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**PRECEDENT BOOK**

**CHAPTER 6**

**MINISTERS' PRIVATE INTERESTS**

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CHAPTER SIX

MINISTER'S PRIVATE INTERESTS

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Annex A: Files and Notes.

Annex B: Extract of "Questions of Procedure for Ministers"  
(C(PR) (91) 1).

Annex C: Memorandum to the Royal Commission on standards  
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- Annex D: Gifts, Awards and Hospitality: Extract from the Personnel Management Handbook.
- Annex E: Report of the Committee on Personal Applications to Ministers.
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**CHAPTER SIX**

**MINISTERS' PRIVATE INTERESTS**

**INTRODUCTION**

Where it is proper for a Minister to retain any private interest, it is the rule that he or she should declare that interest to Ministerial colleagues if they have to discuss public business in any way affecting it, and that the Minister should remain entirely detached from the consideration of that business.

On leaving office there is no formal restriction, other than the normal rules on Members' interests, on former Ministers' taking up posts or other private sector interests, although they should naturally avoid any course which would reflect adversely on their or the Government's reputation for integrity or the confidentiality of its proceedings.

(C(PR) (92) 3, paragraphs 103 - 105)

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6.1 "Public duties" means the Minister's duties as a Minister and a member of the Government; "Private interests" means all of a Minister's other interests whether financial or not, and whether professional, commercial, industrial, philanthropic, Parliamentary, political, or elsewhere in the public service.

6.2 Ministers receive some guidance in the memorandum "Questions of Procedure for Ministers" (mostly recently issued as C(PR) (92)3: a copy of the relevant extract, paragraphs 103 - 134 is at Annex B). The guidance first appeared in this general form in the 1958 edition (C(58) 45) and its antecedents are fully described in the Historical Note attached to the memorandum on Ministers' Private Interests submitted to the Royal Commission on Standards of Conduct in Public Life by Sir John Hunt in March 1975 (this is at Annex C).

6.3 In response to a Parliamentary Question in March 1979, the Prime Minister, Mr Callaghan, placed a copy of this memorandum in the House of Commons Library. The text of the exchange was as follows (Hansard, 8 March 1979, Col 729):

Mr John Hunt asked the Prime Minister if he will place in the Library the rules governing the private financial interests of members of the Government.

The Prime Minister I have placed in the Library of the House a copy of a memorandum on Ministers' private interests which the Secretary of the Cabinet submitted to the Royal Commission on the Standards of Conduct in Public Life in 1975. The current conventions relating to financial interests are described in Annex B of that memorandum."

6.4 The memorandum and Annex B which reproduced the guidance on private interests contained in the then current edition of Questions of Procedure, without attributing it to this source, have therefore been within the public domain since 1979. The remainder of Questions of Procedure was published after the 1992 election (see note 1). Parliamentary Questions about this guidance were previously dealt with by

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referring in general terms to Annex B of Sir John Hunt's memorandum; it is now possible to refer to the published text of QPM, but there have not yet been any PQs since publication. At Annex E is a list of recent Parliamentary Questions and answers on the policy aspects of Ministers' Private Interests which may be regarded as precedents as far as public statements in this area are concerned.

6.5 The Secretary of the Cabinet is always ready to advise Ministers when they have a doubt; and the Prime Minister would usually turn to him for advice before giving a decision. When advice is sought the principal points to consider are:

- a. Is it possible that a conflict of interest could, or could appeal to, arise either with the Minister's departmental responsibilities, or with his responsibilities as a member of the Government?
- b. If so, depending on the probability, the Minister should be advised either to give up the interest straightaway or to be ready to give it up as soon as necessary. Alternatively, it may be possible to devise arrangements to protect the Minister from the risk of conflict without giving up the interest completely.
- c. If the Minister does not give up the interest, he needs to be reminded to declare it whenever necessary.
- d. If the Minister does not give up the interest, should he be asked to review the possibility of conflict on any change of office?

In giving advice it is almost always right to err on the side of caution unless there is a clear precedent, because of the particular vulnerability of Ministers to criticism. If there is a significant risk of criticism, however unjustified, it is wise to consult the Prime Minister.

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6.6 Because it is for Ministers to apply the principles to themselves, the great majority of decisions are made without consultation with either the Cabinet Office or 10 Downing Street. A central register of interests has always been thought inappropriate for it would be difficult to lay down precisely what interests should be declared. The present system places the responsibility directly on Ministers to avoid conflicts. Of course, those Ministers who are members of the House of Commons make entries in the House of Commons' register of members' interests.

6.7 The remainder of this chapter deals with the main areas of private interests. Chapter Seven deals with speeches, broadcasts and publications, and constituency interests are dealt with in Chapter Eight.

### PUBLIC APPOINTMENTS

When they take up office Ministers should give up any other public appointments they may hold. Where it is proposed that such an appointment should be retained, the Prime Minister must be consulted. (C (PR) (92) 3, paragraph 106).

6.8 Specific guidance was included in Questions of Procedure following the case of Lord Oram (see 6.10 (ix) below). The term "public appointments" is not defined but the ruling in Lord Oram's case was based primarily on the particularly close relationship between public bodies and the Government, and the consequential very considerable danger of a conflict of interest. The Cabinet Office also attached importance to the fact that the post in question was an appointment made by a Minister and there seemed to be a serious danger of impropriety in one Minister holding a post in the gift of another. (NB. Many Ministerial appointments cannot be held by members of the House of Commons.) Membership of a Royal Commission would not normally be compatible with Ministerial Office - but see 6.10(v) for an exception.

6.9 General guidance on the position of Ministers' spouses can be found at 6.84. This reflects the fact that it has become common for husbands and wives to pursue



their own careers and interests and it would not be right to penalise someone simply because he or she was married to a Minister. Nevertheless, the risk of impropriety, real or apparent, and of criticism must be borne in mind in relation to any proposal that a Minister's spouse should be appointed to, or should continue in, a post in the gift of a Minister. See cases at 6.10 (vi), (xi), (xii), (xiii) below.

6.10 Cases.

- (i) 1958 Parliamentary Secretary, Ministry of Pensions resigned membership of the Historic Buildings Council.
- (ii) 1967 Mr O'Malley (Junior Whip) was advised that it would be prudent to resign his membership of General Advisory Council of the Independent Television Authority although, since it was a purely advisory body, this was not essential.
- (iii) 1968 Baroness Serota (Lords' Whip) was allowed to retain her membership of the Lord Chancellor's Inner London District Advisory Council on Justices of the Peace, but required to give up her chairmanship of the Health Education Council. (194/1, Part 1, folio 44J to 50).
- (iv) 1970 Mr Ridley (Parl sec, Ministry of Technology) was allowed to retain his membership of the standing Royal Commission on Historical Manuscripts (but was advised that he should resign it if a conflict, or the risk of one, arose). (Lord Salisbury had also been a Member of this Royal Commission). (16/4, Part 3, folder 7).
- (v) 1972 Lord Limerick (PUSS, DTI) was advised that there was no need to resign as a Crown Trustee on the Governing Body of the City of [ ] Parochial Trustees but

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should do so if a conflict arose and should review his position if appointed to a different Ministerial office. (Baroness Phillips (Lords' Whip) had also held this appointment during the 1964-70 Government.) (16/4, Part 3, folio 48).

- (vii) 1974 Mr Dennis Howell (Minister of State for Sport and Recreation) was not permitted to assume the Chairmanship of the Sports Council. (16/4, Part 5, Annex II).
- (viii) 1974 Mr Lever (Chancellor of the Duchy of Lancaster) was allowed to retain his position as a trustee of the Royal Opera House, Covent Garden. (Note: The Trustees raise private money for the Opera House and are distinct from the Board which is responsible for policy, grant negotiations, etc. It was agreed that it would not be appropriate for a Minister to be a member of the Board.) (16/4, Part 5, Annex 17).
- (ix) 1975 Baroness Stedman (Lords' Whip) was advised to resign her membership of the Board of Peterborough Development Corporation and of the Independent Broadcasting Authority.
- (x) 1976 Lord Oram was advised to resign "forthwith" his membership of the Commonwealth Development Corporation. (This after some discussion and after

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permission had first been given for him to retain the appointment though unpaid.) (16/4, Part 5, Annex 23).

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**AUGUST 1992**

- (xv) 1992 Lady Denton (Lords Whip) advised to resign membership of the School Teachers' Review Body (to which she had only recently been appointed. She did so by writing to the Chairman - the letter should have gone to the Prime Minister, who made the appointment. (Pres<sup>ce</sup>ident Box).

MAGISTRATES

6.11 The Lord Chancellor gave it as his opinion in 1970 that there was no objection to a member of the Administration without duties which particularly collided with the judicial system sitting as a lay magistrate either in the Magistrate's court or at Quarter Sessions. (Quarter Sessions have subsequently been abolished).

6.12 Cases

- (i) 1970 Mr More (Whip) was allowed to continue to sit as a lay

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magistrate. (16/4, Part 3, folder 3).

RECORDERS

6.13 Ministers are permitted to remain Recorders of the Crown Court provided they seek the Lord Chancellor's permission and undertake not to sit as a Recorder so long as they continue to hold Government Office.

6.14 Cases

- (i) 1979 Mr David Waddington (Whip) was permitted to remain a Recorder of the Crown Court. (16/4 pt 6 Annex 15).

LOCAL AUTHORITIES

6.15 Membership of a local authority or its committees is not compatible with Government office, on the usual grounds of potential conflict. Local authorities frequently express views at variance with those of the Government. (The fact that local authorities decisions have never been considered to bind those Members of the authority who did not agree to them does not appear to have been thought to make any differences.)

6.16 Cases

- (i) Mr Chuter Ede continued to serve as a county alderman, even when Home Secretary.
- (ii) 1952 Mr Nugent (PUSS, Ministry of Agriculture) resigned from Surrey CC.
- (iii) 1957 Lord Brecon (Minister of State, Ministry of Housing) resigned from Brecom CC. (4/1/4).

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- (iv) 1970 Mr More (Whip) resigned from Salop CC. (16/4, Part 3, folder 3).

DIRECTORSHIPS

Ministers must resign any directorships they hold when they take up office. This applies whether the directorship in a public or a private company and whether it carries remuneration or is honorary. The only exception to this rule is that directorships in private companies established in connection with private family estates may be retained subject to the condition that if at any time the Minister feels that conflict is likely to arise between this private interest and public duty, the Minister should even in those cases resign the directorship. Directorships or offices held in connection with charitable undertakings should also be resigned if there is any risk of conflict arising between the interests of the undertakings and the Government. (C(PR) (92) 3, paragraph 107).

6.17 The guidance in "Questions of Procedure" is comprehensive, and generally Ministers do not feel it necessary to consult the Prime Minister or the Cabinet Office, except at the outset of a new Administration. When directorships are resigned, Ministers should not accept any compensation whether by way of salary or in kind (see 6.18 (vi)). The rules apply not only to company directorships but to all directorships (see 6.18 (viii)).

6.18 Cases

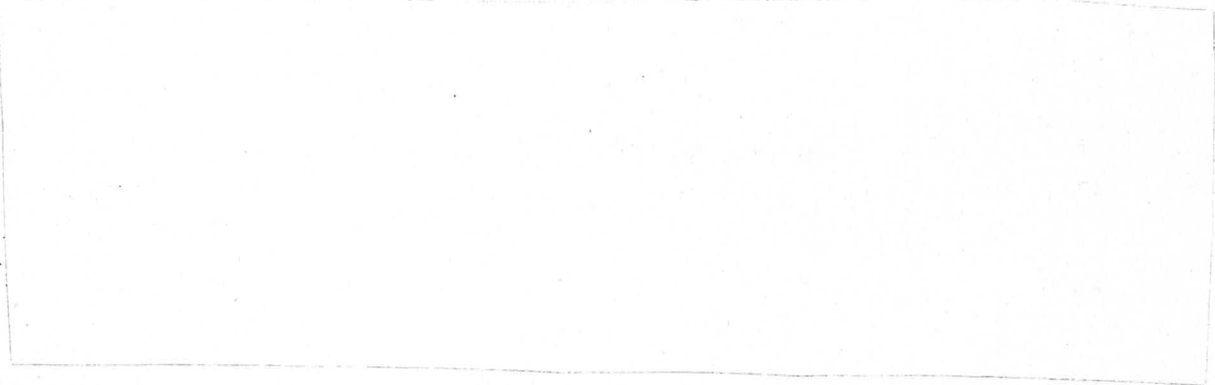
- (i) 1962 Mr Soames (Minister of Agriculture) retained, on the death of his father, the position of "Governing Director" in the family brewery. (4/1/4).
- (ii) 1970 Mr Weatherill (Whip) resigned as vice-chairman of the family tailoring firm. (16/4, Part 3, folio 6).

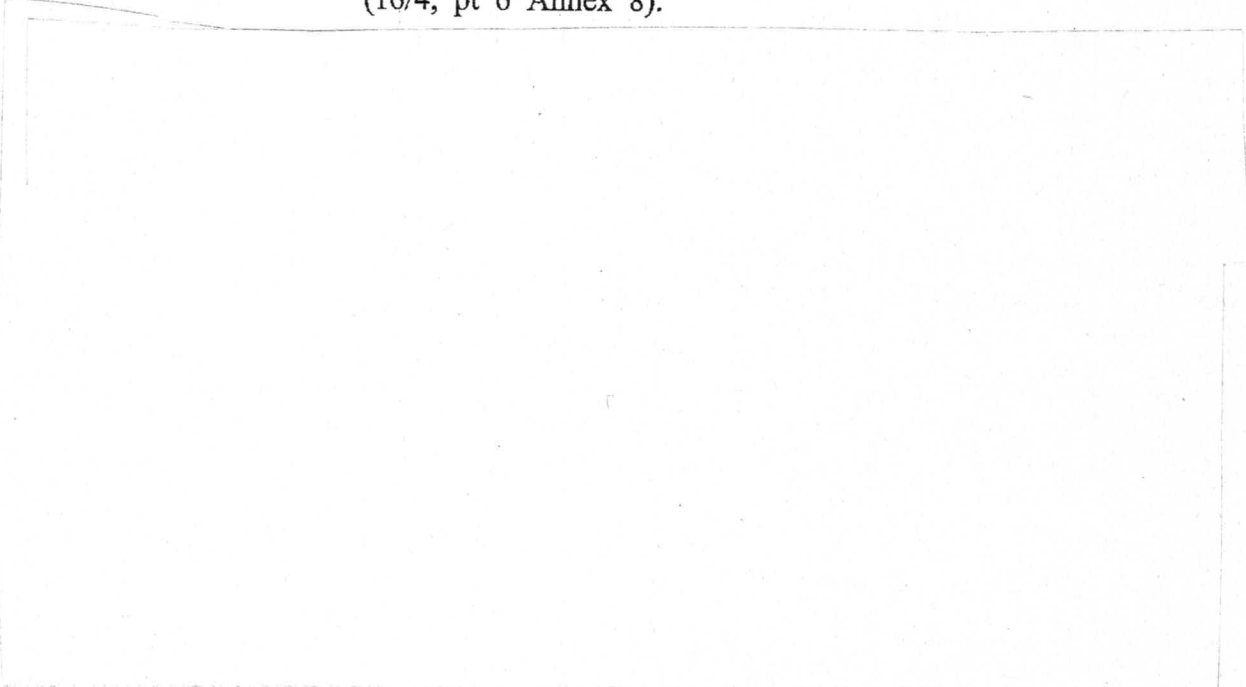
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- (iii) 1970 Mr Royle (PUSS FCO) resigned as a director of the British Match Corporation. (16/4, Part 3, folder 5).
- (iv) 1971 Mr Murton (Whip) was allowed to retain two directorships "for the maintenance of private family estates" as long as there was no conflict of interest. He was also allowed to retain a directorship held necessarily in his capacity as a Governor of Canford School (see Universities and Schools). (16/4, Part 3, folder 18).
- (v) 1971 Mr Pym (Chief Whip) declined the Presidency of Sandy Building Society. (16/4, Part 3).

- (vii) 1974 Lord Hughes (Min of State, Scottish Office) was exceptionally allowed to retain a directorship of an American company for ten days after his appointment as a Minister in order to comply with a requirement that two of the directors should be British. (16/4, Part 5, Annex 4).

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- (ix) 1979 Mr Giles Shaw (PUSS, Northern Ireland Office) was advised (orally) by the Private Secretary to the Secretary of the Cabinet that he could not retain his directorship of a motor-cycle business, a private company North Riding Motors Ltd.
- (x) 1979 Mr Michael Marshall (PUSS. Dept of Industry) was required to resign his directorship of Marshall Consultants Ltd (16/4, Part 6, Annex 16) (See also 6.24 (xiv)).
- 

- (xii) 1979 Mr Peter Morrison (Whip) resigned directorship of Tiber Securities Ltd and the Islay House Farming Co. (16/4, pt 6 Annex 8).
- 



PARTNERSHIPS

Ministers who are partners in professional firms, as eg solicitors, accountants etc should, on taking up office, cease to play any part in the day-to-day management of the firm's affairs. They are not necessarily required, however, to dissolve their partnership or to allow eg their annual practising certificate to lapse. Beyond this it is not possible to lay down precise rules applicable to every case; and Ministers in doubt about their personal position should consult the Prime Minister. (C(PR) (92)3 paragraph 108).

6.19 Partnerships are more difficult than directorships because they often involve a degree of legal commitment (in the form of a deed or bond) which cannot easily be set aside. For this reason the basic principle has been regarded as satisfied if an individual, on becoming a Minister, dissociates himself wholly from the day-to-day running of the firm's affairs without dissolving the partnership (or availing himself of the provisions of the Limited Partnerships Act) or eg allowing an annual practising certificate to lapse. In the case of a solicitor's partnership, a Minister need not feel precluded from continuing to offer advice in matters of family trusts, guardianships and so forth; but he should play no active part in the daily routine work of the firm.

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(See Hansard 10 June 1937 (cols 1953-4) and 5 July 1938 (cols 184-5) when Mr Baldwin and Mr Chamberlain explained the practice to the House of Commons.) Guidance reflecting these answers was first included in "Questions of Procedure" in 1969.

6.20 There is a legal requirement that a partner in a firm of solicitors should have his name on the firm's letterhead whether he is active in the partnership or not. Sir Robin Maxwell-Hyslop MP argued in 1991 that it was improper for Ministers' names to appear at all, and this might give the firm an unfair advantage. The Law Society were not disposed to change the rule and Sir Robin did not press the case. As to whether a "sleeping" partner should receive income from his share of the partnership see the cases - particularly 6.21 (iii) and (ix).

