inevitably be conflicted should they try to take up external work?

Sir John Manzoni: It is quite difficult. I did read Lord Macpherson's testimony, where he was basically taking every shot he could against the Cabinet Office, but that is an internal thing. It is more complex in the Cabinet Office, especially now as we have aggregated quite a lot of



commercial interactions into the head of the commercial function sitting in the Cabinet Office. That makes it quite complicated. We have to find our way through this.

I am a big proponent of a better interface between the public and the private sector. I spent six years in government trying to do that. It is incredibly important. Our Civil Service deserves that good relationship. Over the last few years, it is probably true that we have built that capability faster, probably, and we have thought hard about the rules to protect everybody, frankly. We have to do that and this is a great example of where we have to get better at that.

Is there more potential for those conflicts in the Cabinet Office? Yes, there is. Therefore, we need to be thoughtful about how we protect the system and how we protect individuals from mistakes or deliberate intent to take advantage of that.

Q67 David Mundell: You gave up your non-executive directorships with SABMiller when you joined the Cabinet Office. Why did you feel you should do that?

Sir John Manzoni: I would like to correct the record on that because I also read that from Lord Macpherson's testimony. When I came into the Civil Service, which was as head of the MPA in early 2014, I was sitting on the board of a big brewer. My original role as head of the MPA was known, was clear, was public and was all of those things, and it was accepted as part of my appointment into the MPA. However, when I moved to be the Chief Executive of the Civil Service, from that moment I stopped any remuneration from that role and I agreed that I would step down from that role at the next AGM. I was appointed in October 2014 as the chief executive and I stepped down at the AGM in July 2015 because in those big companies you do not just leap off the board. It seemed to me a perfectly sensible thing. In fact, it might have even been with the MPA but I honestly cannot remember. I might not have been paid when I was at the MPA. But certainly as the chief executive I was not paid by that company and I agreed to stand off the board in 2015 at the AGM.

As a correction to Lord Macpherson's testimony, I do remember a row. He mentioned that it was only after his advice or the Treasury's advice to the Chief Secretary that I then stepped off that board. I was not even aware of that advice, so it cannot have been that that forced me to step off the board. It was clear, though, that as chief executive I was an easy target. There was not any conflict involved, but it was clear that it was a brewing company and therefore sectors of society might have an issue with it. That is why I agreed to step off. There was a row between the Treasury and the Cabinet Office about remuneration as I took on the chief executive role. That is actually what it was about, not about me stepping off.

Q68 David Mundell: But who were you agreeing with, then?



Sir John Manzoni: Agreeing what?

Q69 **David Mundell:** You implied in your initial response that you took a view that you should—

Sir John Manzoni: It was in discussion with the head of propriety and ethics and the Cabinet Secretary at the time.

Q70 **David Mundell:** Again, these agreements were reached with Sue Gray?

Sir John Manzoni: Yes, I remember talking about it with her. She said to me, "Certainly as you come into the chief executive's role, you cannot carry on this board position." Fair enough; I understand that. But that was not the original discussion as I joined the MPA, which is a smaller role.

Q71 **David Mundell:** The original discussion was that you could carry on in that role. Who was that with?

Sir John Manzoni: Yes, to stay on the board of the brewer with being the head of the MPA. We do not do many major projects with breweries and things, so there was no conflict involved, but the issue was that I became too public a target as I became the Chief Executive of the Civil Service. I agreed to step off because it was too easy for somebody to take a point of view.

Q72 **David Mundell:** The Committee is interested in who is determining and at which points in the process whether there is conflict, and then whether appropriate action has been taken to deal with that conflict.

Sir John Manzoni: I remember that there was quite a live conversation about it. I do not know what happened as I joined the MPA, to be perfectly honest, because I was just an applicant. I had never been in government before. I was completely novice in the Government processes. But when I became the chief executive, there was quite a dialogue about it. As I say, both the Cabinet Secretary and the head of propriety and ethics were involved. There was a row because I said, "Hang on a minute. I have to get off this board." There was a row about the remuneration for the chief executive role, which of course, remember, was brand new and which the Treasury took exception to. The row was about that because I remember the Cabinet Secretary telling me that he had a row with the Permanent Secretary to the Treasury at the time.

Q73 **Jackie Doyle-Price:** I have been listening carefully to what you have said. A recurring theme seems to be coming up in this evidence, which is almost as if the outrage that has been expressed is not legitimate. But we need to get back to what we are trying to get to here. It is our job as parliamentarians to make sure that the system works with probity. We are here to bring transparency and accountability to this system. You have given us timelines of behaviour, which are like, "There is nothing to see here." But the fact is that we are looking at a series of events which



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have allowed somebody to come into government through a procedure which is not exactly clear. While he has been in that position, he has managed to Hoover up Ministers, former Ministers and former civil servants to work for his business. He has then gone on to work within the public sector.

We need to be clear. What are the systems to ensure probity in these circumstances? Are the current systems fit for purpose? You have said that perhaps now the rules are not delivering what we are expecting of them, but you could perhaps give us your view about what we can do to tighten those up. The inference from what you have said is that ACOBA is not enough.

Sir John Manzoni: I do not mean to say that the outrage is completely inappropriate and I do not mean to say that there is nothing to see here. I have not meant to give that impression. But I have meant to give the impression that it is easy to build upon the outrage and to grandstand and to take a moral perspective. Frankly, I have seen some of that in the testimony where the facts have not been quite as clear. That is all I am trying to do. I want to put a bit of balance in. I am not trying to say there is nothing to see here. We must learn and the Committee does an important role in learning. I am all for that.

I have said that the pace at which commercial capability has come into the Government and all of those things has outstripped the capacity of the system to retain its probity, as you have said. Therefore, there are things to do. ACOBA is complicated. It is difficult. Personally, I tried twice to address this very issue in my role as either chief executive or Permanent Secretary of the Cabinet Office. I cannot remember. I tried to initiate studies twice on ACOBA to say, "We need to get this better". Unfortunately, first Brexit and then Covid got in the way of both of those efforts and now it is happening. We need to think hard about how ACOBA thinks about this. It would be such a shame if one were to say, "That did not work. We will sweep that all away," because when I arrived in the Civil Service—and to be perfectly frank with you, this is the reason I stayed for five or six years—I feel deeply that our public sector and our private sector need to work better together. I feel that passionately because we will get a better outcome and the public sector does the most difficult things. It would be such a shame to sweep it all away. What can we do? I am at 50,000 feet. This is where Lord Pickles is going. It is more specific, more deep and more targeted in their examination of particularly senior people leaving the Civil Service or the investigation of conflicts. That is the answer. I hope that is the answer, rather than saying, "This is not working. We will stop."

By the way, I am in conversations now. I am a big advocate for people coming out of the private sector at senior levels and going into the public sector. But the truth is that it is hard. People say to me, "Why the hell would I want to do that? It is not worth it. Look at all the hassle. Look at all the trouble." It is hard. We need people to be prepared to go in and to



be prepared to do what we do in the public sector—we need that expertise. But we do need to protect both them and the system in a better way than we do today.

