

**OFFICIAL SENSITIVE**



**THE CABINET OFFICE**  
LONDON SW1A 2AS

*From the Cabinet Secretary*

William Wragg MP  
Chair of the Public Administration and Constitutional Affairs Committee

23 April 2021

Dear William,

**MANAGEMENT OF OUTSIDE INTERESTS IN THE CIVIL SERVICE**

In advance of my appearance before the Committee on Monday, I wanted to update you on the Government's response to the issues around the management of outside interests by the Civil Service that have come to light as a result of the collapse of Greensill Capital.

As I said in my letter to permanent secretaries of 14 April and as the Prime Minister said in the House on the same day, the issues that have come to light over recent weeks are of acute concern. The need to improve the effectiveness of government by making use of people with skills and experience beyond government - and likewise, giving those in government the opportunity to develop their skills outside - has been recognised for many decades by successive governments. But this must only be done in a way which can maintain the integrity and impartiality of the Civil Service.

This letter therefore sets out the processes currently in place to manage outside interests for civil servants, updates the Committee on the results of the review of conflicts that I asked permanent secretary colleagues to undertake last week, and sets out the further steps the Government is taking to strengthen the system.

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As you would expect, the Civil Service has processes in place to manage outside interests. These processes are grounded in the Seven Principles of Public Life, which set out the ethical standards to which those working in the public sector are expected to adhere. These principles make clear that public office holders must avoid placing themselves in a position where they have divided loyalties or an obligation to individuals or interests outside of government. They also set out the need for all holders of public office to declare and resolve any relevant interests on entry to government, during their time in government and on departure.

These principles underpin the Ministerial Code, the Code of Conduct for Special Advisers and the Civil Service Code. The Civil Service Code, alongside the Civil Service Management Code, Civil Service Commission's Recruitment Principles, and the Business Appointment Rules, governs the management of outside interests at each stage of a civil servant's work in government.

In practice, this means that:

- When a civil servant is appointed, as part of the recruitment process the hiring manager must be satisfied they can comply with the requirements of the Civil Service Code. The individual must ensure that any interests they do have are compliant with their obligations as a civil servant. If their employer considers there is any real or perceived conflict from their outside interests, the individual must resolve that conflict - for example, by giving up any outside employment.
- After a civil servant is appointed, they are required to declare relevant private interests in real time to their line manager and, if necessary, senior management. They are required to comply with any instructions from their department relating to those interests. They are also required to seek permission before taking up any outside engagement which might affect their work.
- When a civil servant leaves, the Business Appointment Rules (BARs) apply. These form a contractual requirement for civil servants, and are designed to ensure that individuals do not make personal gain, or gain for a new employer, by virtue of their access to information or ongoing relationships. The Advisory Committee on Business Appointments (ACOBA) advises Permanent Secretaries and the Prime Minister about

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the application of the BARs. ACOBA considers applications for proposed new jobs for senior civil servants at Director General level and above. ACOBA publishes its advice where a role is taken up. Departments apply the same BARs to civil servants below Director General, with decisions taken by Permanent Secretaries and HR Directors. Where conditions are attached to a departing senior civil servant, these are also published.

Special advisers are temporary civil servants and subject to similar requirements, including a requirement to declare relevant interests upon appointment. This year, departments will begin publishing relevant interests for special advisers in their annual reports.

Recent events have shown the importance of ensuring that these rules work effectively in practice. My letter to permanent secretaries last week reminded colleagues of this framework, and of the requirements in place for all those in the Civil Service. I also asked all permanent secretaries to review how they ensure that the rules above are followed, and to bring to my attention any instances of senior civil servants with outside interests that conflict with their obligations under the Civil Service Code.

In summary:

- I have not been made aware of any instances of senior civil servants holding outside interests which are considered to conflict with their roles, or with their obligations under the Code.
- I have so far been made aware of fewer than one hundred senior civil servants who hold paid employment alongside their civil service role. For context, examples of such roles include tutoring or fitness instruction. In each case, the Permanent Secretary has considered the outside role alongside the individual's obligations under the Code, and found there to be no conflict.
- Where senior civil servants do have outside interests, they are often providing contributions to wider public life - for example as a magistrate, reservist, school governor or charity trustee. I have been heartened to see that colleagues are making a contribution to wider society and I am sure the Committee would agree that in any changes we make to manage

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outside interests more effectively, we should ensure that civil servants are able to continue to contribute in such a way.

Having completed this exercise, I am reassured that the overwhelming number of senior civil servants act in accordance with the rules.