6.22 Cases

- (i) 1962 Parliamentary Secretary at CRO retained connection as sleeping partner with his firm on the Liverpool Stock Exchange. (4/1/4)
- (ii) 1964 Mr. John Silkin's (Assistant Whip) partnership in a firm of solicitors. (see 4/1/4, Part 4)
- (iii) 1969 Lord Hirshfield enquired about the position in connection with his possible appointment as a Minister and was advised very much in the terms of paragraph 6.19. Sir Burke Trend also made enquiries about the practice in respect of income from partnerships and discovered that Mr Silkin "continued to draw his share of the profits" while Mr Diamond (Chief Secretary, Treasury) (who had been a partner in a firm of accountants) had "pulled right out" of his firm and received no income from it. Sir Burke Trend expressed the view that Mr Diamond had

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probably been stricter with himself than was absolutely necessary, even allowing that the Chief Secretary should take particular pains to put himself above any financial suspicion. The conclusion was that a Minister need not be precluded from receiving his share of the profits of a partnership if he so wished, though a possible alternative put forward was that he might receive simply a fixed sum not related to the profits which would constitute "as it were the firm's recognition of the work which has been done for them in the past and the value of the name to them". (But how does this square with the line at 6.18 (vi) above? Perhaps because a partnership has something of the element of a shareholding about it in a way that a directorship does not.) In the event Lord Hirshfield did not take up Ministerial office. (See S & P 1518)

- (iv) 1971 Mr van Straubenzee (PUSS, Department of Education and Science) was advised on the lines of paragraph 6.19 above. Nothing was said about income from the partnership. (16.4, Part 3, Table 13)
- (v) 1973 Mr Blaker (PUSS, Ministry of Defence) was permitted to set up a farming partnership with his wife. (It was suggested the position should be reviewed on any change of office). (16/4, Part 4, Annex 19)
- (vi) 1974 Mr John Silkin (Minister of Planning and Local Government) made arrangements on the lines of paragraph 6.19. In addition arrangements were made in the Department of the Environment to ensure that Mr Silkin did not deal with any case involving the firm of which he was a partner. Again, nothing was said about income.

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Subsequently Mr George Cunningham MP wrote to the Prime Minister enquiring whether it was proper for Mr Silkin to remain a partner in the firm and for his name to appear on the letterhead. The position was explained to him. (16/4, Part 5, Annex 8)

- (vii) 1979 Mr Peter Morrison (Whip) was advised he could retain his partnership in a hotel on Islay provided that he took no part in the day-to-day running of the hotel. (16/4, Part 6, Annex 8)

INVESTMENTS

Ministers cannot be expected, on taking up office, to dispose of all the investments they hold. But if a Minister holds a controlling interest in any company, the considerations are similar to those governing the holding of directorships; and if there is any danger of an actual or apparent conflict of interest, the right course is for the Minister to dispose of the controlling interest in the company.

There may also be cases where, even though no controlling interest is involved, the holding of a particular investment in concerns closely associated with a Minister's own Department may create the danger an actual or apparent conflict of interest. This can arise either :

- a. from exercise of powers or other influence in a way which affects the value of investments held; or
- b. from dealing in investments in circumstances where there may be a reasonable suspicion that the Minister has special knowledge.

Any exercise or non-exercise by a Minister (including a Law Officer) of a legal power or discretion or other influence on a matter in which the Minister has a

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pecuniary interest could be challenged in the courts and, if the challenge is upheld, could be declared invalid.

A Minister should, upon assuming office, review his or her investments and, if it seems likely that any of them might give rise to an actual or apparent conflict of interest, they should be disposed of. Ministers should also ensure that, while they are in office, they do not acquire any investments which seem likely to give rise to an actual or apparent conflict of interest.

If Ministers have substantial investments covering a wide range of interests, such that it might be difficult to judge the likelihood of actual or apparent conflict of interest, they should consider, as an alternative to disposal, transferring the investments to a blind trust, ie a discretionary trust under which the Minister is not informed of changes in investments or of the state of the portfolio. Ministers would, however, need to instruct those managing the investment to report full and accurate overall totals of income and capital gains, so that they can complete their tax returns. If a Minister engaged an agent to complete the return he or she could require the agent to review the accuracy of the income and capital gains figures provided and to send any necessary supporting material to the tax office. Alternatively, the Minister could instruct those managing the investments to send the detailed breakdown of the figures to the tax office.

Where Ministers, notwithstanding any action taken on assuming office, are called upon to exercise any power or discretion or other influence which could give rise to an actual or apparent conflict of interest they should delegate this exercise to another Minister, who has no actual or apparent conflict of interest, and should take no part in the preparation or reaching of any relevant decisions. In any case of doubt, for example as to their ability to delegate, they should consult the Legal Advisers to their Department.

Ministers are bound by the provisions of the Companies Securities (Insider Dealing) Act 1985 in relation to the use or transmission of unpublished price sensitive

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information obtained by virtue of their Ministerial office. Apart from their obligations under that Act, Ministers should scrupulously avoid speculative investments about which they have, or may be thought to have, early or confidential information likely to affect the price of those investments. Ministers should also consider whether, in cases where they are trustees of trusts in which they or others are beneficiaries, the possibility of conflict of interest could arise.

Ministers should consider whether or not investments of their (minor) children and their spouse should be treated similarly to their own.

Ministers who are in doubt as to what they should do in this sort of matter may wish to consult responsible financial advisers as to the implications for their (or their family's) affairs of any action which they are considering to avoid actual or potential conflict of interest. They are also entitled, if they so wish, to consult the Permanent Secretary in charge of their Department. It is in the end for them to judge what action they need to take but they should record whether or not they consider any action necessary and the nature of any such action taken. This can be done in a minute to the Permanent Secretary of the Department. Any action taken subsequently to avoid actual or apparent conflict of interest should also be recorded.

(C(PR) (92) 3, paragraphs 109 to 117).

6.22 The main problem arises from Ministers having shares in firms which operate in the area of their Ministerial duties. A great deal depends on the extent of their shareholdings. In appropriate cases it may be thought best for the Minister to put his shares into the hands of trustees and to ensure that he does not deal, within the Department, with matters involving the companies concerned. (The reference to trustees was first included in "Questions of Procedures" in 1973.)

6.23 The question has been raised whether a Minister with certain broad responsibilities, eg for planning matters, which may affect a very wide range of firms should dispose of all his shares (or of all shares in a particular field) but the line has been taken that generally the arrangements for declaring an interest should be an

adequate safeguard.

6.24 The guidance relating to speculative investments has particular relevance to the disposal of public sector assets on the stock market ("privatisation"). Ministers with direct departmental responsibilities are clearly precluded from purchasing shares in such circumstances. Decisions on privatisation are, however, likely to be subject to Cabinet and/or Cabinet Committee discussion and correspondence which will inevitably involved consideration of the economic prospects of the organisation concerned. Although many Ministers will not have had access to detailed financial information it might be thought that Ministers not directly concerned had also had access to some inside knowledge. There is therefore some risk of embarrassment and advice has been given in such cases that the safest course would be for Ministers not to purchase shares, at least during the initial flotation (see cases 6.26 (xviii-xx) below).

6.25 For general advice on the position of Ministers' spouses see 6.84 below. So far as shareholdings are concerned, the main thing is to guard against arrangements which might be seen as purely cosmetic devices (see, for example, 6.26 (xiv)).

6.26 Cases

- (i) 1960 Mr Marples (Minister of Transport) surrendered a controlling interest. (4/1/4 and Hansard 28 January 1960 cols 380-381)
- (ii) 1962 Mr Basil Ferranti (Parliamentary Secretary, Ministry of Aviation) resigned office in view of his shareholding in Ferranti Ltd. (see 4/1/4)



- (vi) 1971 It was arranged that Mr Channon (PUSS, Department of the Environment) should not see papers on the planned expansion of Harlow New Town because of a family interest in the Gilston Estate. (16/4, Part 3).
- (vii) 1972 Mr van Straubenzee (PUSS, Department of Education and Science) was permitted to take up a trusteeship of a 2 per cent holding in Campbell Johnson Ltd (circumstances could be envisaged where this might have given a decisive interest). There were special personal circumstances and the firm had no dealings with the Government. The trusteeship was agreed subject to there being no remuneration, no beneficial interest, review whenever Mr

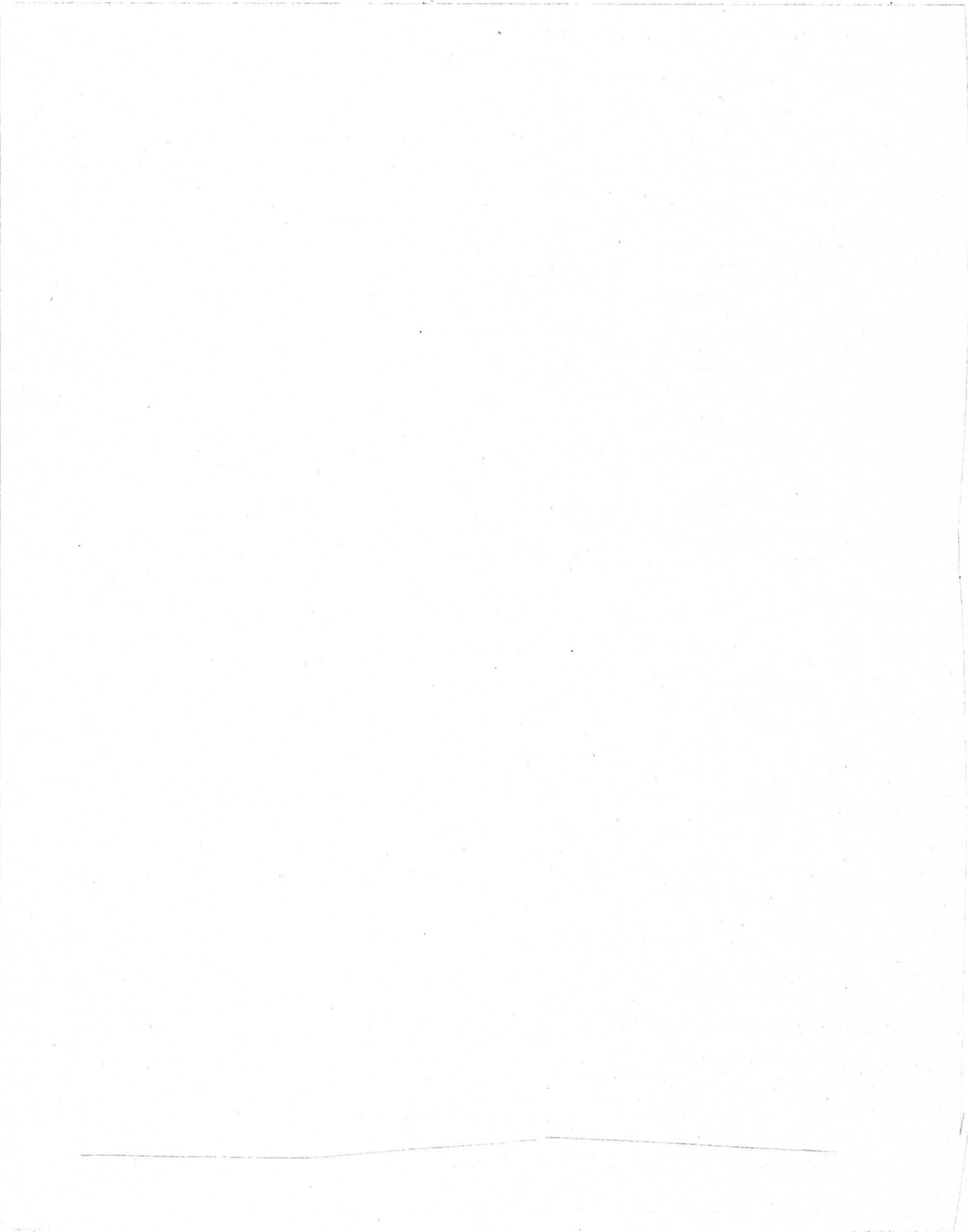
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van Straubenzee changed office, declaration of interest if necessary, and to relinquishment if conflict ever seemed likely. (16/4, Part 4, Annex 3).

- (viii) 1973 Lord Polwarth (Minister of State, Scottish Office), who had particular responsibility for North Sea Oil, was attacked in the House for having an interest in various oil companies. In fact, he had a small holding of shares in investment trusts with a limited interest in North Sea Oil. Following Sir Burke Trend's advice, that it would create too strict a precedent, the Prime Minister took the line that it was not necessary to dispose of these shares. Nonetheless, Lord Polwarth did dispose of the shares. (16/4, Part 4, Annex 20)
- (ix) 1973 Mr Channon (Minister for Housing and Construction) held 10 per cent of the shares in Trustive Investment Co Ltd (a family property company). Mr Channon was responsible for the Property Services Agency who had a policy responsibility for business rents and who leased some property from TIC. He was advised that there was a danger of conflict of interest and that he might consider putting the shares in the hands of trustees. (16/4, Part 4, Annex 24)
- (x) 1973 Mr Campbell (Secretary of State for Scotland) sought advice on his holdings of shares in Shell Transport and Trading and in Imperial Continental Gas (this was in the light of the Lord Polwarth episode - see (viii) above). He also asked whether he should divest himself of all his shares because of his role as a planning Minister. The Prime Minister advised that to accept the latter point

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would be taking logic to extremes, nor did he think there was any need for Mr Campbell to divest himself of the holdings in either STT or ICG. Nonetheless, Mr Campbell got rid of his ICG shares. (16/4, Part 4, Annex 25.)



(xx) 1984 DTI issued advice to Ministers generally both on the legal and propriety considerations relating to the purchase of shares in the BT flotation. The latter element was

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provided by the Cabinet Office in line with paragraph 6.24. Advice was also given to a number of individual Ministers (514/44 Folio 23, 24).

- (xxi) 1984 The Lord Chancellor discovered that, without his knowledge, his investment manager had bid on his behalf for shares in BT. The Lord Chancellor undertook to sell the shares at the price at which he had purchased them.
- (xxii) 1987 The Department of Transport offered no specific advice to Ministers on the purchase of shares in Eurotunnel, as it was an entirely private sector company, and its flotation was not to be regarded as a Government issue, but Ministers' attention was drawn to the relevant paragraphs

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MEMBERSHIP OF LLOYD'S

A Minister holding office as Prime Minister, Chancellor of the Exchequer or as President of the Board of Trade (Secretary of State for Trade and Industry), or a Minister holding office as a Minister in the Treasury who is responsible under the Chancellor of the Exchequer for taxation matters relating specifically to Lloyd's, or as a Minister in the Department of Trade and Industry responsible under the Secretary of State for Trade and Industry for insurance matters relating specifically to Lloyd's, should not be an underwriting member of Lloyd's or, if already a member of Lloyd's on appointment, should suspend underwriting during tenure of that office. No such Minister who has been an underwriting member of Lloyd's should exercise any statutory powers where the exercise of the powers affects Lloyd's, or any syndicates, brokers or agents with which he or she is connected until all syndicate years for which he or she was an underwriting member have been closed (usually after three years) or until he or she has reinsured all liabilities in such a way that he or she has no further interest in their performance; nor should such a Minister take decisions on taxation questions directly affecting Lloyd's.

A Minister in whom powers under legislation relating to Lloyd's are vested should not delegate the exercise of those powers to any other Minister who is an underwriting member of Lloyd's or who still has open syndicate commitments in respect of past membership.

A Law Officer who is an underwriting member of Lloyd's or who still has open syndicate commitments in respect of past membership, should not tender advice on the formulation, application or enforcement of legislation relating to Lloyd's and should, as far as is practicable, avoid taking enforcement decisions relating to Lloyd's.

As regards Ministers who were members of Lloyd's on appointment to offices which do not automatically require them to suspend underwriting under the terms of paragraph 118 above, it is nevertheless inappropriate that they should take an active part in the management of the affairs of syndicates of which they are members and

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they should on appointment as Ministers withdraw from such active participation. There may also be cases in which if a Minister is a member (as a "name" only and not as an active participant in management) of a syndicate which underwrites business in an area in which his Department has responsibility, he or she may be required to suspend underwriting risks in that area (or, if necessary, in the whole business of the syndicates) so long as he holds that office. Thus, for example, the Secretary of State for Social Security would be required, if a member of Lloyd's, to suspend underwriting pensions and life insurance; the Secretary of State for Employment would be required, if a member of Lloyd's to suspend underwriting employers' liability insurance; the Secretary of State for Transport would be required, if a member of Lloyd's, to suspend underwriting marine, aviation and United Kingdom motor insurance; and the Minister of Agriculture, Fisheries and Food would be required, if a member of Lloyd's, to suspend underwriting livestock insurance; so long as they held those offices. If selective suspension of this kind is not practicable because of the nature of the syndicate's business, then the Minister concerned will be obliged to suspend all underwriting during his term of the relevant office. A Minister who still has open syndicate commitments in respect of past membership, should not take part in any discussion of or decisions on any matters affecting Lloyd's if his continuing benefits or liabilities in respect of the period before suspension might be affected by the decision and might therefore make him vulnerable to reasonable suspicion of exerting or being in a position to have exerted undue influence. The requirements of this paragraph apply equally to underwriting by junior Ministers in those areas of their Department's work for which they are responsible to the Secretary of State, unless satisfactory arrangements are made to exclude the Minister concerned from any discussion of and any decision on any matter affecting Lloyd's.

Every Minister is required, on appointment to a first or subsequent Ministerial office, to obtain the Prime Minister's permission before continuing a connection with Lloyd's, however nominal. Any Minister wishing to establish any such connection during his term of appointment should likewise obtain the Prime Minister's permission to do so. Before granting permission, the Prime Minister will need to be satisfied that the conditions indicated above will be met.

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In addition, the Secretary of the Cabinet is required to keep a list of Ministers who are members of Lloyd's. He will ask all Ministers on appointment to a first or subsequent office whether they are a member of Lloyd's, and if so whether they propose to continue or suspend underwriting while they hold Ministerial office. (C(PR) (92) 3 Paragraphs 118 to 123).

6.27 Ministers are clearly precluded by the general guidance on private interests from taking an active part in the management of a syndicate. A member of a syndicate who is not involved in its management ( a "name") is in an analogous position to that of a shareholder (but with unlimited liability). Potential conflicts of interest need to be considered in the light of the Minister's duties and the nature of the business conducted by the syndicate(s) of which he or she is a member.