Q74 **John McDonnell:** To follow on from Jackie's question, Sir John, I appreciate the point that you are making with regard to ensuring that all the facts are out there and that they are honest and that they are balanced, but do you appreciate the reputational damage that this whole escapade has done to the Civil Service in this country?

Sir John Manzoni: I think it is a great shame, and it is a complex area. Another Committee has heard that there is nothing inherently wrong with supply chain finance. It is just a question of how it is financed and what goes on behind the supply chain finance that has caught out this, and that is a great shame.

I mentioned that Lex and Bill came into my office in the Cabinet Office and there were three or four proposals that we discussed at length about the application of what Greensill might do in the public sector. We did discuss supply chain finance, of course. I remember that because there was a big debate about whether it was a good thing or a bad thing. By the way, there were other schemes that I absolutely turned down on supply chain finance because we did not believe that they were the right schemes, and I got significant abuse from the private sector on the basis of turning those down.

Another one that we discussed was what turned out to be something called Earnd, which was the paying of public sector health people either weekly or daily, as opposed to monthly, but that was because many of those people were using payday loans at the end of the month because we do not pay properly. If it is done right, if somebody is prepared to do that and take less of a cut than the payday loan sharks, I think, "Good for you." That is good for the doctors, it is good for the nurses—it is good for all those things. They were two schemes I remember. By the way, none of these were new. I did not know at the time but it turns out these had been around for years.

Another one that I remember was one of Government's big defence suppliers, which has public debt. The proposal came in to say that on the back of government security, we could provide this company debt more cheaply, which could then be recycled so that the Government and the public can get a better price for the things they are buying off this company. We went around and around that one. I got the Treasury and the MoD involved, and because we could not work out where the risks were sitting, we turned that down.

There was another one also in MoD where it is struggling under a long-term private equity contract for housing, I think. It is called Annington. Again we said that we cannot make that work or we cannot see quite—you can look through this end of the telescope or you can look through this end of the telescope. But truthfully, the system of the Civil Service in



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those cases in my view did actually work. The things that we turned down were much closer to the line than the things where we said, "Go ahead, talk to the Department and do those things."

I regret deeply that what has happened has happened. It is a bit like what happened with Carillion. That went bust and it was a terrible thing because the public sector said, "No, we are not going to bail you out." These things do damage the public sector, and as we learn how, somehow we have to learn to leverage what is great in the private sector safely. I honestly believe—you will have to ask them—that in the early days the proposals from the Greensill organisation for what they were doing in the public sector were perfectly reasonable.

What then happened, which was much later, was it just exploded. Truthfully you do not run about in private jets if you are doing public sector business. You do not do that. I regret deeply that it is an issue and that it has damaged the reputation of the public sector. I hope that through Committees like this we can be very thoughtful about how we take it forward so that we can still retain and learn and deepen the controls and the checks and the balances and all of those things. That is what I think, frankly.

Q75 Karin Smyth: That is a very helpful elucidation of one of the questions, because I think what you are describing, when you referred to sadness and disappointment of some of the impact, particularly on the civil servants, but your strong desire to bring private and public sector people in and out, is that some of these schemes have blotted that work. Is that right? It is the type of these schemes that has now damaged very much the workflow of public and private people in and out of the system?

Sir John Manzoni: I do not pretend to understand the complexities of financial regulatory environments. I am not a banker, I am not a financier, I am just not in that. As I understand it, the Greensill structures were somehow differently regulated to a normal bank. In a different part of my life, I look at the energy world and that has its own regulatory environment. I have the greatest of respect for regulators because they are doing really complicated jobs.

What I think is that when you look at the face of supply chain finance in the pharmacy sector, it is not a bad thing. It would be great if we could get the NHS to pay those pharmacists on time, because it would be cheaper. We could benefit then in the public sector from the lower cost of medicines and all of those things. It is not a bad thing. I do not think it is a bad thing if a young nurse who cannot afford stuff at the end of the month is paid weekly so she or he can plan better. On balance that is not a bad thing. What happened behind all of that, how all those things are provided and indeed if things get out of hand and people start believing in their own rhetoric too much, I think it all blew up and all got too fast. Yes, I think it has damaged it, and that is a shame.

Q76 Karin Smyth: I do not think we have time to go into it now, but both



those examples in the health service are a result of failures in the way the system operates, that someone needs to have a weekly pay cheque or that someone can make money out of that intermediary role. That is a failing of the system, which is then not being addressed by bringing in something else.

Sir John Manzoni: This is important because I remember at the time we were doing supply chain finance for the pharmacists we had a big study with the health service about multiple aspects of improvement. The truth is in a really big complex system—and the NHS is one really big complex system—it is sometimes hard. Yes, of course it would be better if we could pay them on time, but the structures and the processes were just—there are too many other priorities, it is not their priority. The question is: can you get somebody for whom that is a priority? Can you leverage that expertise and can you benefit from it safely? Can you do that? I agree with you if we could get our systems all working, but the truth is in large, complex organisations, that is hard.

Q77 **Karin Smyth:** Our final question is about Crown representatives' roles. We were told in previous evidence that when you were at the Cabinet Office you initiated an audit of the Crown representatives' conflicts of interest and introduced tighter controls. What prompted that audit?

Sir John Manzoni: What was happening—you just heard it from Mr Watmore's testimony—was that in the early days, the Crown reps were mostly civil servants. By the way, my understanding is that Lex was appointed a Crown rep in 2013 not, as Lord Maude said, in 2014. Other than Lex, there may be one or two others. As I came in, we were trying to structure the commercial function and trying to put order in. At the time, the Crown reps programme was being run out of CCS, which, as I described to you, was the operational activity of procurement. It was being run from there.

In 2015 we started attracting one or two people from the outside as Crown reps. We also brought in the Crown rep organisation, the then eight or 12 people—I think there are 20-plus now—under a lady called Coleen Andrews. She is very smart, and she is still there and still runs it. The programme then developed. We restructured. We took a view that said that given we are now attracting outside people we need to make sure that we have the controls and stuff in place. That was the audit you referred to. It reported in late 2015, September 2015.

One of the things it said was, "You have to tighten up the conflicts of interest stuff, you have to tighten up the recruitment, and you have to underpin the systems and give them some resource." All of that came out of that audit. So far as I know, it was all implemented. We did tighten up the recruitment processes, because we were recruiting from the outside, and we did tighten up the conflicts of interest checks. Right now those Crown reps publish or provide lists twice a year about their interests. There was a question about the inherent conflicts. Of course there are, because you need people out of certain sectors, but they do not work on



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those sectors; they specifically work on different sectors. They just bring the general business competence and work specifically in areas that they were not previously involved in.

Q78 **Karin Smyth:** That is helpful. *The Daily Mail* at the time said it was a "lobbying timebomb". Are you confident that those changes have defused that problem?

Sir John Manzoni: I think they are much tighter now. The Lex story started a lot earlier, of course, but I am unaware of any. Again, one can always pick at things, but I do think the processes of both recruitment and conflict checks are much more robust as we look at it today.