Nonetheless, the process has also highlighted areas where we can make improvements. In particular, I am clear of the need to introduce greater consistency across the Civil Service in how the interests of senior civil servants are managed. To ensure that our processes are robust and transparent, I plan to take the following steps:

- All senior civil servants will be required to declare any relevant interests to their permanent secretary on at least an annual basis. This will include providing a 'nil return' should they have no relevant outside interests. Senior civil servants will of course continue to be required to declare any outside interests on appointment, or if their circumstances change, in real time.
- These returns will be scrutinised within departments by their Audit and Risk Committees, with assurance of this process set out in each department's Annual Report and Accounts. Departments will also be required to complete an annual return to the Cabinet Office, providing assurance that all outside interests are being managed appropriately.
- Departments should also ensure that as part of or alongside their Annual Report and Accounts they publish a register of relevant interests for all members of the Departmental Board, including senior civil servants.
- I am considering whether new structures need to be established to monitor the overall position, consider whether we have the right framework in place, and advise on finely balanced cases where permanent secretaries require it. This will need to take account of any recommendations that emerge from Nigel Boardman's review (referenced below).

As the Chair of ACOBA, Lord Pickles, referenced in his evidence to the Committee last week, the Cabinet Office has also been working with ACOBA to improve the operation and efficacy of the Business Appointment Rules. Lord

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Pickles recently met the Minister for the Constitution and Devolution to discuss this and further information will be set out in due course.

You will also be aware that the Prime Minister has asked Nigel Boardman to carry out an independent review into the development and use of Supply Chain Finance (and associated schemes) related to Greensill Capital in Government, including the processes for consideration and management of conflicts of interest during and following Crown Service. Nigel Boardman's review may yet make recommendations that relate to the issues set out above and I am clear that the Civil Service should be open to any improvements the review suggests. I have attached the full terms of reference for the review to this letter, which are also available on gov.uk.

I look forward to discussing these issues with the Committee on Monday.

A handwritten signature in black ink, appearing to read 'Simon Case', is centered on the page. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**SIMON CASE**

## **Review into the Development and Use of Supply Chain Finance in Government – Terms of Reference**

### **PURPOSE**

1. A Review into the Development and Use of Supply Chain Finance (and associated schemes) related to Greensill Capital in Government, led by Nigel Boardman, has been announced by the Government.
2. The Prime Minister has asked Mr Boardman to investigate the development and use of supply chain finance in government, especially the role of Lex Greensill and Greensill Capital (including associated companies or companies in its group) and any related issues that Mr Boardman considers are in scope.
3. Mr Boardman will have access to all necessary government information required to conduct the review and will engage with those involved at the time decisions were made.
4. Mr Boardman will report his findings and any recommendations to the Prime Minister no later than the end of June 2021. He will step aside from his work as a non-executive Director of BEIS while the review is carried out.

### **SCOPE**

5. The Review will consider the development and use of Supply Chain Finance (and associated schemes) in HM Government, especially the role of Mr Greensill and Greensill Capital (including associated companies or companies in its group), in the following areas:
  - Mr Greensill's engagement, activities and terms of engagement with the Government;
  - The development and use of Supply Chain Finance (and associated schemes) in HM Government (and its ALBs), including, where relevant, contracting arrangements for these schemes, with a particular focus on where Greensill Capital (including associated companies or companies in its group) has been engaged;
  - The relationship between current and former Ministers and officials and Greensill Capital (including associated companies or companies in its group), including processes for consideration and management of conflicts of interest during and following Crown Service;

- Engagement with HM Government by those acting for and on behalf of Greensill Capital (including associated companies or companies in its group);
  - Investigation of any further matters that arise as a result of examination of the events set out above, which Mr Boardman considers are in scope; and
  - Additional areas can also be added into the review by the Government with the agreement of Mr Boardman.
6. The Review clearly has dependencies with wider policy work underway in government; for example on the post-legislative scrutiny of Part 1 of the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014, work to update the business appointment rules, the Procurement Green Paper plans or implementation of recommendations from other reports into Procurement activity in HMG. While the focus of the review will not be to duplicate this policy work, Mr Boardman may wish to draw matters to attention to consider in that work.
  7. The Review will look at how far the relevant systems and policies were upheld at the time decisions were made. If matters arise which relate to misconduct, these can be referred to the appropriate process under the relevant Code or through Civil Service HR processes.

## **APPROACH AND PROCESS**

8. The Review will be conducted in two stages:
  - Stage 1 - a report into the facts established in relation to the points set out at paragraph 5.
  - Stage 2 - a report on findings and any recommendations in light of the facts identified.
9. The review will be conducted through assessing all relevant documentation and interviewing relevant individuals. Mr Boardman will have access to all necessary government information required to conduct the review and will engage with those involved at the time decisions were made.
10. This is a non-statutory review, but in line with long-standing convention, the Prime Minister expects all Ministers, special advisers and civil servants whether current or former to cooperate fully with this review.

## **OUTPUT**

11. The review will produce a report to the Prime Minister which will be published and presented to Parliament.

## **TIMINGS**

12. The review will report to the Prime Minister by 30 June 2021. The Government will publish and present to Parliament the Review's findings and the Government's response in due course thereafter.