6.28 Questions of Procedure lists a number of offices where it is assumed that the risk of conflict is bound to be such that the holder should not be a member of Lloyd's (or should suspend underwriting if already a member - see 6.31 below). In these offices the risk of apparent conflict and of political criticism could extend to a Minister's spouse who was a member of Lloyds - see the case of Mrs Parkinson at 6.32 (v) below. Questions of Procedure also identifies a number of other areas where a risk of conflict may arise. The guidance in this area was made much more specific in 1983 but apart from Departments with a responsibility for or broad interest in insurance matters it will generally be sufficient to ensure that a Minister does not underwrite insurance in the area of his or her Ministerial duties. A particular difficulty arose (see case 632 (vi) below) in 1984 about the restrictions to be placed on Treasury Ministers (other than the Chancellor of the Exchequer). After extensive consideration it was concluded that "any Treasury Minister who is responsible under the Chancellor of the Exchequer for taxation matters relating specifically to Lloyd's should not be a member of Lloyd's" and that this would be reflected in the next edition of Questions of Procedure. (This case also led to a further tightening of the procedures on notification see 6.30 below.)



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6.29 A further tightening of the rules, incorporated in the 1987 edition of Questions of Procedure, reflected the difficulty that a person who suspends underwriting membership of Lloyd's continues to receive income and bear liability for a further three years. For this period, the exercise of powers on the taking of decisions affecting Lloyd's could give rise to a conflict of interest. Hence those Ministers most likely to exercise responsibilities which affect the financial interests of Lloyd's members are required not only to suspend underwriting during the tenure of that office, but also, during this three year period, to delegate or transfer the exercise of statutory powers directly affecting Lloyd's, or decisions on taxation questions directly affecting Lloyd's, to another Minister within their Department. Consideration was also given to whether or not specific reference should be made in Questions of Procedure to the difficulty of appointing as Chancellor of the Exchequer, or Secretary of State for Trade and Industry, someone who had been a member of Lloyd's during the previous three years. It was agreed to deal with this point by a sentence in the introduction to the memorandum.

6.30 Ministers who are members of Lloyd's must obtain the Prime Minister's permission to continue as such both on first appointment and on any subsequent change of office (because the potential for conflict of interest varies greatly from office to office) or if they propose to become a member while in office. This is very clearly spelt out (and the principal responsibility placed on the Minister concerned) in Questions of Procedure. The letter from the Private Secretary to the Secretary of the Cabinet to Private Secretaries in offices where a change of Minister has occurred draws attention to this requirement. As an additional safeguard the Secretary of the Cabinet provides the Prime Minister's Office with a complete (as far as possible) list of the members of the Government who appear in the list of Lloyd's members. When the Prime Minister is considering appointment of someone to Ministerial office for the first time, the Principal Private Secretary should check with the Cabinet Secretary's office on membership.

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6.31 Cases

A list of those members of the present Government known to be members of Lloyd's is held in the Private Office, and updated as required. A full list of Ministers who are known to have been members of Lloyd's since 1966 can be found in a note dated 30 May 1985 on File 16/4 Pt 7. The following cases have features of special interest.

- (i) 1974 Mr Carr (Secretary of State for Employment, later Lord President and Home Secretary) was allowed to remain a name "subject to scrupulous care" to ensure no conflict of interest. Sir Keith Joseph (Secretary of State for Social Services) allowed to continue on similar basis to Mr Carr but suspended membership from 31.3.72.
- (ii) 1974 Mr Maudling (Home Secretary) was asked for an assurance that there was no inconsistency between his Ministerial duties and the business undertaken by his syndicate.
- (iii) 1979 Mr Rees (Minister of State, Treasury) was permitted to continue provided no conflict of interest were to arise "eg in connection with fiscal policy" (but see case (vi) below).
- (iv) 1981 Members of the Government who were members of Lloyd's were advised that they should decide for themselves whether the nature of the interest in syndicates at Lloyd's was such that they might run the risk of criticism in relation to their vote on the Lloyd's Bill currently passing through Parliament (it was a Private Bill on which the Government took no position). Those in doubt were advised to abstain.

- (viii) 1984 A problem arose after the 1983 Election with the position of three Treasury Ministers, Mr Rees (Chief Secretary), Mr Mayhoe (Minister of State) and Mr Moore (Financial Secretary). Mr Rees's membership of Lloyd's was known (see (iii) above) and he accepted advice that on appointment as Chief Secretary he should suspend underwriting. Mr Mayhoe's membership was known and approved in previous appointments (as PUSS in Ministry of Defence and Minister of State, CSD) but was not reviewed when he was transferred to the Treasury on the abolition of the CSD.

The detailed consideration of these cases led to the conclusion that the requirement for a Treasury Minister "dealing with taxation matters" was rather too broad and in practice could cover any Treasury Minister and a more narrow definition was produced (see 6.29 above). The duties of Treasury Ministers concerned were subsequently slightly adjusted to avoid a conflict with the revised guidance and Mr Mayhoe were permitted to continue underwriting.

(xviii) 1992 Mr Arbuthnot, junior Whip with responsibility within the Whips' Office for transport matters, was assured that he could continue underwriting insurance in the transport area, provided - as required of all Ministers - he withdrew from day-to-day decisions affecting his syndicates. As a Whip, he was not part of the Departmental decision-making process. (Mc Box).

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- (v) 1978 Mr Golding (PUSS, Department of Employment) remained Political Adviser to the POEU - but see 6.38 (viii).
- (vi) 1979 Mr Bryan Davies (Assistant Whip) was permitted to retain his position as Parliamentary Consultant to NATFHE - but see 6.38 (ix).
- (ix) 1990 Lady Blatch (Lords Whip) advised to resign as a consultant to Scope, a PR firm.

TRADE UNIONS

6.36 There is, of course, no objection to a Minister holding trade union membership but the usual principles apply to holding office. It was suggested in 1966 that there was no need to resign office "provided that the office does not carry with it remuneration or, while he remains a Minister, active participation in the conduct of the union's affairs" (Note for Supplementary - not used). In any case, Ministers should not receive any direct payment from a union (ruled by Mr Attlee in 1946)

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though, if they are sponsored MPs, this is no bar to their constituency receiving support from a union. (See also Chapter 8).

6.37 On 17 July 1967 a Member of Parliament raised as a question of privilege reports that the Transport and General Workers Union were considering withholding from Ministers the financial support which the Union had accorded them in the past in their capacities as candidates for election as MPs and thereby attempting to influence the attitudes and votes of certain Members of Parliament. It was reported that the Union argued that as the Government's policy on prices and incomes did not commend itself to the Union it did not see why it should support Ministers with their election expenses in future. The Speaker ruled that the allegations did not prima facie constitute a breach of Parliamentary privilege. (For papers and Speaker's ruling see File 16/1 and Hansard, House of Commons, 17 July 1967, cols 1535-1541, and 18 July 1967, col 1724.)

6.38 Cases

- (i) 1964 Seven Ministers resigned trade union appointments; two retained their appointments on unpaid leave of absence.
- (ii) 1966 Lord Hilton (Lord in Waiting), who was honorary President of the National Union of Agricultural Workers was advised to resign. (16/4, Part 1, f.1)
- (iii) 1970 Mr More, who was a member of the Shropshire County Executive of the National Farmers Union was advised to resign from the Executive. (16/4, Part 3, Annex A, folder 3)
- (iv) 1974 In the case of Mr Howell, President of APEX, the Prime Minister (Sir Harold Wilson) said that he need not be asked to give up the appointment because there would

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appear to be no conflict between Mr Howell's responsibilities for sport and the responsibilities to the union. But he should keep it under review in case a conflict arose. Mr Howell's position was reconsidered in July 1977 when APEX were involved in controversial picketing scenes at Grunwick. The then Prime Minister (Mr Callaghan) decided that he should not resign, but felt that he should never have been permitted to retain the position in 1974. (16/4, Part 5, Annex 5)

- (v) 1974 Mr Grant (PUSS, Civil Service Department) resigned as consultant to the CPSA - see 6.35 (iv).
  
- (vi) 1976 Mr Callaghan gave up the Presidency of the United Kingdom Pilots Association (16/3, Part 5, Annex 25).
  
  
  
  
  
  
  
  
  
  
- (viii) 1978 No action was taken when it emerged that Mr Golding (PUSS, Department of Employment) was a Political Adviser to the Post Office Engineering Union (POEU). This was partly because he had held this position for two years already; partly because relations between Ministers and trade unions were to be reviewed after the subsequent election (which the Government lost). (16/4, Part 5)

PROFESSIONAL BODIES

6.39 The position is the same as with trade unions. Ministers may be members but they should not be paid or participate actively in the conduct of the body's affairs.

6.40 Cases

- (i) 1966 Lord Champion (Minister without Portfolio) accepted an honorary associateship of the Royal College of Veterinary Surgeons (akin to an honorary degree). (16/4, Part 1)
- (ii) 1970 It was suggested that Mr Griffiths (PUSS, Department of



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the Environment) should exercise caution in deciding whether to accept the Presidency of the Association of Public Health Inspectors. (16/4, Part 3, Folio 3)

- (iii) 1972 Lord Sandford (PUSS, Department of the Environment) was offered an honorary fellowship of the Institute of Landscape Architects. It was thought that this might give rise to conflict but that Lord Sandford should not be pressed to decline the fellowship provided he would be prepared to resign it if a conflict arose. (16/4, Part 3, Annex B, folder 17)
- (iv) 1972 Mr Carr (Home Secretary and Lord President) accepted an honorary fellowship of the Institute of Personnel Management. The argument was the same as in the case of Lord Sandford ((iii) above). (16/4, Part 4, Annex 1)
- (v) 1980 Mr Berry (Whip) was permitted to retain honorary fellowship of the Institute of Directors. (16/4, Part 7, Folio 95)
- (vi) 1983 Mrs Thatcher (Prime Minister) accepted nomination for election as a Fellow of the Royal Society (the subsequent election caused some controversy within the Society) and as an Honorary Barrister of Gray's Inn. (194/1, Part 7, Folio 2)
- (vii) 1983 Mrs Thatcher (Prime Minister) accepted an invitation to join the Worshipful Company of Glovers. (194/1, Part 7, Folio 5)

LAND, PROPERTY AND PLANNING

6.41 Apart from directorships and shareholdings in property companies there can be potential conflict of interest for Ministers in particular cases simply because they own a house or land, eg they may wish to appeal against a Compulsory Purchase Order, or resist a road scheme, or to buy land from or sell it to a Government body. In such cases the right course is nearly always a "declaration of interest" and scrupulous arrangements to ensure that the Minister is not involved in any way in decisions that might affect him. In 1974 the Prime Minister (Mr Heath) was asked if he would make it the practice of his administration that Ministers should not engage in the buying or selling of land. He replied (Hansard, 5 February 1974):

"No sir. Ministers are required to conduct their private affairs so that no conflict arises with their official duty. But it would clearly be quite unreasonable to ask that they should not buy or sell land while holding office".

6.42 Cases

- (i) 1966 Mr Mackie (Parliamentary Secretary, MAFF) applied to purchase the lease of 2 farms in Lincolnshire from the

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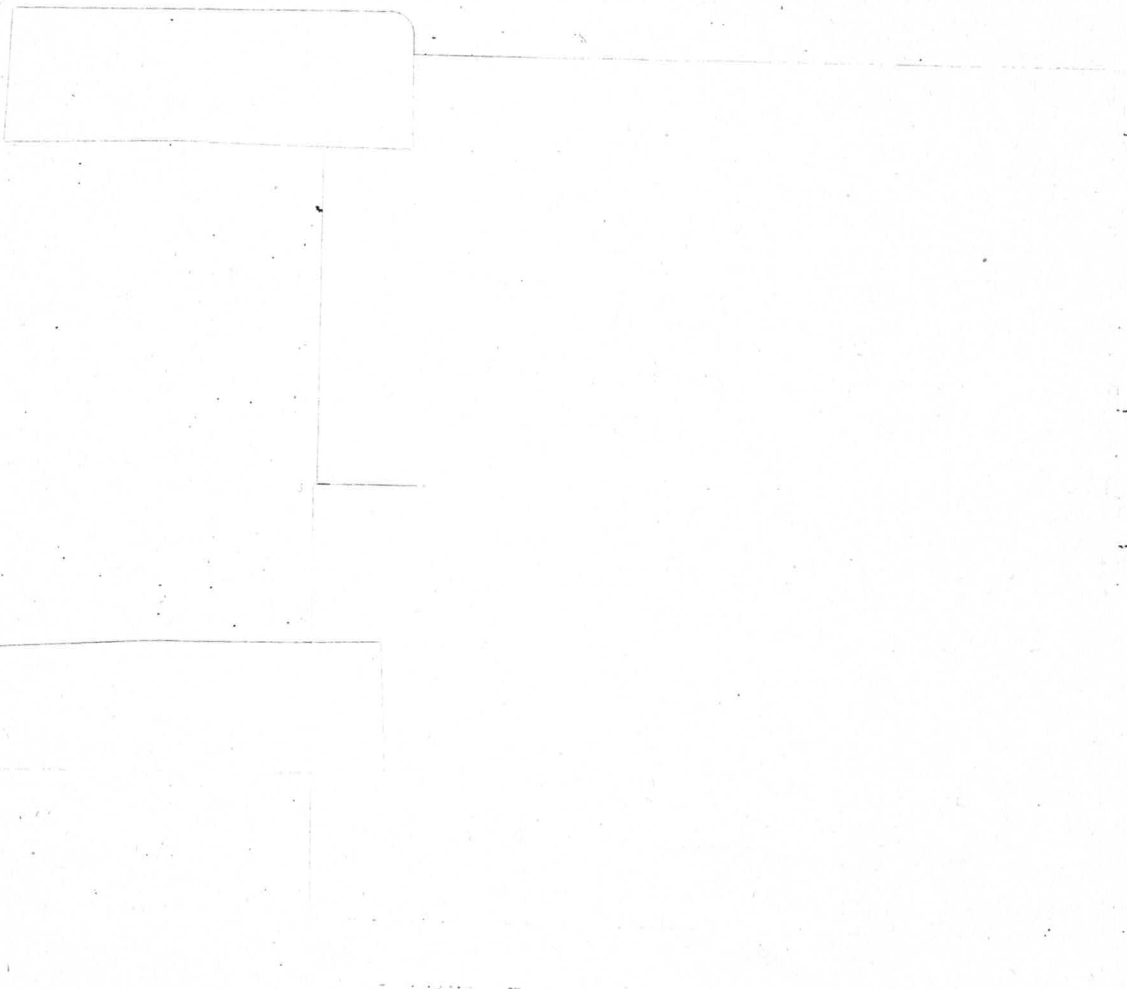
Crown Estate Commissioners. It was ruled that the application could go ahead provided that the Commissioners were told who Mr Mackie was and that he would wish them to decide the case entirely on its own merits. (16/4, Part 1)

- (ii) 1971 Mr Amery (Minister for Housing and Construction) owned 12 houses in Southwark. He gave a power of attorney to his solicitor and one other. (16/4, Part 3, folder 15)
- (iii) 1971 Mr Channon (Minister for Housing and Construction) did not see the papers within the Department of the Environment on the planned expansion of Harlow, because of a family interest in Gilson Estate (see also 6.24 (vii), 6.24 (xi) and (vi) below). (16/4, Part 3)
- (iv) 1972 Lord Sandford (PUSS, Department of the Environment) declared an interest in an appeal against refusal of planning permission. It was arranged that the appeal would be heard by an "independent" inspector (ie not one in the full employment of the Secretary of State) and that Lord Sandford would have nothing to do with the case. (16/4, Part 3, folder 24)
- (vi) 1973 Mr Channon (Minister for Housing and Construction) declared an interest as some property of his was affected

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by one of the possible corridors for the access routes to Maplin Airport. It was arranged that he should not see any of the papers and it was suggested that in any inquiry proceedings he should make representations through a solicitor and not in person, and that any representations should be confined to impact on his property and should not comment on the merits of the proposals as a whole. (See also 6.24 (xi).) (16/4, Part 4, Annex 24)

\_\_\_\_\_ were permitted to remain farm owners, provided they declared their interest if a question arose, eg on taxation policy, which bore on their particular responsibilities. (16/4, Part 6, Annex 10)



HOUSING ASSOCIATIONS

6.43 Cases

- (i) 1967 Mr Lever advised to resign from the London Housing Trust. (16/4, Part 1)
  
- (ii) 1971 Mr Rossi (Assistant Whip) was advised that it would be best to resign as President of a housing association in his constituency. However, the Department of the Environment, who were also consulted, did not consider this necessary. (16/4, Part 3)

- (iv) 1974 Mr Scott (PUSS, Department of Employment) was advised that it would be prudent for him to sever his connections with the Paddington Churches Housing Association (of which he was chairman). In the event the General Election intervened. (16/4, Part 4, Annex 28)

(See also 6.18(v) for the Presidency of a Building Society.)

#### NON PUBLIC BODIES, INCLUDING PRESSURE GROUPS

Ministers should take care to ensure that they do not become associated with non-public organisations whose objectives may in any degree conflict with Government policy and thus give rise to a conflict of interest. Hence Ministers should not normally accept invitations to act as patrons of pressure groups, or of organisations dependent in whole or in part on Government funding. There is normally no objection to a Minister associating him or herself with a charity (subject to the points above) but Ministers should take care to ensure that in participating in any fund raising activity, they do not place, or appear to place, themselves under an obligation as Ministers to those to whom appeals are directed (and for this reason they should not normally approach individuals or companies personally for this purpose). In any case of doubt, the Prime Minister should be consulted before a Minister accepts an association with such bodies. Ministers should also exercise care in giving public support for petitions, open letters etc. (C(PR) (92) 3 paragraph 125).

6.44 Almost all pressure groups are set up, inter alia, to bring pressure to bear on the Government. Conflict of interest is almost inevitable and in general Ministers should not establish any connection with them. However, pressure groups vary considerably in aims, methods and membership and each case should be considered on its merits. Many very respectable organisations, including charities, also act as pressure groups on Government policy in particular areas. Even where association with a particular group is acceptable, greater difficulty may arise over the holding of office (greater risk of conflict of interest and possible diversion of Ministerial time). Reflecting the intention of Mr Callaghan, a paragraph on Pressure Groups was included for the first time in the Questions of Procedure issued by Mrs Thatcher in May 1979. This has now been broadened to cover non-public bodies more generally.