Q79 **John McDonnell:** Sir John, to go back to a point we raised before, you said the contract with regard to Greensill went out to tender. Could you confirm whether the original Citigroup contract back in 2012 also went out to tender?

Sir John Manzoni: I am afraid I do not know because I was not here. I have no idea. I do remember it being a Citi process but I do not know what happened to get it there.

Q80 **John McDonnell:** When you write to us about this, it would be helpful if you could get clarification from your former colleagues on that, because it is quite pertinent.

Sir John Manzoni: I will do my best. I have very little leverage these days.

John McDonnell: I am sure you will be able to get that response for us.

Q81 **Mr Jones:** Sir John, you corrected Lord Maude's recollection as to when Lex Greensill was appointed a Crown representative. Can you recall the circumstances in which he was appointed and who appointed him?

Sir John Manzoni: No. I have been told it was 2013. He may have the right information because he indicated that he had seen a piece of paper. I thought he was appointed a Crown rep in 2013 because that is what I have been told, but I was not in the Civil Service at that time at all. I did not arrive until February 2014.

Chair: Sir John, thank you for your time this morning, for your answers and for undertaking to furnish us with additional information and any clarifications. We are most grateful for your time. Thank you very much.

Sir John Manzoni: Thank you.

Q82 **Chair:** To our fourth and final witness this morning. We thank for his patience and welcome Mr Bill Crothers. Mr Crothers, could you introduce yourself for the record?

Bill Crothers: Good morning, I am Bill Crothers. I was most recently a director at Greensill Capital. Before that I was the UK Chief Commercial Officer responsible for improving commercial capability and driving



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billions of pounds of savings. Before that I had a successful business career, predominantly at Accenture. I was in business for about 30 years or so.

Q83 Chair: Thank you. When did you first meet Mr Greensill and what were the circumstances?

Bill Crothers: My memory is a little vague on this; it is quite a few years ago. What I do remember is that he was introduced to me, either directly or indirectly, by Jeremy Heywood. That would not have been that unusual; Jeremy was very interested in the whole commercial agenda. In fact, he often stated it as his top priority and so he often referred people to me and said, "You should meet these people, they may be helpful." In Lex's case he introduced me and he strongly suggested he should be a Crown Representative.

Q84 Chair: When you said "strongly suggested", could you put that more plainly, perhaps?

Bill Crothers: He said he had very good experience in the area of financial services. He was a very impressive character. He was already an adviser based in No. 10 and Jeremy said he would fit within the Crown representative programme, so that is what happened. I then met with Lex. I cannot remember the meeting but I do remember meeting with him and he let me know that he was an adviser, as he put it, based in No. 10. He had a No. 10 business card; he had a No. 10 email address. He told me he had a desk in No. 10. I do not know if that is true; I never saw his desk in No. 10.

Q85 Chair: Did his character or indeed desk in No. 10 impress you? One of the adjectives we have used about Mr Greensill is that he was impressive. What was it that impressed you?

Bill Crothers: Probably. It would have been unusual for me to have had dealings, certainly at that time, with people in No. 10, so, yes, that was an unusual and impressive thing. Anyone who is based in No. 10 has got something about them, I would have thought.

Chair: I understand fully what you mean.

Q86 John McDonnell: Mr Crothers, were you involved with the development of supply chain finance schemes at all, and if so, how?

Bill Crothers: No, I was not. When Lex Greensill was acting as an adviser and then when he came on to be a Crown representative, I should say that I did not have a lot of dealings with him. I had much more dealings with other Crown representatives, for various reasons, which I can describe if you are interested. However, I was aware that he was working on three things, and a civil servant, an official from the commercial team, was assigned to work with him.

One thing he was working on was the pharmacy programme, which has been discussed. I had no sight of that. As Lord Maude said, NHS was



outside of his remit and therefore was outside of my remit and so I did not know anything about that. I had no meetings on it, no discussions. The first I knew about it, I think, was when it was announced or maybe shortly before, so I had nothing to do with that.

The second thing he was working on, I came to understand, was an idea that I believe you questioned Lord Maude on, which was to have supply chain finance for government suppliers as part of the programme to help small and medium-sized enterprises. The first I heard about that was when the idea had been proposed to the then chief procurement officer. My initial role in the Cabinet Office—actually I was in the Home Office, but working with the Cabinet Office—was to help with large commercial relationships, working alongside the chief procurement officer. There was a regular meeting of commercial directors across government, chaired by the CPO. This idea from Lex Greensill was put forward for government suppliers to be told or advised that they should have supply chain finance.

I was only reminded of this by *The Sunday Times* article of a month or so ago that I wrote an email not being supportive of that. I was not supportive of it and I thought it should definitely be referred to the Minister for the Cabinet Office before anything went forward. I was not supportive.

The third thing that I was aware of was to do with the Ministry of Defence, where there was a proposal on one particular supplier, a large supplier in the Ministry of Defence, to apply these techniques. I was told and I believe that the MoD leadership and the Treasury leadership were supportive and wanted it to proceed. That is probably the time when Lord Maude met with Lex Greensill, because I attended a meeting in his office on that particular idea. It turned out it did not proceed. There was some detailed, technical accounting matter raised by the Treasury that meant it did not proceed and so nothing else happened. They were the three things.

On the Ministry of Defence idea, I probably met with Lex on it two or three, possibly four times, to try to understand what the proposal was.

Q87 **Karin Smyth:** You may have addressed this in your first answer, but to be clear, were you involved in Mr Greensill's appointment as a Crown representative?

Bill Crothers: Yes. What happened was, as I said, Jeremy made it clear that he would like him to become a Crown representative. I should describe the process for a Crown representative's appointment. In summary, the process was that we had a recruitment consultant, who was an HR person. As it happened, she was a contractor. She would have a process to try to identify and attract the right people to join to become Crown Representatives, which were very part-time, sometimes a day a month, occasionally maybe a day a week, but that was less usual.



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We were looking for people who were deeply experienced. For example, one was the ex-chief executive of a FTSE 100 company, one was a very successful serial entrepreneur who had sold hitherto three businesses for multiple tens of millions of pounds. These were unusual people we were looking for, with deep expertise. Although we paid them a fee, a number of them waived the fee. It was more a case of us attracting and selling to them than them selling to us.

The process was there was a process of trying to attract people to apply. They applied and officials in my team would interview them. Those who were considered appropriate were recommended to me and I met with them. If I agreed, I then wrote a submission to the Minister for the Cabinet Office. My view was that he was the appointing authority. I wrote to him and he would confirm back that he was content or otherwise and then they were appointed. That was the process.

In Lex Greensill's case, it was unusual in that that front part of the process did not happen as I have described. The reason it did not happen is that he was already an adviser. My view was that he had already gone through that process. My understanding was he was on terms and conditions as an adviser to either No. 10 or the Cabinet Office.

I spoke to Sue Gray, as the head of proprietary and ethics. In fact, Sue asked to discuss Lex with me rather than the other way around. She was aware that Jeremy had suggested that he be a Crown Representative. You may ask Sue directly, I do not know. Sue was also in favour of appointing Lex Greensill as a Crown Representative. In fact, she also asked me to do that. However, she had raised concerns with Jeremy about his position. She was uncomfortable with his position and I think she had been told by Jeremy that he was insistent that Lex should continue. As I understand it—it was quite a while ago—Sue's reasons for asking that he be appointed as a Crown Representative was to formalise his position, to give his position a clearer status, because there were other Crown Representatives in place at the time. That was the conversation with Sue.

I then, as usual, wrote to the Minister for the Cabinet Office. I got clearance and a letter was written to communicate to him and to confirm his appointment. As part of Mr Boardman's review, I have seen a communication with Jeremy where I have subsequently confirmed that the Minister for the Cabinet Office had given that clearance of his appointment as a Crown Representative. But, as I say, some of the correspondence that Mr Boardman also has about Lex Greensill in advance of that period, a few months before, would show to you just how strongly supportive Jeremy was of Lex Greensill.

Q88 Karin Smyth: Thank you; that is a very through answer. Can I take you back to break that down a little bit? You described the front part of the process as not happening: this recruitment consultant, attracting the right people, some sort of interview. Your role was on the basis of those



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conversations with Mr Jeremy Heywood and Sue Gray to write to the Minister, approving Mr Greensill. Did you interview him or have any conversations with him?

Bill Crothers: Yes, I met with him. The way I would characterise it is that typically for Crown representatives I was making an active recommendation. I was assessing whether they had the right attitude and expertise and whether they would fit within the team. With Mr Greensill I think it was more that I probably could have vetoed it, but I was not making the same recommendation as I would have done with the others.

When I met with him he was an impressive individual, he did have impressive experience and ideas. He was already an adviser in No. 10 and he had a strong endorsement by Jeremy Heywood, who obviously held him in high regard, and Sue Gray thought this was the right thing to do. There was no reason to say no.

Karin Smyth: To be clear, are those written endorsements?

Bill Crothers: I have seen an email, for example, a few months before I would have written to the Minister.

Karin Smyth: Sorry, I mean from Sir Jeremy and from Sue Gray.

Bill Crothers: I have seen an email from Jeremy where he strongly endorsed Lex Greensill, yes. The Sue Gray conversation, I do not think that was in writing. It was a conversation that we had.

Q89 **Karin Smyth:** As you say, the front part of the process was not followed, so when you picked up the second half of the process, was that just with you or was this recruitment consultant involved in that? Were there any other normal governance arrangements around that meeting and interview between yourself and Mr Greensill?

Bill Crothers: I think that another official probably met with him but it is quite a few years ago and I cannot remember, but I do not think I was the only one. I would have normally taken advice from one or two people who I also regarded. As I say, it was unusual circumstances that he had such a strong endorsement from Jeremy and he was already an adviser. We did not have any other Crown representatives who were already an adviser and had been so for probably a couple of years.

Q90 **Karin Smyth:** Do you wish you had vetoed that?

Bill Crothers: I wish I was not sitting here, but we will come on to that as well. There was no reason at the time to veto it. There was no reason, and indeed, had I done so, I expect that I would have had quite a difficult conversation with Jeremy.

Q91 **Karin Smyth:** We have heard from Sir John Manzoni that an audit was conducted about Crown representatives—I do not have the dates in front of me—after that date. Would what happened then happen now, in your view, with the approval of Mr Greensill?



Bill Crothers: I do not know because I have been out of the Civil Service for five or six years, so I do not know, I am afraid. I do know that if there was a strong endorsement from the Cabinet Secretary it may well happen. There were processes at the time to check for conflicts of interest and, for example, in the allocation of Crown representatives' duties, as Ian Watmore said, they were allocated responsibilities that did not have links to their other interests. For example, one of the Crown Representatives had previously held a senior post in British Telecom. She had retired from that a few years before, but none the less her assignment was to work for not British Telecom, certainly, and not telecoms companies. I think she went on to be a Crown Representative for one of the outsourcing companies. We made sure that their responsibilities were separate from their other interests, and they had to declare to us what those other interests were.

Q92 **Rachel Hopkins:** Coming back on that, as the chief commercial officer, how satisfied are you that Crown representatives' potential conflicts of interest were robustly managed?

Bill Crothers: I was satisfied. The review that John referred to happened while I was still there because I think it happened during the summer of 2013, so it happened while I was there. Where it needed to be tightened was in writing things down. The Crown representative programme was very new and it evolved. It only started in 2011. As Ian Watmore said, initially all the Crown representatives were internal commercial directors and then progressively some from the outside were appointed. It was sort of an organic thing and it was not set down as a big programme and described in advance, so these processes were developed as we went along.

I am confident that we had conflict of interest uppermost on our minds. I can think, for example, of another example, just to illustrate, where one Crown representative was a non-executive director on the board of a very large public company and his chairman required an exchange of a minute that he would not be working on anything that would have a conflict of interest. That was both to the benefit of that company as well as to us and that was very formal.

We did not formalise everything in writing as we should. That is probably the learning and one aspect of where it probably improved.

Q93 **John Stevenson:** Mr Crothers, while you were a senior official in the Cabinet Office, you subsequently took up a part-time role with Greensill Capital. Could you explain to the Committee how that came about and the circumstances of it?

Bill Crothers: Of course. I am happy to correct the record. Some of what has been reported previously is not quite right, and, as John Manzoni said, the timeline is important. I would like to say that my intention was to completely follow the rules, in spirit and in form. I was transparent in



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all that I did and no conflict happened, but let me illustrate and you can decide.

During the summer of 2015, I had a number of conversations with Jeremy Heywood and also John Manzoni about transitioning back into the private sector. All my colleagues were aware that it was my intention to return to the private sector. In fact, when I joined in 2007, initially at the Home Office, my intention was only to stay two years; I ended up staying eight years. That was because I enjoyed public service.

The conversations were about me leaving. The initial plan was that I would leave the Civil Service and immediately contract back as an adviser to the Civil Service while at the same time taking up a part-time appointment with Greensill Capital. That was to be the first appointment of a number of appointments that I was hoping to win in the private sector. It was not my intention to take up a full-time job. It was my intention to build what is often referred to as a portfolio of interests, and indeed that is what I subsequently did.

When I went to speak to Sue Gray, who I was pointed to by John, to talk about this plan—by the way, I should say that Jeremy, and this is in an email somewhere as well, was keen that I continued providing advice to the Civil Service. In his words, or at least in Mr Manzoni's email that reported what Jeremy said, he wanted to get as much of my advice and for as long as possible.

There was a particular initiative that was running called the commercial capability programme to help to improve the Civil Service's capability and Jeremy wanted me to keep working on that. It was at a particularly crucial point. Sue Gray told me that it would not be possible—it was not appropriate to leave the Civil Service on one day and to immediately contract back as an adviser the next day. She said that just was not appropriate. However, she suggested that the same goal could be achieved whereby I became a part-time civil servant and I could, therefore, be an adviser to the Civil Service while still a civil servant, and I could then take on the Greensill Capital appointment.