6.45 Cases involving different categories of pressure groups are considered below. Boundaries are very difficult to draw in this area - for example a local hospice might fall under Health, Welfare and Charities or under Environmental, Local and Community Organisations. Cases are usually listed according to the dominant factor in each decision but it is important to check associated listings. Appeals on behalf of any organisation are usually listed separately under 6.58 (See also Chapter 8 on Constituency Interests.)

#### Political Groups

6.46 There have been many cases where Ministers have been members of party committees or have held party offices (in particular in the Labour Party National Executive Committee or the Conservative Party Central Office). The principle of avoiding conflict of interest continues to apply. (No case is known of a Minister resigning from a party office because of a conflict although there have certainly been occasions where conflict has arisen eg Mr Callaghan's attitude to the Government's policy on industrial relations when a member of the Labour Party NEC in spring 1969.)

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A particularly difficult case arose in 1987 when the Prime Minister was considering appointing Lord Young Chairman of the Conservative Party while remaining Secretary of State for Trade and Industry. While there had been precedents for Party Chairman holding Departmental Ministerial office (eg Lord Carrington as Defence Secretary 1973-4) the Prime Minister concluded that the political criticism which might result from the potential conflict between the Party Chairman's interest in fund raising and the Secretary of State's statutory responsibilities for the regulation of business (which the Cabinet Secretary advised could not satisfactorily be delegated) was such as to make the appointment impossible.

6.47 Cases

- (ii) 1970/71 Various Ministers became active members of the Conservative Group for Europe. This after some confusion and initial advice that there might be conflict. See also case (xv). (16/4, Part 3, folder 10).

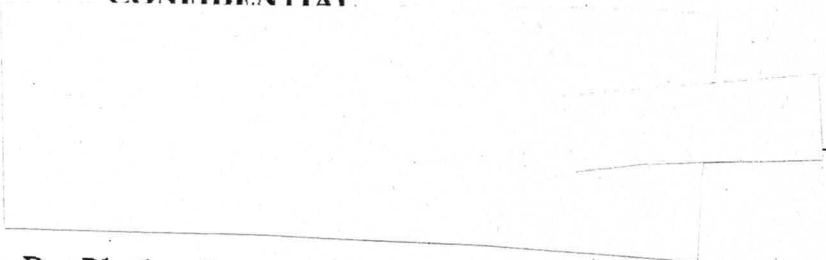


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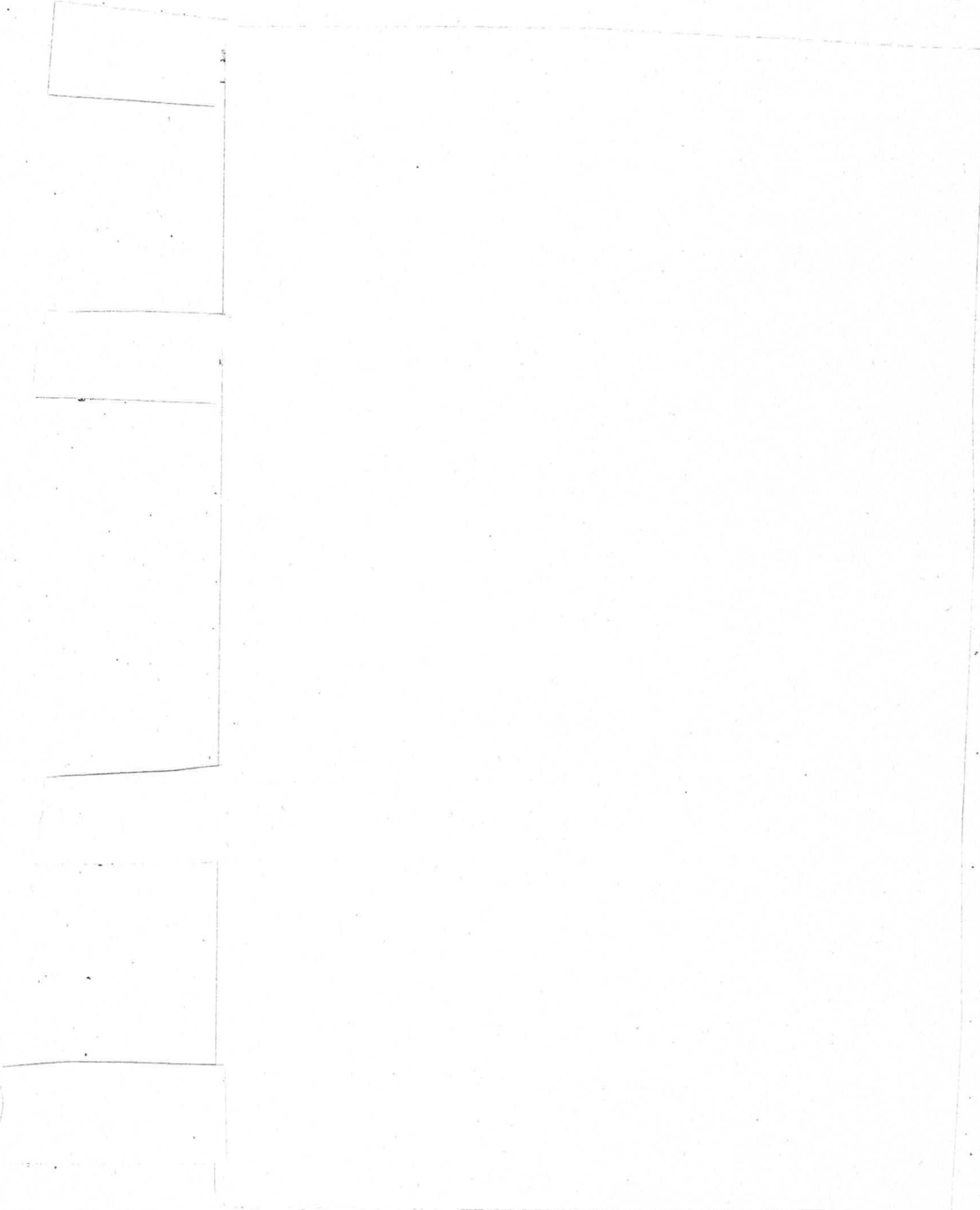
- (iii) 1972 Mr St John-Stevas (PUSS, Department of Education and Science) advised to resign from the General Purpose Committee of the European Movement. (16/4, Part 4, Annex 15)
- (v) 1976 Several Ministers, who on taking up office had failed to resign from Labour Action for Peace, found that their names had been associated with a policy statement issued by the group, which was at variance with the Government's policy. Ministers were reminded of their membership and invited to dissociate themselves from the statement.
- (vii) 1977 Mr Dickson Mabon (Minister of State, Department of Energy) was asked not to sign a letter to The Times in support of PR for European Assembly elections. (16/15, Part 2, folder 33)
- (viii) 1977 Mrs Hart (Minister of Overseas Development) was requested to decline to be a sponsor of a conference to be held by the Committee for Racial Justice. (16/15, Part 2, folder 42)

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- (ix) 1977 Mr Price (PUSS, Privy Council Office) was advised not to become President of the League Against Cruel Sports. (16/15, Part 2, folder 23)
- (x) 1978 Lord Donaldson (Minister of State, Department of Education and Science) was advised not to become a sponsor of the Campaign Against Physical Punishment. (16/15, Part 2, folder 51)
- (xi) 1979 Mrs Thatcher (Prime Minister) and Sir Keith Joseph (Secretary of State for Industry) decided to give up their positions as Chairman and President respectively of the Centre for Policy Studies, but that their names could appear on the centre's letterheads as "Founders" (without reference to their current Ministerial position). (16/15, Part 3, folder 13)
- (xii) 1980 Mr Berry (Whip) was advised to decline invitation to be Vice President of the Central London Council of the Conservative Friends of Israel (which had in fact already been strongly critical of government policy).
- (xiii) 1980 Several Ministers were invited to become patrons of the Wilberforce Council which had been set up to press the Soviet Union to uphold the principles of the Helsinki Agreement in relation to Human Rights. After consultation with the FCO, Ministers were advised to reply expressing their personal sympathy for the Council's objectives but declining to become patrons (for the reasons given in Questions of Procedure).



(xiv) 1980 Dr Rhodes Boyson was advised not to renew his membership of the Council of the Freedom Association. Although there was no fundamental conflict between the Association's aims and Government policy, the possibility of conflict could arise in particular circumstances.



(xxv) 1991 Lady Blatch (PUSS, DOE) was asked by the Industry and Parliament Trust to participate in a shadowing scheme for industrialists. It appeared that Ministers had previously been involved, and no objection was raised. (Precedent Box)

International, Peace, Etc Organisations

6.48 Association with "bipartisan" organisations such as English Speaking Union, Commonwealth Parliamentary Association has invariably been permitted. In addition, there has generally been no objection to "sleeping" membership of other organisations with whose aims the Government of the day is broadly in sympathy but active participation has not been allowed.

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6.49 Cases

- (i) 1966 Mrs Castle (Minister of Transport) was permitted to remain a non-executive member of the Anti-Apartheid Movement (but advised to resign if a conflict arose). (16/4, Part 1) (see also (xiii) below).
- (ii) 1966 Mr Wilson (Prime Minister) declined the vice-presidency of the National Peace Council. (16/4, Part 1)
- (iii) 1967 It was left to the discretion of Lord Gardiner (Lord Chancellor) whether to support the declaration of the Second Dublin Conference (on world government). Some other Ministers did so. (16/4, Part 1)
- (iv) 1967 It was left to the discretion of Mr Benn (Minister of Technology) whether to become a Patron of the Pakistan Institute of International Affairs (based in Manchester). (16/4, Part 2)
- (v) 1967 Mr John Silkin (Chief Whip) became a member of the United Nations Association. (16/4, Part 2)
- (vi) 1969 Mr Murray (PUSS, Ministry of Transport) was required to resign the vice-chairmanship of the International Culture Exchange. (16/4, Part 2)
- (vii) 1969 Mr Varley (Minister of State, Ministry of Technology) was permitted to remain a non-active member of the Indo-British Parliamentary Group. (16/4, Part 2)
- (viii) 1969 Mr Wilson (Prime Minister) was invited to become a Vice

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President of the English Speaking Union (the leaders of the Conservative and Liberal Parties were similarly invited). Sir Burke Trend advised that it would be all right to accept if the others did but commented that such organisations may unforeseeably become the means for expressing extreme views or criticism of Government policy 'in which case the PM might have to resign in embarrassing circumstances ....' but this possibility seemed remote. Subsequent invitations from the ESU have been regarded as non-contentious. (16/4, Part 2)

- (ix) 1970 Mr Campbell (Secretary of State for Scotland) was required to resign the Vice Chairmanship of the Anglo-Austrian Society. (16/4, Part 3, folder 16)

- (xii) 1973 Mr Campbell (Secretary of State for Scotland) was

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advised not to support an appeal by Amnesty International.  
(16/15, Part 1)

- (xiii) 1973 Mr Campbell (Secretary of State for Scotland) was Vice-President of the 11<sup>th</sup> Quinquennial Congress of the Universities of the Commonwealth (there were precedents for this). (16/4, Part 4, Annex 14)

- (xv) 1976 Ministers were advised by 10 Downing Street not to associate with the World Peace Council (a Communist front organisation) or with its Forum for World Disarmament in New York. (16/15)

- (xvi) 1977 Mr Callaghan (Prime Minister) accepted FCO advice not to attend a dinner in Israel commemorating the 60<sup>th</sup> Anniversary of the Balfour Declaration. However he did accept an invitation to address the Board of Deputies of British Jews. (489/7, folder 3)

- (xvii) 1977 Mr Ewing (PUSS, Scottish Office) was permitted to lend his name to publicity by Amnesty International for an arts and crafts day in Stirling. (16/15, Part 2, folder 20)

- (xix) 1977 Mrs hart (Minister of State for Overseas Development) was permitted to participate in a North/South Round Table organised by the Society of International Development. (16/4, Part 5, Annex 36)

European Movement and Mr Hayhoe (PUSS, Ministry of Defence) was requested to resign as Honorary Secretary. (16/4, Part 6, Annex 3)



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- (xxv) 1983 Sir Michael Havers (Attorney General) was advised to decline an invitation to become a member of the International Advisory Council of the International Air Passengers Association an American pressure group seeking to acquire an international dimension. (194/1 Part 7)

- (xxvii) 1984 Mr Newton (PUSS, DHSS) was advised not to join the international parliamentary group of the Women's Campaign for Soviet Jewry because they were a vigorous pressure group (also known for disrupting concerts, etc, given by Soviet performers). (16/5, Part 4, Folio 7)

- (xxviii) 1984 General advice was issued on difficulties of contacts between Ministers and minority groups from other countries. (194/1, Part 7, Folio 39)

Health and Welfare Groups and Charities

6.50 It is sometimes possible to take a more accommodating line activities are concerned. But in many spheres (particularly welfare and housing) the danger of a conflict of interest remains considerable. It is usual, therefore, to err on the side of caution. (See also, in particular, 6.53 on Environment, Community and Local Organisations and 6.59 on Appeals.)

6.51 Cases

- (i) 1969 Mr Thomas (Secretary of State for Wales) did not lend his name to Shelter week in South Wales, though he did send a letter of well-wishing. (16/4, Part 2)
- (ii) 1971 Mr Campbell (Secretary of State for Scotland) declined to become a "supporter" of Oxfam. (16/4, Part 3, folder 12)
- (iii) 1972 Mr Macmillan (Secretary of State for Employment) was advised not to accept the vice-presidency of the Phyllis Tulwell Memorial Hospital. (16/4, Part 4, Annex 8)

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- (vi) 1974 Mr Goronwy Roberts (PUSS, FCO) was allowed to remain honorary President of the Association for the Retarded in Wales. (16/4, Part 5, Annex 13)
- (vii) 1974 Mr Jenkins (Home Secretary) was advised that it would be contrary to normal practice to remain trustee of the Pilgrim Trust. (16/4, Part 5, Annex 2)
- (x) 1976 Baroness Stedman (Lords Whip) permitted to remain on the National Council of the Fire Services National Benevolent Fund (the Home Secretary and the Secretaries of State for Scotland and Wales were presidents). (16/4, Part 5, Annex 26)
- (xi) 1978 Mr Callaghan (Prime Minister), Mr Ennals (Secretary of State, DHSS) and Mr Morris (Minister for the Disabled) became patrons of Motability, a charity, supported by all parties, to provide vehicles to invalids.
- (xii) 1979 Mr Morris (Minister for the Disabled) was advised not to

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become a trustee of Headlight (Great Britain) Ltd.  
(16/15, Part 3, folder 6)

- (xiii) 1979 Mr Newton (Assistant Whip) was advised not to continue as a member of the Executive Committee of OUTSET, an organisation concerned with the physically disabled. (16/4, Part 6, Annex 5)
- (xiv) 1980 Mr Carlisle (Secretary of State for Education) permitted to become a member of a Council of Reference for a Hospice in his constituency at Warrington. (16/15, Part 4, Folio 82 LM)
- (xv) 1980 Mr Jopling (Chief Whip) permitted to serve on Premiere Committee of "Superman II", the proceeds of which were to be devoted to the disabled UIC athletics participation in the Special Olympics (FCO saw no difficulty in the connection with the Kennedy Trust in the USA). (16/15, Part , Folio 85)
- (xvi) 1981 Mr Rees (Minister of State, Treasury) advised not to become a sponsor of Gingerbread (a self help organisation for single parent families) because it also acted as a pressure group. (16/15, Part 4)
- (xvii) 1982 Mr Rossi (Minister for the Disabled) advised not to become patron of the charitable trust for the Physically Handicapped and Able Bodied (PHAB) which was likely in part to act as a pressure group on Government. A suggestion was made but not substantiated that Mr Morris had accepted a similar invitation when the responsible Minister. If so, it was without the benefit of advice, which

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would have been negative. (16/16, Part 3, folio 94)

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Education and Other Social Policy Matters

6.52 Cases

- (i) 1966 Lady Phillips (Lords Whip) resigned from the Council of Management of the Initial Teaching Alphabet Foundation. (16/4, Part 1)
- (ii) 1967 It was left to the discretion of Mr Greenwood (Minister of Housing and Local Government) whether to sign a letter to The Times from the Jerusalem Education Trust. (16/4, Part 1)
- (iii) 1967 Mr Crossman (Lord President) was advised not to become a sponsor of the Social Administration Association (an association of teachers and researchers in social administration). (16/4, Part 1)

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- (v) 1977 Mr Silkin (Minister of Agriculture) was permitted to become a Trustee of the Centre for Appropriate Technology and Environmental Education. (16/5, Part 3, folder 8)

Environmental, Local and Community Organisations

6.53 Purely local bodies are often acceptable provided that they are unlikely to have direct dealings (financial or otherwise) with the Government and provided that they do not adopt positions which diverge from Government policy.

6.54 Cases

(i) 1977 No objection to Edward Bishop (Minister of State, MAFF) becoming a Trustee of Southwell Cathedral Preservation Trust. (16/15, Part 2, folder 16)

(iii) 1973 Lord Jellicoe (Lord Privy Seal) declined to send any souvenirs of ceremonial occasions for auction by Acklam Road Adventure Playground (because he had none). (16/4, Part 4, Annex 17)

(iv) 1980 Mr Berry (Whip) declined to join the Heritage of London



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Trust being set up by the Greater London Council as it seemed likely to be a campaigning body as well as supporting individual projects. (16/15, Part 3, Folio 37)

Trade, Industry and the Professions

6.56 Cases

- (i) 1966 Mr Stewart was permitted to accept the Vice Presidency of the Town and Country Planning Association on the basis that he would resign if a conflict arose. (16/4, Part 1)
- (ii) 1967 Mr O'Malley (Junior Whip) was advised to resign as a governor of the British Institute of Recorded Sound. (16/4, Part 1, Folder 27)
- (iii) 1971 Mr Weatherill (Junior Whip) resigned as Vice-President of the National Chamber of Trade. (16/4, Part 3, folder 33)
- (iv) 1972 Mr Carr  
declined honorary membership of the Hygiene and Safety Division of the British Safety Council. (16/4, Part 4, Annex 11 and 16/15)
- (v) 1973 Mr Amery (Minister of State, FCO) declined the Vice-

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Presidency of the Brighton and Hove Chamber of Commerce and Trade. 816/4, Part 4, Annex 16)

- (vi) 1973 Mr Amery (Minister of State, FCO) was allowed to be Patron of an exhibition arranged by the Federation of Sussex Industries. (16/4, Part 4, Annex 18)

- (viii) 1977 Mr Harold Walker (Minister of State, Department of Employment) was advised not to become a Vice-President of the Federation of Industrial Development Associations. (16/15, Part 2, folder 13)

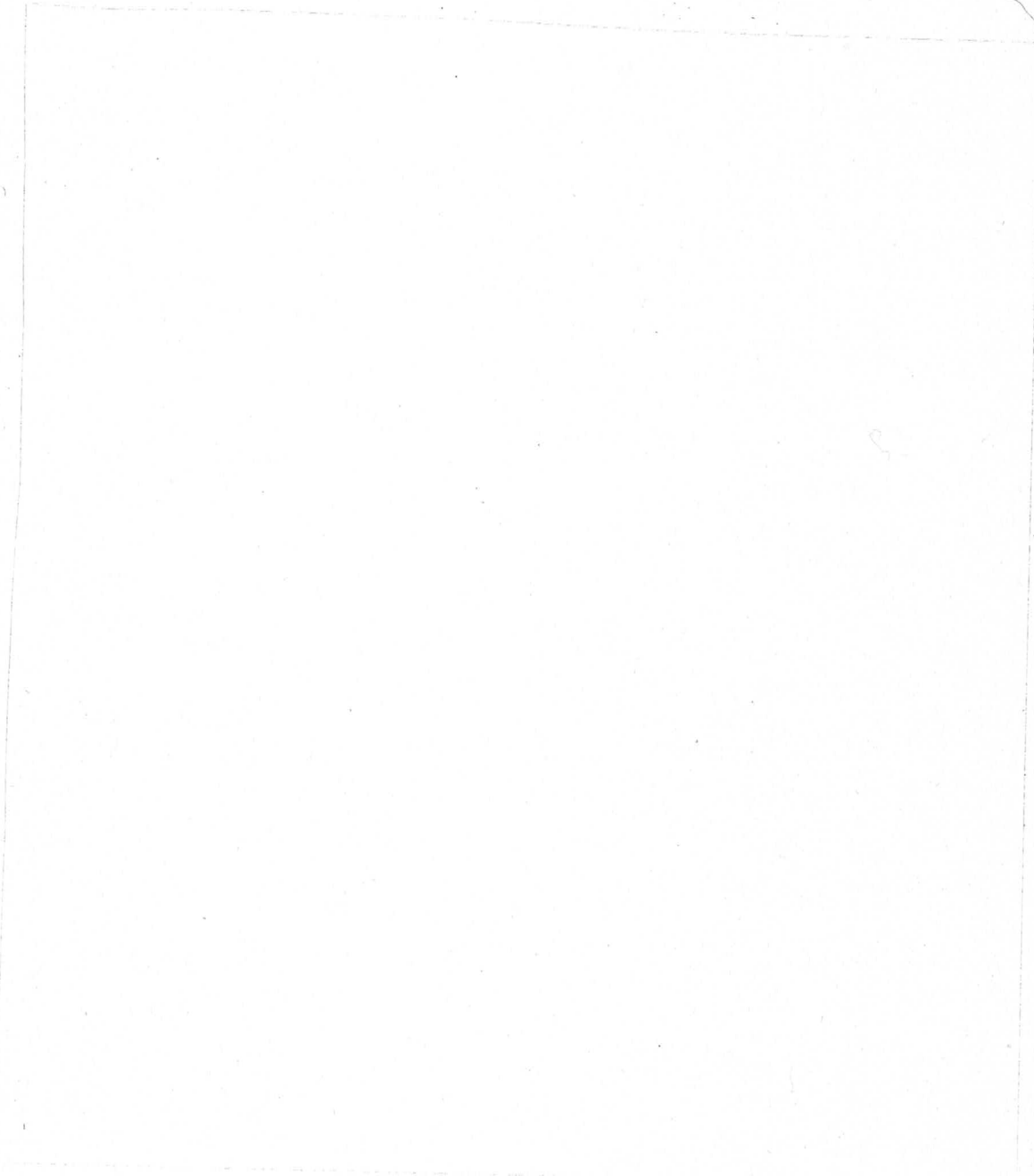
- (ix) 1978 Mr Callaghan (Prime Minister) decided to remain President of the Advisory Committee on Oil Pollution of the Sea a post which he had held for a number of years. (16/15, Part 2, folder 53)

- (x) 1979 Lord Ferrers (Minister of State, MAFF) was permitted to remain President of the East of England Agricultural Association. (16/4, Part 6, Annex 10)

- (xi) 1979 Mr Newton (Assistant Whip) was advised to resign as a lay member of the Advertising Standards Authority. (16/4, Part 6, Annex 5)



- (xiii) 1979 Mr Antony Berry (Whip) was advised against sponsoring a cocktail party in the House of Commons for the National Federation of Building Trades Employers. (16/15, Part 3, folio 17M)



Local Government

6.57 Cases

- (i) 1970 Mr More (Whip) resigned as Vice-President of the Rural District Councils Association.
- (ii) 1974 Mr Foot (Secretary of State for Employment) and subsequently Mr Ellis (Assistant Whip) and Mr Alec Jones (PUSS, DHSS) were advised that they should not accept office as Vice Presidents of the Association of District Councils. (16/4, Part 5, Annexes 14 and 19)

Sport and the Arts

6.58 Cases

- (i) 1966 Mr Foley (PUSS, Home Office) lent his name to a ball to raise funds for the Commonwealth Games. (16/4, Part 1)

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- (ii) 1969 It was left to the discretion of Mr Short (Secretary of the DES) whether he should accept an invitation to be a Patron of a photographic exhibition "Photeurop" and to present a "Minister of Education's medal" (Both at request of Croydon Camera Club). (16/4, Part 2)
- (iii) 1970 Mr More (Whip) resigned as vice-chairman of the British Field Sports Society. (16/4, Part 3, Annex A, folder 3)
- (iv) 1971 It was left to the discretion of Mr Macmillan (Chief Secretary) whether he should accept an invitation to be a Governor of the Dolmetsch Foundation (early music and instruments. (16/4, Part 3, folder 14)
- 

- (vi) 1974 Mr Pavitt (Assistant Whip) was permitted to remain on the Committee of the Phoenix Opera Company provided he did not become involved in negotiations for or deputations about grants. (16/4, Part 5, Annex 20)
- 

- (viii) 1977 Lord Elwyn Jones (Lord Chancellor) was advised that it would be in order for him to write a letter of commendation of the Wrexham Musical Theatre Society provided its appeal was directed to the private sector.

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(16/15, Part 2, folder 22)

- (ix) 1977 See 6.47 (ix) for a case involving the League Against Cruel Sports.

- (xi) 1985 The Prime Minister was prepared in principle to become patron of Birmingham's bid to hold the 1992 Olympics making it clear that this was a general expression of support and did not indicate that government finance would be provided. It was expected that other party leaders and prominent people would also be asked to become Patrons. No other British cities were candidates by this stage.

- (xii) 1985 Lord Whitelaw (Lord President) was advised to decline an invitation to serve as President of the International Golf Show as Golf Shows Ltd was a private, profit-making venture (albeit one devoted to promoting the wider interests of golf, and subscribing some of the profits to charity). It was considered that Lord Whitelaw might, perhaps, accept an invitation to open a particular event if that were subsequently proposed.

Appeals

6.59 Generally speaking, Ministers have been permitted to support appeals in a personal capacity, particularly for local or constituency causes, provided that there is no question of seeking a contribution from Government funds and provided that the cause does not reflect or impact on Government policy in any way. Ministers supporting appeals are advised to avoid any activity which might be perceived as exploiting their Ministerial position to solicit funds for the appeal - for example by signing fund raising letters to individual potential donors (especially potential donors who do business with their department).



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6.60 Cases

- (i) 1966 Mr Foley (PUSS, Home Office) was not permitted to sponsor an appeal for a Roman Catholic Students hostel in London. (16/4, Part 1)
- (ii) 1968 Mr Short (Secretary of State, DES) was permitted to sponsor an appeal for the Clarion Youth hostel. (16/4, Part 2)
- (iii) 1970 Mr Silkin (Minister of Public Building and Works) was advised not to lend his name to an appeal by the Ruskin College Kitson Committee. (16/15)
- (iv) 1971/2 Mr Noble (Minister for Trade)  
were advised not to sponsor appeals by Help the Aged. (16/4, Part 3, Folder 20)
- (vii) 1972 Ministers generally were advised (by Private Secretary letter) not to support an appeal by Task Force. (16/4, Part 4)
- (viii) 1972 Mr Kirk (PUSS, MOD) was permitted to sponsor an appeal for Murray House, a Community Centre in

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Newcastle which had a link with the Admiralty.

- (ix) 1974 It was left to the discretion of Mr Whitelaw (Secretary of State for Employment) whether to sponsor an appeal to endow a Chair on Education for International Understanding, Co-operation and Peace at the University of London. (16/4)
- (x) 1976 Lord Elwyn Jones (Lord Chancellor) was permitted to sponsor an International Voluntary Service appeal for Northern Ireland teenagers (he was a vice-president of IVS) and to be patron of a concert for the Disabled Living Foundation. (16/15)
- (xi) 1977 Lord Elwyn Jones (Lord Chancellor) permitted to give his name to the London Borough of Newham Help the Aged Appeal. (16/4, Part 5, Annex 31)
- (xii) 1977 Mr Callaghan (Prime Minister) was advised that he could be a patron of a sponsored walk for funds for the Rhydlafor Hospital. (16/15, Part 2, Folder 39)
- (xiii) 1978 Mr Callaghan (Prime Minister) became a patron of the Submarine Memorial Museum Appeal. (16/15, Part 2, folder 59)
- (xiv) 1979 Mr St John Stevas (Chancellor of the Duchy) was permitted to make a brief appeal during a dinner on behalf of the Docklands Settlements. (16/15, Part 3, folder 14)

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- (xvi) 1984 Mr Butler (Whip) was permitted to join the Appeals Committee for the Courtauld Institute (to finance the proposed move to Somerset House) provided that he disassociated himself from any approach to the government for a contribution. (16/15, Part 4, Folio 10)
- (xvii) 1985 Lord Chancellor was advised not to sign an appeal to local councils to give a donation to the Bath Institute for Research into Rheumatic Diseases as a letter from a member of the Government, albeit in a personal capacity, seeking financial support from local councils was likely to be open to misinterpretation (especially in the light of political controversy over local government matters). (16/15, Part 4, folio 20)
- (xviii) 1987 Mr Thompson (PUSS, MAFF) was advised not to sign letters to companies in support of an appeal for a charity ball in aid of St Thomas's Hospital because of the risk of a potential for a perception of conflict of interest with Mr Thompson's Ministerial responsibilities especially in view of the proposal that the appeal should be directed, inter alia, at food manufacturers and brewers. (16/15, Part 5, Folio 67)

EDUCATIONAL BODIES

6.61 It has not been thought proper for Ministers to sit on the governing bodies of universities although a number of Ministers have been University Chancellors. A different view has been taken about schools, and there are several examples of Ministers sitting on school boards. The main reason for this difference of approach is the source of funding of the establishments concerned universities (and polytechnics) from central government, schools from local government or private foundations. The Permanent Secretary at the Department of Education and Science advised in 1989 that

the application of this principle pointed towards discouraging Ministers also from sitting on the governing bodies of Grant Maintained Schools and City Technology Colleges, whose provision for capital expenditure is at the discretion of the Secretary of State for Education.

### Honorary Degrees

6.62 In general, there is no objection to Ministers accepting honorary degrees, although in some circumstances this has given rise to considerable controversy within the university concerned, resulting in some embarrassment. A number of Ministers have received honorary degrees from overseas universities, eg Lord Snow (PUSS, Ministry of Technology) received an Hon.D.Sc. from Pennsylvania Military College in 1966 (16/2, Part 1, folio 1L). In such cases associated travelling and incidental expenses may generally be met by the university (see also paragraph 6.67 et seq). Fellowship of the Royal Society of Arts, see paragraph 6.58 (xv).

### Universities and Other Higher Education

#### 6.63 Cases

- (i) 1967 Mr Prentice (Minister of Public Building and Works) was not allowed to accept appointment as a trustee of a post-graduate medical centre. (16/4, Part 1)
- (ii) 1970 Under the terms of its charter a number of Ministers were empowered to make appointments to the Court of Cranfield Institute of Technology. Mr Crossland (Minister of Local Government and Planning) enquired whether this was in order and was assured that it was. (16/4, Part 2)
- (iii) 1970 Lord Drumalbyn (Minister without Portfolio) was not

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allowed to become a member of the Court of Brunei University. (16/4, Part 3, folder 6)

- (v) 1970 Lord Jellicoe (Lord Privy Seal) was not allowed to become a Governor of Kings College, London (although the Cabinet Office advised that he might accept provided he was ready to resign if a conflict arose). (16/4, Part 3, folder 6)
- (vi) 1974 In response to an inquiry from the Chief Whip, the Cabinet Office advised that Ministers should not accept nominations to the Courts of the University of Wales or UWIST. (16/4, Part 5, folder 1)
- (vii) 1974 Lord Elwyn-Jones (Lord Chancellor) was not asked to resign as President of the Court of University College, Cardiff. (This on the grounds that the post was akin to that of Chancellor). (16/4, Part 5, folder 1)
- (viii) 1977 Mr Archer (Solicitor General) was permitted to become a member of the Court of Birmingham University

(16/4,  
Part 5, Annex 1)

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- (x) 1989 Mr Wakeham (Lord President of the Council) was permitted to become an Associate Governor of the Anglia Higher Education College.

Schools

6.64 Cases

- (i) 1971 Mr Murton (Assistant Whip) was allowed to retain his Governorship of Cranfield School (and a directorship that necessarily went with it - see 6.18 (iv)) on the basis that he would resign if a conflict arose. (16/4, Part 3, folder 18). (NB: Lord Carrington was a Governor of Eton.)
- (ii) 1972 Mr Onslow (PUSS, Department of Trade and Industry) was allowed to become a Governor of Dulston Court School on the basis that he would resign if a conflict ever arose. (16/4, Part 4, Annex 15)
- (iii) 1974 Lord Elwyn-Jones (Lord Chancellor) was allowed to become a Governor of Stanley Deason High School, Brighton, on the basis that he would resign if a conflict ever arose. (16/4, Part 5, Annex 18)
- (iv) 1983 Lady Young (Lord Privy Seal) was allowed to remain a Governor of the Dragon School, Oxford.

RELIGIOUS BODIES

6.65 In the case of the General Synod (formerly the Church Assembly) of the Church of England, the traditional line has been that Ministers should not be members (because of the particular relationship between the Church of England and the State). This was reaffirmed in 1970 and 1972 (see (iv) below) but in 1983 Mrs Thatcher as Prime Minister took an entirely opposite view in the case of Mr Gummer. Since Mr Gummer took an active and public part in the activities of the Synod, without attracting criticism (of his membership), this may now be regarded as the established precedent. Other cases have been judged on their individual merits.

6.66 Cases

- (i) 1966 Mr Bishop (Assistant Whip) remained a member of the Archbishop of Canterbury's Commission on the organisation of the church by diocese in London and the South East. (16/4, Part 1)
  
- (ii) 1966 Dr Bray (PUSS, Ministry of Power) remained a member of the British Council of Churches on the basis that he would resign if a conflict arose. (16/4, Part 1)



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- (iii) 1970 Mr van Straubenzee (PUSS, Department of Education and Science) remained a Church Commissioner on the basis that he would resign if a conflict arose. He had also been a member of the Church and State Commission; it was agreed that he would not sign the report but that a note would be inserted to the effect that he had been a member of the Commission and had taken part in its discussions up to the point when he became a Minister of the Crown. He was allowed to remain a member of the Church Assembly as it was about to be abolished but it was agreed that he would not seek election to the General Synod (the successor body). (16/4, Part 3, folder 8)
- (iv) 1970 Mr Alison (PUSS, Department of Health and Social Security) was elected to the General Synod (not having consulted beforehand). After some discussion he resigned from the Synod on the instructions of the Prime Minister, Mr Heath. (In 1972 the Chairman of the Synod wrote to the Prime Minister asking him to look again at the practice that Ministers could not be members of the Synod. The Prime Minister reaffirmed the position.) (16/4, Part 3, folder 8)
- (v) 1974 Mr Armstrong (PUSS, Department of Education and Science) was allowed to continue as Vice-President of the Methodist Conference. (16/4, Part 5, Annex 7)

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- (vii) 1974 Mr Bishop (Minister of State, Ministry of Agriculture, Fisheries and Food) remained a Church Commissioner, but resigned as a member of the Redundant Churches Fund. (16/4, Part 5, Annex 15)
- (viii) 1979 Lord Ferrers (Minister of State, Ministry of Agriculture, Fisheries and Food) was permitted to become High Steward of Norwich Cathedral. (16/4, Part 6, Annex 10)

MEMORIALS

6.67 Cases

- (i) 19768 Lord Caradon (Minister of State, Foreign Office) and others were advised that it would be prudent not to be associated with the appeal for the Martin Luther King Memorial Fund because of its connection with Christian Action. (16/4, Part 2)
- (ii) 1968 Mr Crossman (Lord President) and Sir Elwyn Jones (Attorney General) were advised that they might be associated with the Sydney Silverman Memorial Fund, provided that the forest in Israel which was to be the

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memorial was not planted in occupied territory. (16/4, Part 2)

- (iii) 1970 Lord Shackleton (Lord Privy Seal) was told that there was no objection to his being associated with an approach to the Dean and Chapter of Westminster Abbey for a memorial tablet to Lord Hailey. (16/4, Part 3, f6)
- (iv) 1976 Lord Elwyn-Jones (Lord Chancellor) was told that there was no objection to his being patron of an appeal to establish a memorial to Mr Justice Finer. (16/15)
- (v) 1985 Prime Minister advised that there was no objection to her being patron of an appeal to establish a memorial to Lord Boyd of Merton (a former Secretary of State for the Colonies). There was also a request for a Government contribution and the Prime Minister suggested that the Trust (which was related to preventative medicine in the Tropics) should approach the Minister of Overseas Development to see whether a suitable project for co-operation could be identified.