The Greensill Capital appointment was, by the way, framed at about a day a month. Approval was given for up to a day a week, but I only worked about a day a month. Sue suggested that revision to the plan. I went back and discussed it with John and Jeremy and that was what was agreed.

In the press the phrase "double-hatting" has been used and I feel that is not appropriate. This was a transitional arrangement and indeed both Jeremy Heywood and John referred to it as a transitional arrangement. John Manzoni formally amended my responsibilities. He described three responsibilities that were set out. In fact I only worked on one of them, which was this internal programme of commercial capability. The Crown Commercial Service, which is the large buying function, reported directly to John Manzoni and had done for a number of months before this.



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Greensill Capital had never done any business with the public sector. It had no plans to do business with the public sector. I clarified that with Lex Greensill when I spoke to him, and I was being recruited for my private sector experience.

The final point is that when I had those conversations with Jeremy Heywood and John Manzoni, I was clear that I was becoming an adviser to Greensill and in due course would become a director. The conversation I had with Greensill Capital was that you could not step on directly to be a director. It is a financial services company. There was an interim period of us each getting to know each other. Sue Gray may have known that as well.

When I went to see Jeremy to take his advice, I was taking his advice about should I go on the board of Greensill Capital. He was extremely positive. Indeed, he said to me that Lex Greensill was a man of the highest integrity and he was supportive of me joining Greensill Capital's board. You can imagine that the high regard that Jeremy was held in by all—including myself, and I still do—was clearly an influence in me deciding to join Greensill Capital and to become a director. Indeed, that endorsement from Jeremy was so strong that I have mentioned it to many people over the years when I have talked about me joining Greensill Capital. That was a rather long answer

Q94 **John Stevenson:** Thank you. In the lead-up to joining Greensill Capital, did Lex Greensill approach you for this role?

Bill Crothers: Sometime in 2014, I cannot remember when, I had a 30-minute coffee catch-up with him. Increasingly he was not doing much as a Crown representative. He had been talking to other Crown representatives about ideas and so on, but the ideas had sort of filtered out a bit. He was still trying but there was not much that he was doing.

Prior to that I had a vague idea that he had a business. It seemed to be in Australia; it seemed to be connected with farming. I did not know much about it but at this meeting in 2014 he mentioned to me that his business was starting to grow—it was still very small—and he had just been successful in winning a contract, or was about to win a contract, in the United States of America. He was talking about that contract; he was very excited about where his business was going to go.

He said to me, "You've done your time in the Civil Service, you've been here six or seven years, you're an ambitious guy—why don't you come and join me?" I was a bit taken aback. I did not feel it was inappropriate, but I was just a bit taken aback. What could I offer to him? In any case I said I was really enjoying what I was doing, and no thank you. He shrugged and nothing else came of it.

Subsequently in my conversations with Jeremy and John in the summer of 2015—they increased after the election when the coalition ended and David Cameron was elected—my plan was, as I say, to build a portfolio



as I went back out in to the private sector. I then had Lex Greensill's offer or idea in my mind. I subsequently went back and asked him if he was serious. He said yes, but there would be a process of meeting his directors. That is how it happened.

Q95 **John Stevenson:** What was your initial role with Greensill Capital?

Bill Crothers: During the three months or so overlap I spent the equivalent of a day a month, so I spent two or three days. During that time I would have attended board meetings. I think at that point board meetings were every six weeks. I was mostly learning the business and the business model. After I left the Civil Service I continued to learn the business model, but my focus was on understanding business development and selling to large corporates.

As has been said earlier in your previous sessions, supply chain finance is generally not appropriate for the public sector. I had had that conversation with Lex. That was my view that I wrote to the Minister for the Cabinet Office. Lex's view was that he agreed that the Government should just pay their suppliers on time, and suppliers within the large suppliers should be paid on time as well. I was not being recruited with a view to try to sell to the public sector. That would not have sat well with me anyway.

When I left Accenture, I was responsible for our operations in 15 countries, running several thousand people, a number of Accenture partners, selling maybe \$1 billion a year back in the mid-2000s. I have extensive experience in selling. I operate at executive level so know how to have conversations with executives. Also when I joined Accenture it was a few hundred people in the UK; when I left it was 16,000. I have seen a small company grow. I was also advising on how Greensill could grow, putting in internal systems and so on. I hope that makes it clear on my role.

Q96 **John Stevenson:** What were you paid when you joined them?

Bill Crothers: I just don't think it is appropriate to be specific but what I can tell you is that it was commensurate with the income that I had been earning with Accenture as a senior partner. I was on the UK board.

Q97 **John Stevenson:** It was substantially more than you were receiving as a civil servant?

Bill Crothers: Substantially more than a civil servant. It was consistent with a senior partner at Accenture and consistent with the earnings that I earned from other portfolio roles that I subsequently took up.

John Stevenson: Thank you.

Q98 **Jackie Doyle-Price:** You will appreciate that the purpose of this Committee is to make sure that the regulatory regime is fit for purpose and that is what is informing our approach here, not least to make sure that obviously probity within government is followed, but also to protect



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people like yourself who have come in from the private sector and then want to return. It has to work for everyone. To an extent you have answered some of this, but I want to pin you down further on a bit more detail about the issues for which you have been criticised in the press.

You have talked earlier about the fact that as far as you were concerned Jeremy Heywood, Sue Gray and Sir John Manzoni were all very much within the loop of what you were considering in taking up this appointment. Specifically, was there an actual internal Cabinet Office process that cleared you to work, that gave you permission? Was that formalised or was that achieved through the discussions you have previously alluded to?

Bill Crothers: Let's take it in stages. The first stage was me moving to part time and taking a very part-time appointment for an outside company. I asked Sue and Sue was very clear. As John or someone said, Sue Gray has a fearsome reputation. Indeed, when I joined the Civil Service initially I held Accenture shares and I immediately sold them all after an exchange with Sue. She had a fearsome reputation and she was known as "The Bible".

The rules are complicated if you are an outsider like me—the Civil Service Management Code, which I am probably more familiar with now than I was then, is 91 pages. It was never pointed to me in the beginning. I was never getting training on it and so on.

I spoke to Sue and I said I want to make sure I follow the rules. Indeed there is an email—maybe more than one email—that exists where I refer to wanting to be kept clear on the rules. Sue told me, and I believe this is the correct position still, that as I was still a civil servant, albeit part time, there was no need for an ACOBA approval but rather that was for the Home Department to provide that approval. I believe—and I only know this because I have looked at it subsequently—that is section 434 of the Civil Service Management Code, which says that civil servants can get approval for outside appointments. Even then had I looked at management code I still would have gone to Sue because she was the authority and it is complicated. She was clear and I have seen notes since that said I was cleared through a conflict of interest. A conflict of interest was never discussed with me as a concern and it would not have been for the reasons Mr Manzoni said. That was the process that happened.