INTERNATIONAL AWARDS AND HONOURS

From time to time, the personal support of Ministers is requested for nominations being made for international prizes and awards, eg the annual Nobel prizes. Ministers should not sponsor individual nominations for any awards, since it would be inevitable that some people would assume that the Government was itself thereby giving its sponsorship. (C(PR) (92) 3, paragraph 124)

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### Sponsorship of Nominations

6.68 Ministers are lobbied from time to time to support nominations for international awards, in particular the Nobel Peace Prize (see note 2). With one exception, nominations have been turned down on the basis that in such cases the distinction between a Minister's personal and official capacities tends to become obscured and that the use of a Minister's name, however carefully qualified, inevitably suggests some degree of Government interest (see PS (68) 13 on file 16/6). The need for a consistent response to any approaches led to the regular issue of Private Secretary letters until specific guidance was incorporated in the 1976 edition of "Questions of Procedure".

6.69 The one exception was in 1969 when Lord Caradon (Minister of State, FCO) was permitted to sponsor the nomination of Mr Paul Hoffman "as a special case", "not simply in his capacity as a member of HMG, but as Head of the United Kingdom Mission to the United Nations and as someone who not only knows Mr Hoffman well personally, but who has been personally associated with Mr Hoffman's work by virtue of his earlier service in Africa with the United Nations Special Fund". (16/6, Part 1, folio 19)

### International Prizes

6.70 There is no firm rule regarding the acceptance of prizes and cases should be judged against the "conflict" principle (a Parliamentary Answer in 1971 (Hansard 22 December 1971, col 370) simply referred to an earlier answer stating this principle). In the only cases on file, prizes have been accepted in the following instances:

- (i) Miss Lee (Minister of State, Department of Education and Science) received the Isabella d'Estee International Prize in 1968 for "her work in social welfare". (16/12)

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(ii) Mr Heath (Prime Minister) received the European Prize in 1971 for his "major and decisive contribution towards the unity of Europe". (16/12)

(iv) Mr Callaghan (Prime Minister) after obtaining advice from the Foreign and Commonwealth Office, accepted the first Hubert H Humphrey International Award, bestowed by the National Committee of American Foreign Policy in 1978 upon "an outstanding leader whose view of relations between peoples and nations approximated to the ideals of the late Senator Humphrey". (16/12, Part 2, Folio 2)

Foreign Decorations

6.71 It is a well established and very rigidly observed convention that Ministers (and officials) should not, while holding office, accept decorations from foreign countries, both because it might be construed as a reward for services to a foreign government, and because of our own very strict rules on awards to foreigners. Thus Mr Irwin (Minister of State, Ministry of Housing and Local Government) was advised in 1968 that he should decline a Lebanese honour. In 1982, the French sought to confer decorations on all the leaders attending the Economic Summit at Versailles. There was some concern that if the Prime Minister refused a decoration, in line with

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convention, it would be seen as a snub. It was suggested that the rules (which go back four centuries) were framed at a period when official visits by Heads of Government (as opposed to state visits, where exceptions are permitted) were unknown and consideration was given to a review. In the event, the French accepted the British (and Canadian) position and the matter was dropped (see 6/12, Parts 2 and 3; a copy of the regulations is at Folio 21 on Part 2).

ARMED FORCES RESERVES

6.72 Ministers have generally been allowed to continue membership or association with armed forces reserves provided that it is clear that their Ministerial duties must come first and that they would withdraw if a conflict of interest arose.

6.73 Cases



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- (iii) 1992 Sir Hector Monro (PUSS, Scottish Office) was advised that there was no objection to his continuing as Inspector-General of the Royal Ancillary Air Force, an honorary position at Air Commodore rank. He was warned only that difficulties might arise if the size of the Reserve became a contentious issue. (Precedent Box)

MISCELLANEOUS

6.74 Cases

- (i) 1941 Colonel Moore-Brabazon (Minister of Transport) asked whether he could apply for a patent for an invention (concerned with railway carriages). The Attorney General and the Treasury Solicitor decided that while he was free to take out a provisional patent and a final patent, he should not, while still Minister of Transport, claim any financial benefit from the use of the invention in this country although no restriction could be placed on his taking out foreign patents and enjoying the income which might result. Colonel Moore-Brabazon decided to take no further steps in the matter for the time being.
- (ii) 1961 Sir Norman Brook raised no objections to the proposal of Mr Marples (Minister of Transport) to establish an exclusive restaurant which would be owned by a company in his wife's name. (S+P 1007)
- (iii) 1961 Doubts were raised about Marples, Ridgway public relations activities vis-a-vis the Hammersmith Flyover. (S+P 1007)

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- (iv) 1970 Having resigned as vice-chairman of the family tailoring firm, Mr Weatherill (Whip) was advised that he need not surrender the Royal Warrant. (16/4, Part 2, f6)
- (v) 1970 It was left to the discretion of Mr Campbell (Secretary of State for Scotland) whether he should continue as Governor of the SS Great Britain project.
- (vi) 1971 Lord Drumalbyn (Minister without Portfolio) was advised that he might continue as President of the Highland Society provided he would resign if a conflict arose. (The Earl of Dundee had been President from 1958-64.) (16/4, Part 3)
- (vii) 1972 Mr Ridley (PUSS, Department of Trade and Industry) planned to hold an exhibition of paintings in the West End. The Prime Minister was content that the exhibition should go ahead, but felt that it would not be wise for a Minister to offer paintings for sale. (16/4, Part 3). But see xxi below.
- (viii) 1972 Sir Keith Joseph (Secretary of State for Health and Social Security) was permitted to be a patron of a Jewish National Fund to commemorate the Queen's Silver Wedding. (16/4, Part 4, Annex 9)
- (ix) 1973 Lord Jellicoe was advised that he should not accept an invitation to open the Hilton Hotel at Stratford-on-Avon. It would amount to advertising, favouring one hotel



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against another. (16/4, Part 4, Annex 17)

- (x) 1974 Lord Elwyn-Jones (Lord Chancellor) was permitted to remain a trustee of the Civil Trust on the basis that he would resign if a conflict arose. (The Civil Trust had been founded by Mr Sandys when he was Minister of Housing and Local Government but this "should not be taken to establish a precedent".) (16/4, Part 5, Annex 16)
- (xi) 1974 Mr Hugh Jenkins (PUSS, Department of Education and Science) was permitted to give character evidence at the trial of Miss Pat Arrowsmith, on the basis that this would not involve identification with her views. (16/4, Part 5, Annex 33)
- (xii) 1976 Lord Donaldson (Minister of State, Department of Education and Science, Minister for the Arts) was requested not to join the Council of the Zoological Society of London. (16/15, Part 2, folio 7)
- (xiii) 1977 Mrs Hart (Minister for Overseas Development) was permitted to give character evidence on behalf of Mr C Gordon Tether of the Financial Times. (16/4, Part 5, Annex 32)
  
- (xv) 1977 Advice was given that Mr Shore (Secretary of State for the Environment) should not participate in a Sun symposium

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on the EEC Common Agricultural Policy. (16/15, Part folio 47)

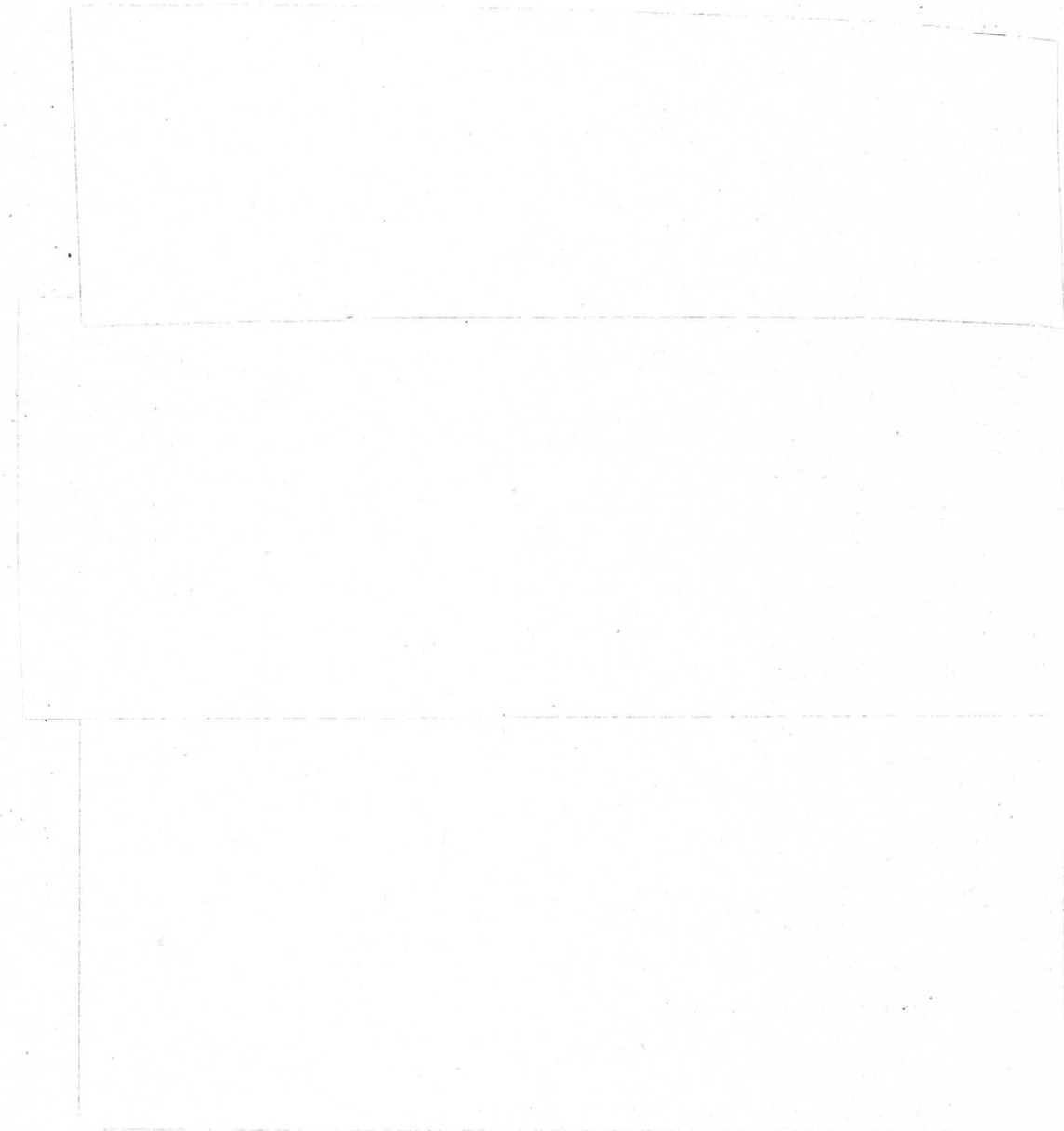
- (xvi) 1978 Mr Price (PUSS, Privy Council Office) was advised not to lend his support to an application by the Hansard Society for Parliamentary Government for an SSRC grant. (16/15, Part 2, folio 50)

- (xviii) 1981 Sir Keith Joseph (Secretary of State for Education and Science) was advised that there was no impropriety in acting as executor of his father's estate provided that he distanced himself from decisions on the investments involved. (16/4, Part 6, Folio 115)

- (xix) 1983 Mr Ridley (Secretary of State for Transport) was advised that there was no impropriety in his exhibiting pictures

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Painted by him in an exhibition, with a view to sale. The Prime Minister was aware of and content with the advice. (It is doubtful if the precedent at viii above was considered or that it would have affected the decision if it had been.) (194/1, Part 7, Folio 23)



PENSION ARRANGEMENTS

6.75 General guidance on pensions arrangements is set out in paragraph 95-101 of Questions of Procedure for Ministers and further general advice is the responsibility of the Treasury. Advice in particular cases is given to Ministers by the Fees Office (of

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the House of Commons) or, in respect of tax, by the Inland Revenue or the Financial Secretary, Treasury. Only very occasionally do Ministers raise questions about their pensions with the Prime Minister or the Cabinet Office. But see 16/4, Part 3, folder 5 (Mr Royle 1970), Part 4, Annex 3 (Mr van Straubenzee, 1973), Part 6, Annex 9 (Mr McGregor, 1979 and Mr Mitchell, 1979).

6.76 In 1979 Lord Soames (Lord President) consulted Sir John Hunt about the propriety of his continuing to accept the proportion of his salary as a former EEC Commissioner to which he was entitled until the end of the year. After consulting the Prime Minister, Sir John Hunt informed Lord Soames that this arrangement could continue. (16/4, Part 6, Annex 2)

### ACCEPTANCE OF GIFTS AND SERVICES

It is a well established and recognised rule that no Minister or public servant should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation. The same principle applies if gifts, etc are offered to a member of their family.

This is primarily a matter which must be left to the good sense of Ministers. But any Minister in doubt or difficulty over this should seek the Prime Minister's guidance. The same rules apply to the acceptance of gifts from donors in this country as to those from overseas (para 81 above). (C(PR) (92)3 Paragraph 126-7).

There may be difficulty in refusing a gift from another Government (or Governmental organisation) without the risk of apparent discourtesy. On the other hand the acceptance of a gift or the knowledge that one will be offered may in some countries and in some circumstances entail the offer of a gift in exchange. As a general rule Ministers should not offer gifts or initiate an exchange. In deciding whether to accept gifts from or offer gifts to members of other Governments (or Governmental organisations) Ministers should wherever possible consult their

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Permanent Secretaries who will be able to advise them of the rules applicable in such circumstances.

If a gift is accepted (whether or not a gift is offered in exchange) the following rules apply:

- (a) Its receipt should, in all cases, be reported to the Permanent Secretary.
- (b) Gifts of small value (currently this should be put at up to £125) may be retained by the recipient.
- (c) Gifts of a higher value should be handed over to the Department for disposal, except that
  - (i) The recipient may purchase the gift at its cash value (abated by £125)
  - (ii) If the recipient wishes to reciprocate with, and pay for, a gift of equivalent value the gift received may be retained.
  - (iii) If the Department judges that it would be of interest, the gift may be displayed or used in the Department.
  - (iv) If the disposal of the gift would cause offence or if it might be appropriate for the recipient to use or display the gift on some future occasion as a mark of politeness, then the gift should be retained in the Department for this purpose for a period of up to five years.
- (d) Gifts made overseas worth more than the normal travellers' allowances should be declared at importation to Customs and Excise who will advise on any duty and tax liability. (C(PR) (92) 3 Paragraphs 80-81)

6.77 The guidance is based on the same principles as the rules for officials, viz: that Ministers should not place themselves under any obligation to an outside body and that they should not benefit materially from their office. The general line in answer to Parliamentary Questions has been to draw on the first sentence of the guidance (eg Hansard 17 January 1978, col 105; 15 February 1973, col 409; 20 February 1952, col 280). In reply to a Question on 31 January 1980 the Prime Minister added that the detailed rules were similar to those in the Civil Service Code. The reference in the guidance to Ministers' families was added in 1979, in the light of comment on the Poulson affair. The guidance for civil servants is now contained in the Personnel Management Handbook - a copy is attached at Annex D.

### Gifts

6.78 The safest rule is that all gifts should be refused. This rule should be applied as rigidly as possible to gifts from commercial organisations whether British or foreign, and to British organisations, eg local authorities, professional bodies, except gifts to commemorate a visit or ceremony, provided these have only a token monetary value. In the case of foreign Governments or Governmental organisations, the risk of discourtesy has also to be considered. Where it would be discourteous or impolite to refuse a valuable gift it is often made clear that the gift will be used for the Public Service (eg in entertaining) - see note 3. Detailed guidance is given in paragraph 81 of Questions of Procedure. This was first introduced following the visit of Crown Prince Fah'd in 1975 when a number of Ministers received gifts of watches or daggers (16/17 Part 2, folio 3ff). The monetary limit has also been revised from time to time to keep pace with inflation. The limit of £125 was set in 1991 and intended to cover the life of the Parliament. (The current limit has, from time to time, been made public in response to parliamentary questions - eg 23 October 1981, when the limit was £50).

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Cases

6.79 The following cases contain certain interesting features, other cases may be found on File 16/17:

- (i) 1982 The Prime Minister accepted a silver teapot from Mr Haughey, the Taoiseach, following a summit meeting, on the basis that it would remain on permanent display in Number 10. She subsequently accepted a silver sugar bowl and cream jug from an Irish collector on the same basis (16/17, Part 3, folio 2-4). A suggestion that the teapot might ultimately be presented to an Irish museum (to avoid the risk of nationalist criticism) was not pursued.
  
- (ii) 1983 Lady Cockfield (wife of the Chancellor of the Duchy of Lancaster) was offered a brooch (thought to be worth £1,000) to commemorate launching a ship (the invitation had been issued while her husband was still Secretary of State for Trade). After consulting the Cabinet Secretary, Lord Cockfield decided to purchase the gift at its estimated cash value (less the discount of some 25% which the giver was thought to have received) but abated by the £75 limit (16/7, Part 3, folio 7m). In the event, the brooch turned out to be imitation jewellery, worth about £50.
  
- (iii) 1983 The Prime Minister accepted the first model of a Wang business computer for use in the Public Service when opening a new factory. But the Chancellor of the Exchequer was advised to refuse an unsolicited offer of a home computer. Although he had suggested that it might be kept at 11 Downing Street for the use of successive

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Chancellors, it was felt that this would be rather difficult to justify if, as seemed likely, the gift became public knowledge.

- (vi) 1989 The Cabinet Secretary set out guidance for the receipt of gifts by the Prime Minister to mark her tenth anniversary in that office. He noted that the key criterion was the risk of appearing to place the Prime Minister under an obligation. Against this, a gift from the Conservative



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Party, or (probably) from the Corporation of the City of London, would be acceptable in a way that ones from individual companies or foreign governments were not.

### Hospitality and Travel

When Ministers travel on official business, their travel expenses should normally be borne by the Departmental Vote. Where they are not, Ministers will wish to ensure that no undue obligation is involved.

In order to avoid the risk of misrepresentation, Ministers should not normally accept offers of free travel from foreign Governments, or other organisations except where provided as an integral part of a tour of inspection. In any cases of doubt, the Prime Minister should be consulted.

The expense of a Minister's spouse when accompanying the Minister on the latter's official duties may occasionally be paid from public funds, provided that it is clearly in the public interest that he or she should accompany the Minister. In the case of official visits overseas, the Prime Minister's prior assent should be obtained on each occasion. For official visits within the United Kingdom, this is at the discretion of the Minister in charge of the Department concerned who should consult the Permanent Secretary. The Prime Minister's prior approval is however required for any arrangement whereby a Minister's spouse may regularly travel at public expense within the United Kingdom; Ministers should arrange for the Treasury to be consulted about such arrangements before submitting them to the Prime Minister. (C(PR) (92) 3, paragraphs 72-74).