The second stage was that when I left the Civil Service, I went back to Sue and said I was now leaving. My expectation was that I would have to go through ACOBA and she was clear that as I already had an appointment with Greensill Capital, it was not a new appointment. Again, if I read the ACOBA rules that is what it says. Therefore, she was clear I did not need to go to ACOBA. Those two positions were confirmed in the letter from the Permanent Secretary of the Cabinet Office to the Chair of ACOBA and confirms that is still their understanding. I have spoken to



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appropriate people recently and based on the circumstances that I describe they still tell me that that is the case for the rules.

Finally, there has been some commentary about me then becoming a director of Greensill, which was confirmed in August. The conversations happened to confirm me in about March or April because, as I said, there was almost a probationary period where I would get to know the board and they would get to know me. It was confirmed that I would indeed become a director, although that had been my expectation when I joined. It was confirmed in August 2016.

Frankly, it never crossed my mind that I would have to go back to ACOBA at that point. I believed I already had that approval certainly from Jeremy—no question. That endorsement from Jeremy was the strongest possible endorsement about joining the board. I believe that John Manzoni and I discussed it, albeit it would have been a shorter conversation but we definitely discussed it. I am less sure if Sue Gray and I discussed the particular of me becoming a director, although the emails do talk about the adviser role developing further.

In any case, the role was not changing. Greensill was about 30 employees, most of whom were not in the UK. There was another 20 or so in a bank in Germany, but of the 30, I don't know how many were in the UK—seven or eight maybe. It was a small business. When you are on the board of a business that size, governance is not the primary driver. The primary driver is about helping the business grow and develop in size. Governance becomes much more important later on. My role didn't change; we were not doing any business in government. There was no prospect of us doing business in government and, indeed, I am absolutely confident that had I applied for ACOBA approval it would have been forthcoming. Indeed I applied for Salesforce, Green Park, FMA and arguably they were more difficult applications. There was no reason for me to avoid an application to ACOBA.

Q99 Jackie Doyle-Price: From your perspective it had been cleared by the Cabinet Office and therefore there was no reason to go through another approval process. Is that a fair assumption?

Bill Crothers: Yes. There is a detailed email I wrote to John Manzoni and to Sue Gray that they responded to. Before the first arrangement, so before I went part time—and I am very transparent—Sue expresses her gratitude in me being so comprehensive and arguably the note was a little long because I wanted to be so transparent. Somebody made a suggestion this morning, perhaps it was a member of the Committee, and I don't mean to be presumptuous but I have been thinking what could have avoided my sitting here. I have had a very uncomfortable time. I have had journalists outside my house; I have had my family under stress. I am gratified that Mr Manzoni said I was genuinely trying to do the right thing. I genuinely was. If ACOBA's remit was over all civil servants, whether they are leaving the Civil Service or taking an outside appointment and then it was transparently published, that is not a



complete set of changes, but I think that probably would have gone a long way to help. I had nothing to hide and I was trying to follow the rules, both in spirit and in form. They are quite complicated and quite particular.

Q100 Jackie Doyle-Price: You mentioned earlier that the code is 91 pages and you are more familiar with it now than you were at the time, which again tells its own story. My experience of these things is you get given lots of documents and the attention you pay to them is up to you. When you are coming from the private sector into the Civil Service, which is culturally and behaviourally very different, does the machine have a bigger duty of care to instil in someone like you who is coming from a commercial environment, what is expected of you, and what processes you need to follow? Is enough sensitivity shown in that regard?

Bill Crothers: My knowledge stopped five or six years ago but I would say not. I joined the Civil Service on 10 April 2007. I remember the date and I didn't have to look it up recently because it is burned in, because it was a proud day. We did a week, I think, of training in Sunningdale, which then existed, but the course was pretty pointless. It was about the general machinery of government and relationship between Parliament and Departments. The previous permanent secretary came to talk and so on. It had a point, but it was very macro. I was never—I doubt that Mr Manzoni was—taken through or even pointed to the management code.

Frankly, duty of care would be that when you are a senior civil servant, and I was very senior, there should be a training course on ACOBA. For example, it has been reported I took a charity position. I took a board position on a professional institute. It never crossed my mind that an unpaid role in a professional institute would require ACOBA. As soon as I became aware, I wrote to ACOBA and then ACOBA wrote to the Cabinet Office, which then wrote to me. That seems disproportionate to somebody reaching a commercial role. I think ACOBA could be more proportionate as well.

Q101 Jackie Doyle-Price: ACOBA seems to be me to be no longer fit for purpose at a time when we are wanting much more cross-fertilisation between the private and public sectors.

Sitting where you are now and having dealt with what you have had to over the last few months, do you regret spending time in the public sector?

Bill Crothers: No, and I hope not.

Jackie Doyle-Price: Good.

Bill Crothers: I have grown-up children and I have a 12-year-old. My grown children are in their 30s, and I have not told them about today yet because I wanted to see how it went. Frankly, your questions have been very fair and I was concerned—I have done a dozen Select Committees and they can be a little partisan. I will make sure my children watch



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today and I will point out today with my friends, because I think you have been fair.

Francis Maude proudly said that he led £50 billion of savings. It is unbelievable to me that the area I led with the team achieved £20 billion of savings cumulatively. There are areas in the Civil Service, in commercial dealings, that have prevailed. Anyone who touches a complex contract has to have gone through an assessment centre. They have to apply formal standards. The embryo of that idea was mine and I kicked it off. I feel very proud about what I did. I don't feel good about the impact that this whole thing has had on the image of the Civil Service, so I regret any part I played in that. I want to be proud of my contribution.

Jackie Doyle-Price: Thank you and thank you for engaging so frankly.

Q102 **Mr Jones:** Mr Crothers, you indicated earlier in your evidence that you did not believe that supply chain finance was an appropriate vehicle in the public sector; is that right?

Bill Crothers: Yes.

Q103 **Mr Jones:** In fact you told Mr Greensill as much, I think?

Bill Crothers: No, he told me.

Mr Jones: So he agreed with you?

Bill Crothers: Yes, he did. He told me it wasn't part of his plan for Greensill Capital. I should correct that slightly. He told me as a general position supply chain finance was not appropriate to central Government. I think he still believes that, but to central Government.

Q104 **Mr Jones:** How do you reconcile that with his attempts to sell a supply chain finance arrangement—if the reports are correct—to no fewer than 11 Government Departments?

Bill Crothers: I can't. I wasn't aware that he did that. I had no part in his role in doing that. I think it was probably before I met him so I can't reconcile that. Perhaps he came to understand what government was like but I don't want to speculate.

Q105 **Mr Jones:** It is clearly the case too, isn't it, that he was attempting to sell or to put forward supply chain finance arrangements much later than the period that we have been talking about now? In fact, it was an arrangement that he was pushing right up to the end of Greensill Capital, up to the point of its administration—isn't that right?

Bill Crothers: Yes, in a few particular ways. For example, with the Ministry of Defence idea that he had had several years before—I accompanied him—he went back to the chief finance officer of the MoD and others were involved—UKGI, the Civil Service and the Cabinet Office. They looked at the idea. That idea was a very particular application towards one supplier and he clearly thought it was a good idea. In the end Treasury thought it was too complex and also not appropriate to



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proceed with. We went out and spoke to NHS trusts and there was a variant of supply chain finance that he developed, which was similar to the pharmacy programme in that that was paying suppliers in advance. It was not paying based on an approved invoice, but paying based on perhaps a purchase order, which is something that Government could not do. It was a variant.

As it happened, that also was rejected by the trusts and not seen as a good idea. Finally, the role that I was playing predominantly in the final days, perhaps the final year of Greensill's life, was on this product called Earnd. Earnd was about paying employees in advance and, frankly, that was seen as a very good thing.

Q106 **Mr Jones:** Wasn't Mr Greensill very anxious to get access to the NHS database for the purpose of putting in place the Earnd scheme?

Bill Crothers: There is a process. The NHS database employment records is called ESR, and based on the applications for open data there is a process where various suppliers—Greensill was just one, although in fact Greensill was somewhat late to the party; there are other suppliers of employee payments in advance—can have access on a record-by-record basis only if the employee and the trust has explicitly given approval. They follow the Caldicott principles of guarding employee data. Greensill were not unique in that; other suppliers were doing it and it was done under a standard arrangement that exists within this entity called ESR.

Q107 **Mr Jones:** You told us that when Mr Greensill approached you, you asked yourself what you could offer him. What did you think you could offer him?

Bill Crothers: Twenty-five to 30 years of business experience, a number of them working at senior levels. I joined the Accenture UK Board in the mid-1990s, 1995 I think. I joined the European board in 2000 for a particular set of industries. I led practice across 15 or more countries for all resources industries, which is oil and gas, utilities, chemicals and so on. I had substantial business experience and I believe that is what he wanted access to.

Arising from that, I had expertise in interacting with senior executives, which was important as he built his business. I had knowledge of how a business had gone from very small to very large, which is what Accenture did. I have deep skills in selling and business development. One of the jobs I did, probably in 2017, was that I guided the implementation of what is called a customer relationship management system to help him to be more efficient and effective in the whole sales process.

Q108 **Mr Jones:** You also had considerable experience as chief procurement officer for the United Kingdom Government and in that capacity you had a lot of very important and influential connections. Don't you think it fair for people to speculate that that was part of the attraction to Mr Greensill



of wanting to hire you?

Bill Crothers: I have thought about it and in hindsight, if I am honest, possibly. There was no sense of that at the time. I had no sense of that. Of course my title of Chief Commercial Officer would not have been irrelevant, but then neither would my title of senior partner in Accenture have been irrelevant either.

Perhaps the Cabinet Office should have set a condition on me when I left, a normal ACOBA condition, which would have been a two-year prohibition. In fact, I wish they had done, but had they done I would have conformed with it because the first time that I got involved in a proposition to Government was January 2018. I finally left the Civil Service in November 2015. Had they placed an ACOBA type condition on me, I would have adhered to it completely.

I am not unique in having relationships with senior officials and Ministers and then going into the commercial sector. In that regard I followed a rule that was not set upon me.

Q109 **Mr Jones:** Did you take comfort from the fact that Jeremy Heywood was encouraging you in this move?

Bill Crothers: Yes, of course. I don't want to imply any criticism of Jeremy at all. Jeremy clearly held Lex in high regard. When you are building a portfolio, in my experience, getting the first one is quite important because then the second builds, and I wanted to build four, five or six. I ended up getting four or five, I think. Greensill Capital probably wasn't the perfect position for me. It was tiny and it was financial services—an area that I wasn't an expert in. However, it had other characteristics that were attractive. It was a Fintech. Frankly, as I did the due diligence, I came to understand a bit about supply chain finance which, while it helps large corporates, helps small businesses get access to low-cost capital.

A story again to be proud about. A pharmacy told one of the people who worked for me in Greensill that they were previously paying almost £5,000 in finance charges to a big bank. They were paying £5,000 per annum and under the Pharmacy Earlier Payment Scheme that Greensill were operating, they were paying £400. That is a 12 times saving because of the disruption. It seemed to me that if that could be applied to many, many small businesses, that was a good thing. Jeremy absolutely influenced me. If you ask the Cabinet Secretary about taking a board position and he tells you someone is a man of the highest integrity, that is very influential—of course it is.

Q110 **Mr Jones:** You explained that initially you were minded to become a consultant, but that proposal was scotched effectively by Sue Gray. That is right, isn't it?

Bill Crothers: Yes, she said that I could be so, but there would need to be a period of delay. Had I left at the end of July I would not have been



able to come back as a consultant. There wasn't a firm rule, she said, but it would be sensible to leave a gap, which would be four or five months or so. By the way, she also told me—which felt very odd to me but I would just do as I am told—that if I did come back as a consultant I would have to apply to ACOBA for that appointment. I would have had to apply to ACOBA to take a position advising the Cabinet Office, which just felt strange that I would have to do it. But if that was what was required that is what I would have done.

Q111 **Mr Jones:** For absolute clarity, it was Sue Gray who suggested the arrangement that was ultimately put in place?

Bill Crothers: It was Sue who suggested that I work part time, yes. To be clear, the whole arrangement was formed by discussions with Jeremy and John. That element of it was to change from being a contractor to being part time, and the idea was that I would then subsequently become a contractor at some point in the future. That element was suggested by Sue, yes. John then confirmed it, Jeremy confirmed it and it was enacted. My days went to five days in 10, so half time, and my salary was adjusted and so on.

Q112 **Mr Jones:** You mentioned the Pharmacy Earlier Payment Scheme with some approval. It has been reported that in fact the then president of the Royal Pharmaceutical Society was not so approving and he said—not in so many words, but the inference was—that many pharmacists did not like the idea of having effectively to pay to be paid. It was not particularly popular with pharmacists. Did you know that?

Bill Crothers: No, I was not aware of that and I don't know when he said it.

Mr Jones: It was reported in *The Sunday Times*.

Bill Crothers: I am not aware of it. What I can tell you is that the contracting entity was NHS BSA—Business Services Authority. When I was involved, which is when Greensill were awarded the contract, there was a conversation at BSA executive level and they went out and did a survey of pharmacies about the suggestion of payments being made in advance—so, essentially, being made before they had even written prescriptions. That was very valuable to them and they would welcome that. That survey was conducted by BSA, they told us the results and therefore the variant that we put in place was to pay pharmacies in advance. As I say, we interviewed 100, maybe six or nine months after it started and I got reports back that every one of them was very positive—“A lifesaver; we love it; superb,” and so on. That is all I can comment on.

Q113 **Mr Jones:** You will know that there has been considerable surprise and concern expressed about the arrangements that you entered into. You will be aware that surprise was expressed by, among others, the Cabinet Secretary and Mr Darren Tierney, who is the Director General of Propriety and Ethics. Can you understand that concern and surprise?



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Bill Crothers: I can understand their concern if the facts were as they understood them. Having the opportunity to correct the record, I am grateful. I have written down to try to do this.