6.80 Gifts of services should, so far as possible, be treated in the same way as gifts in kind. The services most frequently offered are hospitality and travel facilities. There may be rare occasions when a Minister is invited to attend eg an industrial conference at a hotel, when it would be discourteous to refuse hospitality, and Ministers have been permitted to accept invitations of this nature (ie including

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overnight accommodation) provided they are not too frequent (see 16/2, Part 1, folio 84m). Invitations to functions involving meals are, of course, an accepted part of Ministerial life and would not usually be regarded as creating an obligation.

6.81 There has been some variation in the doctrine applied in particular cases, but in essence it has been as follows:

(a) If the visit is in the Minister's official capacity then the cost of travel should be met from official funds. This even applies to visits as the guest of foreign governments where that government may be paying all other expenses. Free travel in private aircraft is also discouraged.

(b) If the visit is not in the Minister's capacity as a Minister, then his travel may be paid for, but great care should be taken to avoid even the appearance of an obligation.

(c) The only permitted exception to the principle at (a) used to be set out in "Questions of Procedure", whereby the Minister responsible for a nationalised industry may accept travel facilities from the industry under certain circumstances. This is obviously increasingly less relevant.

### 6.82 Cases

- (i) 1967 The Prime Minister (Mr Wilson) decided that Mr Stonehouse (Minister of State, Ministry of Technology) could not accept an offer by the Brazilian Airline VARIG to finance a private visit with his family to Brazil. (16/2, Part 1, folio 5)
- (ii) 1967 The Prime Minister (Mr Wilson) decided that three Ministers visiting the Paris Air Show should not accept lifts from private companies. (16/2, Part 1, folio 10)

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- (iii) 1967 Primarily because of shortness of notice the Prime Minister (Mr Wilson) agreed that Mr Marsh (Minister of Power) could accept the offer of the International Pipeline Contractors Association to pay his expenses for addressing their Convention in Naples, provided Mr Marsh was satisfied that this would not place him under any obligation to individual commercial interests in the United Kingdom. (16/2, Part 1, folio 22)
- (iv) 1968 The Prime Minister (Mr Wilson) was content for Harvard Law School to finance a visit by Mr Lever (Financial Secretary) to Harvard to talk about the Government's relations with business and industry. (16/2, Part 1, folio 32)
- (v) 1968 The Prime Minister (Mr Wilson) stipulated that Her Majesty's Government, not Decca Navigation Ltd, should pay for the visit of Mr Mallalieu (Minister of State, Board of Trade) to Norway for the inauguration of Decca Navigation Stations. (16/2, Part 1, folio 43)
- (vii) 1968 The Prime Minister (Mr Wilson) did not object to the

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expenses of Mr Greenwood (Minister of Housing and Local Government) on a visit to Israel being met by the Bank of Israel and the World Federation of Jewish Labour Parties. (16/2, Part 1, folio 55)

- (viii) 1968/9 The Prime Minister (Mr Wilson) decided that the costs of the visit of Lord Gardiner (Lord Chancellor) to New Zealand (for a conference) and Canada (to open a Law Faculty building) should be borne by Her Majesty's Government. (16/2, Part 1, folio 62)
- (ix) 1969 The Prime Minister (Mr Wilson) agreed that the expenses of Lady Llewellyn-Davies (Whip) for a visit to Boston Children's Hospital should be met by the Great Ormond Street Children's Hospital. (16/2, Part 1, folio 79)
- (x) 1969 The visit of Mr Thomas (Secretary of State for Wales) to Pennsylvania to preach was paid for by the Methodist Church. (16/2, Part 1, folio 83m)
- (xi) 1969 The Prime Minister stipulated that none of the cost of the visit of Mr Crossman (Secretary of State for Social Services) to Harvard to give the Godkin lecture should fall on the Exchequer. (16/2, Part 1, folio 83p)
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- (xiii) 1970 No 10 were advised that the expenses for a visit by Mr Thomas (Secretary of State for Wales) to Welsh organisations in the United States should be met by the

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Exchequer if he was invited in his Ministerial capacity, but by the organisation if in a personal capacity. (16/2, Part 1, folio 94)

(xiv) 1970 Lord Shackleton (Lord Privy Seal) was permitted to accept expenses from the Memorial University of Newfoundland on the occasion of his acceptance of an Honorary Degree. (16/2, Part 1, folio 96)

(xv) 1970 It was suggested that the fares of Mr Robinson (Minister for Planning and Land) for a visit to the United States for a seminar on Pollution Abatement in Industry should be met by Her Majesty's Government rather than by the United States Department of the Interior. (16/2, Part , folio 85)

(xvi) 1970 The Prime Minister said that if Mr Paul Dean (PUSS, DHSS) attended the International Conference of the International Confederation of Voluntary Health Service Funds in Chicago his expenses should be paid out of Departmental funds and not by BUPA. (16/2, Part 2, folio 2)

(xvii) 1972 Lord Hailsham (Lord Chancellor) was advised that there was no objection to the Government of India paying his air fares and living expenses for a visit to India to receive an honorary degree, but that his Private Secretary should not travel at the expense of either Government. (16/2, Part 2, folio 7)

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(xix) 1975 Sir John Hunt (Secretary of the Cabinet) advised that Mr John Silkin (Minister of Planning and Local Government) should not accept an offer for him and his wife to be put up in a hotel by the Sri Lanka Government during a visit to Mr Felix Bandaranaike, a personal friend of the Silkins. (20/3, Part 2, folio 5)

(xxi) 1977 The Prime Minister decided that Lord Peart (Lord Privy Seal) and his wife could accept the hospitality of the Mauritian Government on a visit to Mauritius, but not payment of their air fare. (20/41)

(xxii) 1978 No objection was raised to Mr Foot (Lord President) accepting travel expenses from Cornell University for his participation in a conference on "The British Crisis" at Cornell but Mr Foot was advised not to accept the honorarium of \$300 he was offered. (16/8, Part 3, folio 5)

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(xxiv) 1979 Mr Berry (Assistant Whip) was advised that he could, exceptionally, accept a trip to visit a Tornado factory in Munich offered by British Aerospace.

(xxvii) 1981 Mr Mather (Whip) was advised against accepting free travel to the United States on a British Airways promotional trip.

(xxvix) 1984 Lord Hailsham (Lord Chancellor), a widower, was permitted to take his daughter at public expense to accompany him when delivering the Winston Churchill Memorial Lecture and visiting the European Court of Justice in Luxembourg.

(xxxii) 1988 The Hon Alan Clark (Minister for Trade) was permitted to fly from Brussels to Prague and from Prague to Brussels, in a British Aerospace private aircraft, because of the difficulty of accommodating all three engagements by the use of scheduled services. It was agreed that DTI should reimburse British Aerospace the notional cost of the flights (eg the equivalent cost of scheduled flights).

PERSONAL APPLICATIONS TO MINISTERS

6.83 Ministers receive a vast amount of correspondence from MPs and the public. All the MPs and some others will be personally known to the Minister and will no doubt receive a personal reply. There is a danger that, dealing with an approach from a friend or from an important or influential person, the Minister will face a conflict of interest similar to that arising in the case of private interests, gifts, etc. The general principles were laid down in the Prime Minister's statement on the Report of the Lynskey Tribunal. (Hansard, 3 February 1949, col 1855):

".... Ministers should be ready to inquire into personal cases in which it has been represented to them that an injustice has been done, or some failure of administration. Indeed, it is essential that Ministers should keep a close watch on the working of their Department and their machinery, and it may very well happen that a complaint made by a personal friend will put the Minister on inquiry so that something is cleared up. On the other hand, there must be no



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ground for suspicion that by the submission of a case to a Minister or a senior official rather than through the ordinary departmental channels, an individual will be able to get more favourable treatment. Generally, this matter is one that can be safely left to be solved by the good sense and integrity of Minister and civil servants”.

Further guidance can be found in the Report on Personal Applications to Ministers and Senior Officials of Government Departments (at Annex E - see especially paragraph 23).

### FORMER MINISTERS

On leaving office, there is no formal restriction, other than the normal rules on Members' interests, on former Ministers' taking up posts or other private sector interests, although they should naturally avoid any course which would reflect adversely on their or the Government's reputation for integrity on the confidentiality of its proceedings. (C(PR) (92) 3, paragraph 105)

6.84 Former Ministers are not governed by any of the guidance set out in this chapter and may, if they so wish, accept employment or office with any organisation whatever. (The brief reference to former Ministers' activities was added to QPM in 1991.) From time to time it has been suggested that a limitation should be introduced, eg on the lines of that applying to former civil servants, but this has never been taken up. See, for example, Parliamentary Questions to the Prime Minister from Mr Edelman (20 June 1968) and Mr W W Hamilton (19 June 1973). In his memorandum to the Royal Commission on Standards of Conduct in Public Life (Annex C) Sir John Hunt said that “it would be difficult for the Government of the day to exercise a discretionary function in respect of Ministers of a former Administration of a different complexion. Nevertheless, the principle [of avoiding a conflict of interest] should constrain Ministers while in office to ensure that no conflict arises between their public duties and their foreseeable private interests on leaving office. Former Ministers who remain Members of Parliament continue to be

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bound, of course, by the Parliamentary code of conduct. I am not conscious of any criticism attaching to former Ministers on this matter which suggests a need to attempt to introduce any further control" (paragraph 8 to 10).

6.85 Cases

- (iii) 1990 Mr Channon, former Secretary of State for Trade and Industry, considered as possible Chairman of the South Bank. Sir Robin Butler advised that there would be no impropriety in appointing a former Minister, but that appointing an MP would not be possible if the Chairmanship was an office of profit under the Crown. It would be for the Minister for the Arts to consider the political acceptability of appointing a former Minister. (Precedent Box)

MEMENTOS OF OFFICE

6.86 Ministers are permitted to take their official box with them as a memento when they leave office. They must pay to have the lock changed. In 1974, Lord Hailsham bought and removed the dictating equipment which he had used as Lord Chancellor. (16/17, folio 58ff)

MINISTERS' SPOUSES

6.87 The principles and guidance set out in this chapter only apply, in terms, to Ministers' spouses in respect of gifts and services (paragraph 126 of "Questions of Procedure"). Although, in principle, the fact of being married to a Minister has no bearing on the occupation or interests of a spouse (indeed the Prime Minister specifically rejected a proposed reference in Questions of Procedure for Ministers on this point when the draft of the 1987 edition was submitted to her), Ministers and their spouses should bear in mind the risk of an appearance of conflict between as Minister's public duty and the private interests of the spouse and to be prepared to make appropriate arrangements to guard against criticism. The same principle applies, with less force, to other members of a Minister's family.

6.88 Cases (see also relevant subject headings):

- (i) Business Interests. It was ruled in 1967 that Lady Longford (Lord Longford was Lord Privy Seal) should not become a member of a group bidding to control Southern Television because this could conflict with her husband's public duty. (195/1, folios 58-60).
  
- (ii) Public Appointments. See paragraph 6.9 and cases at 6.10 (vi), (xi), (xii), (xiii) above.

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- (v) Gifts. It was reported in 1973 that the wives of the Defence Ministers had sometimes performed the launching ceremonies for naval vessels and had received "a quite expensive memento from the shipbuilders". "But there is no question of any gain here - quite the reverse in fact as the lady is expected in turn to make some form of presentation to the ship at its commissioning and at various stages in its life, and meets the cost of this out of her own pocket". (16/17, folio 21)
- (vi) Travel and Hospitality. In 1967 it was recorded that "the Prime Minister has ruled in the past that Ministers' wives should not accept

hospitality from commercial or trade organisations". (16/2, Part 1, folio 22). See also 6.78 (ii), (xii), (xviii), (xix), (xxi), (xxiii) and (xxviii).

- (vii) Pressure Groups etc. There could be difficulty if a spouse were actively associated with an appeal for funds or a pressure group which directly concerned the Minister's area of responsibility. (See, for example, 6.51 (xviii) above.)

### PARLIAMENTARY PRIVATE SECRETARIES (PPSs)

Parliamentary Private Secretaries are not members of the Government, and should be careful to avoid being spoken of as such. They are Private Members, and should therefore be afforded as great a liberty of action as possible; but their close and confidential association with Ministers necessarily imposes certain obligations on them. (C(PR) (92) 3 Paragraph 45).

6.89 The guidance in "Questions of Procedure" (Paragraphs 45-48) is mainly concerned with the political and Parliamentary position of PPSs (see Chapter 9 for general advice on PPSs). This has implications, for example, on the extent to which PPSs may practice political journalism (see Chapter 7) or become involved with political pressure groups (see 6.90 (xiii) below). Since PPSs are not members of the Government and receive no remuneration for their duties it would not be reasonable to apply the private interest rules as strictly as in the case of Ministers, but the general principle remains the need to avoid a conflict, or the appearance of conflict, between their role as PPSs and their private interests. On those occasions when the Cabinet Office has been consulted (see below) it has usually been because the private interests of the PPS are connected with the responsibilities of the Department or his or her Minister, and in most of these cases the advice given has been that the individual should either divest him or herself of the interest or resign as PPS. The extent of the PPS's access to Departmental papers is very relevant. (see, eg, 6.90 (xi) below)

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6.90 Cases

- (i) 1961 It was advised that the Prime Minister's PPS (Mr Knox Cunningham) should not become a member of the BBC's Northern Ireland Regional Advisory Council.

ADVERTISING

6.91 As will be apparent both from the general principles laid down in "Questions of Procedure for Ministers" and from the guidance on particular forms of private interests, Ministers should not use their position for advertising or promotional purposes (except in relation to official activity). The only difficulty likely to arise in this area is in deciding what counts as a promotional activity and whether the promotional activity exploits their Ministerial position. Apart from cases noted under specific subjects elsewhere in this Chapter, the most common cases arise from Minister being asked to contribute a foreword to a forthcoming book (see Chapter 7) or to provide a quotable recommendation. Ministers have on occasion been permitted to undertake a limited amount of promotional activity in support of their own non-official writings, for example by giving interviews. (see Chapter 7)

6.92 The Prime Minister (Mr Wilson) said in the House of Commons on 8 July 1965:

"There are no specific instructions but it is well understood that Ministers do not lend their names to advertisements, and certainly not on any commercial basis". (file 16/4, Part 1)

FILES AND NOTES

Files

(before 1965, see file 4/1/1)

- 16/1 PQs on Ministerial conduct.
- 16/2 Gifts to Ministers by commercial concerns and foreign governments (Cases).
- 16/4 Ministers' Private Interests - Pecuniary conflict of interest.
- 16/6 Propriety of sponsorship by Ministers of nominations for international awards and honours.
- 16/11 Application of the principles of conduct to the Prime Minister's spouse.
- 16/12 Propriety of the acceptance by Ministers of the Crown of international awards and honours.
- 16/14 Prime Minister and Leaders of Political Parties to be Vice-Presidents of the English Speaking Union.
- 16/15 Propriety of Ministers participating in particular causes or activities.
- 16/16 Parliamentary Private Secretaries including Private Interests.
- 16/17 Policy on Ministers' gifts.



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- 16/19 Register of members' Interests.
- 109/23 Royal Commission on Standards of Conduct in Public Life.
- 194/1 Precedent Cases relating to Questions of Procedures for Ministers.
- 194/4 Procedure for dealing with personal applications to Ministers.
- 199/34 Advice requested by foreign Governments on UK Practice. (Also 199/25).

1. The confidentiality of Questions of Procedure itself was reasserted in 1982 when Mr Benn (as an Opposition MP) sought to lay a copy in the Library of the House (see Appendix A attached).
2. "Members of Parliament and Members of the Government of the different states" are specifically listed as among those eligible to make nominations for the Nobel Peace Prize.
3. See 16/2, Part 2, folio 37 for a note on how Departments may dispose of gifts.

Status of "Questions of Procedure for Ministers"  
(Minute from PS/Cabinet Secretary to PS/Prime Minister)

I understand that Questions were raised in the House this afternoon, in relation to the events surrounding the Monopolies Commission report on Anderson Strathclyde, about the advice contained in Questions of Procedure for Ministers concerning private interests such as directorships and shareholdings. As I understand it, Mr Benn first requested permission to lay a copy of Questions of Procedure in the Library himself (presumably his own copy of the version circulated during the last Administration) which was refused; he subsequently asked whether the Prime Minister could lay the document on his behalf and when The Speaker ruled against this, Mr Benn referred to the Prime Minister's Written Answer to Mr Douglas Jay (Thursday, 20<sup>th</sup> March 1980), when she quoted detailed rules relating to the holding of shares and directorships by Ministers and sought to apply the ruling that if members quote from documents in the House they may be asked to place a copy of the document in the Library. Although The Speaker ruled against this on the ground that it was an unreasonable request referring to a Question which had been asked two years previously, you sought advice in case the subject is re-opened at Prime Minister's Question time tomorrow morning.

2. There are two separate aspects which may be raised. The first is related specifically to the Answer that the Prime Minister gave Mr Douglas Jay in 1980 and the second is the general question of whether the Prime Minister is prepared to lay a copy of Questions of Procedure in the Library and, if no why not.

3. Questions of Procedure is a Confidential Cabinet document and it is a convention respected by successive Governments that such documents are neither quoted in the House nor placed in the Library except in exceptional circumstances. The circumstances in this case do not justify a departure from this practice. However,

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while actual Cabinet documents are neither quoted from nor produced, the substance of their content can be made available, if it is considered desirable, in other ways. In March 1975, the then Secretary of the Cabinet submitted a memorandum on Ministers' private interests to the Royal Commission on Standards of Conduct in Public Life. Annex B to this memorandum (copy attached) sets out the principle which should guide Ministers over their private interests and public duties. Paragraph 7 of the Annex on directorships and paragraphs 9 and 10 on shareholdings are identical to the relevant paragraphs in Questions of Procedure for Ministers (apart from small drafting change in paragraph 9). In Answer to a Question from Mr John Hunt on 8<sup>th</sup> march 1979 (Hansard extract attached) Mr Callaghan announced that a copy of this memorandum was being placed in the House of Commons Library. The quotation in the Prime Minister's reply to Mr Douglas Jay was, in fact, from the memorandum rather than from Questions of Procedure itself. Indeed, the Prime Minister's answer concluded by referring to the memorandum and drawing attention to the fact that a copy had been placed in the Library.

4. I attach Lines to Take if either of these points should be raised in Questions tomorrow.

R. HATFIELD

R.P. Hatfield

22<sup>nd</sup> December 1982

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Line to Take

Q.1 Will the Prime Minister place a copy of Questions of Procedure for Ministers in the Library?