To be clear, when I took up the appointment with Greensill Capital, Greensill Capital had never done any work for the public sector and they did not do so for HMG for over another two years. Although there was a brief period when I worked for the Civil Service part time and I had a very part-time—at that time—board advisory position with Greensill, there was no conflict. They were not selling to Government; they were not trying to sell to Government; they did not have an aspiration to do so. I looked at the transcript very closely and the transcript of the evidence given talks about me having an overlap with a company that was simultaneously selling to Government. That is not the case. They said it was deplorable and they did acknowledge that they were open to being corrected. I think they need to be corrected because they were making an assessment based on incorrect facts.

Q114 **Mr Jones:** In retrospect, do you feel that Mr Greensill's primary interest in you was your experience within the Civil Service and your ability to use the influence that you had acquired as a civil servant for the advantage of Greensill Capital?

Bill Crothers: I didn't think so then and I would like to still think that is not the case.

Q115 **Mr Jones:** You say you would like to, but what do you think?

Bill Crothers: I still don't think that was the case. If I think of what he had me work on, what he asked me to do, I was, for the first several years up until early 2019, travelling extensively. I was travelling in the States, in Australia and in Europe, and I was having conversations with very large corporates. I was having conversations with large technology firms, such as Oracle, SAP and whatever. He showed no sign of ever asking me to get involved with the public sector. He only did that in reaction to the public procurement that was run. The Government ran a public procurement for the pharmacy programme, which Greensill Capital were reacting to. When Greensill Capital were successful in that, he then asked me to get involved in the public sector.

Q116 **Mr Jones:** You remained a director of Greensill Capital up to the moment of its administration.

Bill Crothers: I resigned shortly before.

Q117 **Mr Jones:** Yes, very shortly before. Were you aware of the trouble that the company was in and when did you become aware?

Bill Crothers: No. I am very clear that I became aware on 29 December 2020. I had a conversation with Mr Greensill. He arranged to call me. I did not know what the topic was and he informed me that a series of circumstances had happened that were very serious for the company and



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thereafter a series of events happened that led to the administration. The first time I was aware was 29 December 2020.

Q118 **Mr Jones:** Do you think that Mr Greensill is an honest businessman?

Bill Crothers: Yes.

Mr Jones: Thank you.

Q119 **Karin Smyth:** You have helpfully clarified some of that timeline between leaving the Civil Service and joining the company, and you alluded to other practices. Hindsight is a great thing but in the private sector, as you will well know, especially at senior level, when people leave there is a long period of gardening leave—probation—when you cannot transfer into another company for very clear commercial reasons. That is standard practice even in middle ranking private sector major companies. That would be your normal way of operating and thinking.

We want to encourage the movement of people, but do you think with hindsight that the public sector should adopt that process much more rigorously regarding a gap between what is expected between these jobs now? Would that have helped in your case?

Bill Crothers: It is a good idea to consider. I spent my time in the Cabinet Office essentially trying to bring good practice from the private sector into the Civil Service. Not everything is appropriate. I think that idea is a good idea. When I left Accenture, for example, because of my seniority I was prohibited—it was quite extreme—from working essentially for anyone other than the public sector for about two and a half years. There is legislation around restriction of trade. It was longer because I was a partner and I had become a shareholder and so on. Quite extreme, two and a half years. I wasn't paid during that time; I just couldn't work and I was restricted. You just need to take care because if the restrictions are too onerous then you—

Karin Smyth: People will not move.

Bill Crothers: Looking at my last year in the Civil Service it was predominantly trying to attract senior private sector men and women to do senior commercial roles. I can tell you it was a sales exercise. They were pretty much always taking a salary cut of at least 50%, sometimes 60% or more, and they were losing benefits. You have to sell up the benefits of public service.

By the way, it is the most satisfying job, I think, but if you then restrict them on leaving, you just need to think carefully what that will do to the attraction.

Karin Smyth: That is a fair point. For good practice, there are reasons for that, aren't there? Thank you very much.

Q120 **Tom Randall:** Mr Crothers, after you left the Cabinet Office you met Cabinet Office officials regularly. What were those meetings about? Were you meeting these officials as a consultant or a Greensill Capital



employee?

Bill Crothers: I had no meetings with Jeremy Heywood. After Greensill Capital was awarded the contract through the procurement process, from about mid-2018, there were some meetings in Mr Manzoni's office, some with Lex Greensill present and typically with others present, either his private secretary or somebody from Treasury or other Departments. We were meeting as a supplier, if you like.

Up until 2018 I met with Mr Manzoni. I do not know if you would call it regularly—perhaps one or twice a year; that sort of thing. In what capacity was I meeting him? As a private individual, as Bill Crothers. Mr Manzoni addressed this as well. It is normal practice in the private sector to maintain relationships. Remember I was trying to build a portfolio of interests. John is someone who I hold in the highest regard. If he is not the most, he is one of the most impressive leaders that I have ever worked with. Taking his advice on my career as it was developing was very valuable. We met for that reason really and they were general catch-ups. I suppose I would characterise it as senior alumni of an organisation meeting up. When we met up until 2018, I think it was typically over a coffee and croissant in a coffee shop somewhere in Whitehall.

I met with other people I had worked with from time to time—I worked in the Civil Service for eight years; it is quite a big chunk of my career—and we would talk about careers, sometimes their career, sometimes mine. We would talk about friends, plans, family, whatever. That is how that worked.

Q121 **Tom Randall:** You would say that none of those meetings could be in any way construed as lobbying for your employer?

Bill Crothers: No, not in any shape or form. Mr Manzoni confirmed that on the meetings I had with him. Absolutely not.

Tom Randall: Thank you.

Q122 **David Mundell:** To follow that up, Mr Crothers, you have said to Mr Randall that you did meet people other than the permanent secretaries for whom records are made of who they have met. You met other officials, but you are saying that was on an entirely social basis. Am I correct in that analysis?

Bill Crothers: Yes, and not regularly—occasionally. For example, somebody would ask me for my advice if they were thinking about a career change or if they were thinking about moving Departments, or we would just catch up. Somebody not so long ago got married and he had been divorced not so long, and we had a chat about how he is now in a happy position. Just as I would have caught up with people from Accenture, I was catching up with people from the Civil Service. I think that is just normal practice—you talk about what you are doing and what they are doing. It is just part of life really.



Q123 **David Mundell:** Do you think any reasonable interpretation of those meetings could have been lobbying?

Bill Crothers: No, absolutely not. Remember during the particular period that would be most relevant, I guess, which is up until late 2017 or 2018, Greensill Capital still did not have a public sector business, still was not in the public sector and had no aspiration to do so. There was no board discussion and no strategy document about going into public sector. The first time that happened was in response to an RFP from the Government, which was in early 2018. They were successful and I was told that triggered an idea by Lex Greensill that we should then start seeing if there was some business in parts of the public sector. There would have been no reason for me to be lobbying because it was not in the strategy of the firm.

David Mundell: Thank you.

Chair: Thank you very much, indeed, Mr Crothers for your evidence to the Committee this morning. We are very grateful, particularly for the detailed answers that you have provided. If there is anything else you wish to furnish us with—further information—please do write to the Committee. In the meantime, thank you very much.

Bill Crothers: Thank you for your time.