Draft Answer

No Sir. The document concerned is a confidential Cabinet document and it is a long standing practice of successive Governments that such documents are not placed in the Library.

Q.2 Did not the Prime Minister quote from the document in reply to a Parliamentary Question from Mr Douglas Jay?

Draft Answer

The Answer I gave quoted detailed rules relating to the holding of shares and directorships by Ministers which were set out in Annex B of a memorandum submitted by the then Secretary of the Cabinet to the Royal Commission on Standards of Conduct in Public Life in March 1975. As stated in that Answer, a copy of that memorandum is already in the Library and was placed there by the rt. hon. Member for Cardiff South-East in response to a Question from Mr John Hunt on 8<sup>th</sup> March 1979.

8. MINISTERS' PRIVATE INTERESTS

103. Ministers will want to order their affairs so that no conflict arises or is thought to arise between their private interests and their public duties. They should normally make their own decisions on how best to proceed but in many cases, as is shown below, there are established precedents. Where there is a doubt it will almost always be better to relinquish or dispose of the interests but in such cases the Prime Minister must be the final judge, and Ministers should submit any such case to him for his decision.

104. Where it is proper for a Minister to retain any private interest, it is the rule that he or she should declare that interest to Ministerial colleagues if they have to discuss public business in any way affecting it, and that the Minister should remain entirely detached from the consideration of that business.

105. On leaving office, there is no formal restriction, other than the normal rules on Members' interests, on former Ministers' taking up posts or other private sector interests, although they should naturally avoid any course which would reflect adversely on their or the Government's reputation for integrity or the confidentiality of its proceedings.

Public appointments

106. When they take up office Ministers should give up any other public appointment they may hold. Where it is proposed that such an appointment should be retained, the Prime Minister must be consulted.

Directorships

107. Ministers must resign any directorships they hold when they take up office. This applies whether the directorship is in a public or a private company and whether it carries remuneration or is honorary. The only exception to this rule is that

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directorships in private companies established in connection with private family estates may be retained subject to the condition that if at any time the Minister feels that conflict is likely to arise between this private interest and public duty, the Minister should even in those cases resign the directorship. Directorships or offices held in connection with charitable undertakings should also be resigned if there is any risk of conflict arising between the interests of the undertakings and the Government.

### Partnerships

108. Ministers who are partners in professional firms, as eg solicitors, accountants etc., should on taking up office, cease to play any part in the day-to-day management of the firm's affairs. They are not necessarily required, however, to dissolve their partnership or to allow eg their annual practising certificate to lapse. Beyond this it is not possible to lay down precise rules applicable to every case; and Ministers in doubt about their personal position should consult the Prime Minister.

### Investments

109. Ministers cannot be expected, on taking up office, to dispose of all the investments they hold. But if a Minister holds a controlling interest in any company, the considerations are similar to those governing the holding of directorships; and if there is any danger of an actual or apparent conflict of interest, the right course is for the Minister to dispose of the controlling interest in the company.

110. There may also be cases where, even though no controlling interest is involved, the holding of a particular investment in concerns closely associated with a Minister's own Department may create the danger of an actual or apparent conflict of interest. This can arise either -

- (a) from exercise of powers or other influence in a way which affects the value of investments held; or

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- (b) from dealing in investments in circumstances where there may be a reasonable suspicion that the Minister has special knowledge.

111. Any exercise or non-exercise by a Minister (including a Law Officer) of a legal power or discretion or other influence on a matter in which the Minister has a pecuniary interest could be challenged in the courts and, if the challenge is upheld, could be declared invalid.

112. A Minister should, upon assuming office, review his or her investments and, if it seems likely that any of them might give rise to an actual or apparent conflict of interest, they should be disposed of. Ministers should also ensure that, while they are in office, they do not acquire any investments which seem likely to give rise to an actual or apparent conflict of interest.

113. If Ministers have substantial investments covering a wide range of interests, such that it might be difficult to judge the likelihood of actual or apparent conflict of interest, they should consider, as an alternative to disposal, transferring the investments to a blind trust, ie a discretionary trust under which the Minister is not informed of changes in investments or of the state of the portfolio. Ministers would, however, need to instruct those managing the investment to report full and accurate overall totals of income and capital gains, so that they can complete their tax returns. If a Minister engaged an agent to complete the return he or she could require the agent to review the accuracy of the income and capital gains figures provided and to send any necessary supporting material to the tax office. Alternatively, the Minister could instruct those managing the investments to send the detailed breakdown of the figures to the tax office.

114. Where Ministers, notwithstanding any action taken on assuming office, are called upon to exercise any power or discretion or other influence which could give rise to an actual or apparent conflict of interest they should delegate this exercise to another Minister, who has no actual or apparent conflict of interest, and should take no part in the preparation or reaching of any relevant decisions. In any case of doubt,

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for example as to their ability to delegate, they should consult the Legal Advisers to their Department.

115. Ministers are bound by the provisions of the Companies Securities (Insider Dealing) Act 1985 in relation to the use or transmission of unpublished price sensitive information obtained by virtue of their Ministerial Office. Apart from their obligations under that Act, Ministers should scrupulously avoid speculative investments about which they have, or may be thought to have, early or confidential information likely to affect the price of those investments. Ministers should also consider whether, in cases where they are trustees of trusts in which they or others are beneficiaries, the possibility of a conflict of interest could arise.

116. Ministers will wish to consider whether or not investments of their (minor) children and their spouse should be treated similarly to their own.

117. Ministers who are in doubt as to what they should do in this sort of matter may wish to consult responsible financial advisers as to the implications for their (or their family's) affairs of any action which they are considering to avoid an actual or potential conflict of interest. They are also entitled, if they so wish, to consult the Permanent Secretary in charge of their Department. It is in the end for them to judge what action they need to take but they should record whether or not they consider any action necessary and the nature of any such action taken. This can be done in a minute to the Permanent Secretary of the Department. Any action taken subsequently to avoid actual or apparent conflict of interest should also be recorded.

### Membership of Lloyd's

118. A Minister holding office as Prime Minister, Chancellor of the Exchequer or as President of the Board of Trade (Secretary of State for Trade and Industry), or a Minister holding office as a Minister in the Treasury who is responsible under the Chancellor of the Exchequer for taxation matters relating specifically to Lloyd's, or as a Minister in the Department of Trade and Industry responsible under the Secretary of



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State for Trade and Industry for insurance matters relating specifically to Lloyd's, should not be an underwriting member of Lloyd's or, if already a member of Lloyd's on appointment, should suspend underwriting during tenure of that office. No such Minister who has been an underwriting member of Lloyd's should exercise any statutory powers where the exercise of the powers affects Lloyd's, or any syndicates, brokers or agents with which he or she is connected until all syndicate years for which he or she was an underwriting member have been closed (usually after three years) or until he or she had no further interest in their performance; nor should such a Minister take decisions on taxation questions directly affecting Lloyd's.

119. A Minister in whom powers under legislation relating to Lloyd's are vested should not delegate the exercise of those powers to any other Minister who is an underwriting member of Lloyd's or who still has open syndicate commitments in respect of past membership.

120. A Law Officer who is an underwriting member of Lloyd's, or who still has open syndicate commitments in respect of past membership, should not tender advice on the formulation, application or enforcement of legislation relating to Lloyd's, and should, as far as is practicable, avoid taking enforcement decisions relating to Lloyd's.

121. As regards Ministers who are members of Lloyd's on appointment to offices which do not automatically require them to suspend underwriting under the terms of paragraph 118 above, it is nevertheless inappropriate that they should take an active part in the management of the affairs of syndicates of which they are members and they should on appointment as Ministers withdraw from such active participation. There may also be cases in which if a Minister is a member (as a "name" only and not as an active participant in management) of a syndicate which underwrites business in an area in which his Department has responsibility, he or she may be required to suspend underwriting risks in that area (or, if necessary, in the whole business of the syndicate) so long as he holds that office. Thus, for example, the Secretary of State for Social Security would be required, if a member of Lloyd's, to suspend underwriting pensions and life insurance; the Secretary of State for Employment

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would be required, if a member of Lloyd's, to suspend underwriting employers' liability insurance; the Secretary of State for Transport would be required, if a member of Lloyd's, to suspend underwriting marine, aviation and United Kingdom motor insurance; and the Minister of Agriculture, Fisheries and Food would be required, if a member of Lloyd's, to suspend underwriting livestock insurance; so long as they held those offices. If selective suspension of this kind is not practicable because of the nature of the syndicate's business, then the Minister concerned will be obliged to suspend all underwriting during his term of the relevant office. A Minister who still has open syndicate commitments in respect of part membership should not take part in any discussion of or decisions on any matters affecting Lloyd's if his continuing benefits or liabilities in respect of the period before suspension might be affected by the decision and might therefore make him vulnerable to reasonable suspicion of exerting or being in a position to have exerted undue influence. The requirements of this paragraph apply equally to underwriting by junior Ministers in those areas of their Department's work for which they are responsible to the Secretary of State, unless satisfactory arrangements are made to exclude the Minister concerned from any discussion of an any decision on any matter affecting Lloyd's.

122. Every Minister is required, on appointment to a first or subsequent Ministerial office, to obtain the Prime Minister's permission before continuing a connection with Lloyd's, however nominal. Any Minister wishing to establish any such connection during his term of appointment should likewise obtain the Prime Minister's permission to do so. Before granting permission, the Prime Minister will need to be satisfied that the conditions indicated above will be met.

123. In addition, the Secretary of the Cabinet is required to keep a list of Ministers who are members of Lloyd's. He will ask all Ministers on appointment to a first or subsequent office whether they are a member of Lloyd's, and if so whether they propose to continue or suspend underwriting while they hold Ministerial office.

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### Nominations for International Awards, etc.

124. From time to time, the personal support of Ministers is requested for nominations being made for international prizes and awards, eg, the annual Nobel prizes. Ministers should not sponsor individual nominations for any awards, since it would be inevitable that some people would assume that the Government was itself thereby giving its sponsorship.

### Non-Public Bodies

125. Ministers should take care to ensure that they do not become associated with non public organisations whose objectives may in any degree conflict with Government policy and thus give rise to a conflict of interest. Hence Ministers should not normally accept invitations to act as patrons of pressure groups, or of organisations dependent in whole or in part on Government funding. There is normally no objection to a Minister associating him or herself with a charity (subject to the points above) but Ministers should take care to ensure that in participating in any fund raising activity, they do not place, or appear to place, themselves under an obligation as Ministers to those to whom appeals are directed (and for this reason they should not normally approach individuals or companies personally for this purpose). In any case of doubt, the Prime Minister should be consulted before a Minister accepts an association with such bodies. Ministers should also exercise care in giving public support for petitions, open letters etc.

### Acceptance of Gifts and Services

126. It is a well established and recognised rule that no Minister or public servant should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation. The same principle applies if gifts etc are offered to a member of their family.

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131. Ministers who expect to resume their former employment on ceasing to hold Ministerial office and who elect not to participate in the Parliamentary Fund in respect of their Ministerial salary may remain in active membership (that is, with continued payments of contributions, and with their period of office counting as continued pensionable employment) of any pension scheme relating to that employment provided that this can be done under the rules of the scheme. In these circumstances the continued contributions may be paid by the Ministers alone, or by the former employer alone, or jointly, depending on the rules of the other scheme.

132. It must be emphasised that any arrangements made under paragraph 131 must not go outside the terms of the particular pension scheme. There would be no objection to a general alteration of the rules of a scheme when this is necessary to permit such arrangements; but approval could not be given for the addition to the scheme of a special provision relating only to the tenure of a Ministerial Office. If Ministers have any doubts about the propriety of any arrangements they intend making, the Prime Minister's Private Secretary may be consulted.

133. Ministers who elect not to participate in the Parliamentary scheme in respect of their Ministerial salary, and who make no arrangements of the kind set out in paragraph 131, may be entitled to claim tax relief on premiums paid under a "retirement annuity contract" or "personal pension scheme" to provide additional pension etc benefits for themselves or provision for their families in the event of death. Such contracts are issued subject to the limitations and conditions laid down in the Tax Acts. Relief is normally limited to 17.5 per cent of the Ministerial salary excluding, for a Minister in the Commons, the difference between a Minister's reduced salary as a Member and a Member's pensionable salary. Higher limits apply to those aged over 50 (in the case of retirement annuity contracts) or aged over 35 (with personal pension schemes).

134. The taxation effects of arrangements such as are mentioned in the paragraphs above may vary according to the Minister's particular circumstances. The Controller,

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Inland Revenue, Pension Schemes Office, Lynwood Road, Thames Ditton, Surrey, KT7 0DP, will be willing to explain the effects for tax purposes of any proposed arrangements under paragraph 131; he will also give, on request, further information on the legislation and reliefs available in respect of retirement annuity contracts. Alternatively a Minister may make any inquiry through the Financial Secretary, Treasury.

Hansard, 2 April 1987, col 567

**Mrs Ann Clwyd** asked the Prime Minister what advice was issued to Ministers, prior to privatisation of British Telecom, about participation by Ministers in the purchase of shares in British Telecom.

**The Prime Minister:** Those Ministers most closely involved in the flotation of British Telecom were told that it would be ill-advised to apply for BT shares at the time of flotation. Other Ministers were advised that there was no general bar on applying for shares, subject to the normal requirement that there should be no conflict of interest.

Ministers were also advised that subsequent purchases of BT shares came under the general guidance given to Ministers on taking office.

Hansard, 2 April 1987, col 567

**Mrs Ann Clwyd** asked the Prime Minister if the advice to Ministers about the conduct of their financial affairs has been revised to take account of the opportunities for purchasing shares in privatised companies.

**The Prime Minister:** There has been no change to the general guidelines to Ministers on the conduct of their financial affairs. It has been the usual practice to issue specific advice to Ministers about the purchase of shares in privatised companies, which were formerly in public ownership, at the time of flotation.

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Hansard, 26 November 1987, col 261

**Mr Cryer:** To ask the Prime Minister if she will place in the Library a copy of the rules governing Ministers and their relatives receiving presents or obtaining financial advantage; and if she will make a statement.

**The Prime Minister:** A memorandum by the then Secretary of State of the Cabinet describing the guidance given to Ministers on this matter was submitted in evidence to the Royal Commission on standards of conduct in public life in 1975. A copy is in the Library. The current guidance is to all intents and purposes the same, and continues to be based on the principle that Ministers must so order their affairs that no conflict arises, or appears to arise, between their private interests and their public duties.

Hansard, 15 January 1988, col 410

**Mr Dalyell:** To ask the Prime Minister what steps she has taken to ensure that the Parliamentary Under-Secretary of State for Scotland, the hon Member for Edinburgh, West (Lord James Douglas-Hamilton) has complied with the rules governing ministerial conduct, with particular reference to the divestment of financial interests, insofar as they relate to his dealings with the Housing (Scotland) Bill; and if she will make a statement.

**The Prime Minister:** I have been advised of the facts and am satisfied that no breach of the rules governing ministerial conduct has occurred.

**Mr Dalyell:** To ask the Prime Minister if she will place in the Library the rules regarding the conduct of Ministers, with specific reference to their financial and other interests.

**The Prime Minister:** It has been the practice of successive Governments not to make Cabinet documents public or to release them to Parliament. So far as

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Ministers' financial interests are concerned, I refer the hon Gentleman to my reply of 26 November 1987 to the hon Member for Bradford, South (Mr Cryer) at column 261.

Hansard, 19 January 1989, col 261

**Mr Roberts:** To ask the Prime Minister what are the guidelines for Cabinet Ministers' dealings in shares.

**The Prime Minister:** A memorandum by the then secretary of the Cabinet, which included the guidance given to Ministers on this matter, was submitted in evidence to the Royal Commission on standards of conduct in public life in 1975. A copy is in the Library. The current guidance is to all intents and purposes the same and continues to be based on the principle that Ministers must so order their affairs that no conflict arises, or appears to arise, between their private interests and their public duties.

Hansard, 9 November 1989, col 725

**Mr Campbell-Savours:** To ask the Prime Minister (1) what safeguards are in place to ensure that Ministers or former Ministers do not allow stockholding companies or financial intermediaries handling their personal affairs to trade in stocks where price-sensitive information has been made available;

(2) what safeguards are in place to ensure that former Ministers do not give price-sensitive information to stock market traders; whether any breaches have occurred in the period 1982 to 1988; and if she will make a statement.

**The Prime Minister:** For any individual knowingly to deal on the basis of unpublished price-sensitive information obtained (directly or indirectly) from an insider is a criminal offence under the insider dealing legislation. As has been the practice under successive Governments, Ministers are given advice, on taking up office, on steps which should be taken and action from which they should refrain in respect of any investment they may hold or acquire so as to avoid a conflict of



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interest. This includes the advice that Ministers should scrupulously avoid speculative investments in securities about which they have, or may be thought to have, early or confidential information likely to affect the price of those securities. I am unaware of any breaches of the legislation by Ministers or former Ministers having occurred in the period 1982-88.

Hansard, (Lords), 13 December 1989, p1389

**Lord Jenkins of Putney asked Her Majesty's Government:**

Whether they will consider whether it is proper for any Minister of the Crown to retain a share portfolio even if he ostensibly relinquishes control over it to a firm of stockbrokers or otherwise.

**The Lord Privy Seal (Lord Belstead) :** As has been the practice under successive governments, Ministers are not expected on assuming office to dispose of all the investments they hold. They are given advice on taking up office of the steps which should be taken and the actions from which they should refrain in respect of any investments they may hold or acquire in order to avoid a conflict of interest. Ministers should normally take their own decisions to give effect to this principle in the light of that advice.

Hansard, 18 January 1990, col 383

**Mr Flynn:** To ask the Prime Minister if she will publish the advice given to Ministers of the Crown on their private commercial and business interests.

**The Prime Minister:** The general principle was set out by the then Secretary of the Cabinet in a memorandum to the Royal Commission on standards of conduct in public life in 1975, a copy of which is in the Library.

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Ref. A094/3654

**NOTE FOR THE RECORD**

**Ministerial Pensions**

Arrangements for Ministerial pensions are set out in paragraphs 128 to 134 of Questions of Procedure for Ministers, published in May 1992. (A copy of the relevant paragraphs is attached.)

2. Questions of Procedure for Ministers allows for Ministers to remain in active membership of a pension scheme other than the Parliamentary Contributory Pension Fund. Contributions may be paid by the Ministers alone, or by the former employer alone, or jointly, depending on the rules of the other scheme. Any such arrangements must not go outside the terms of the particular pension scheme.
3. This note sets out the origins of these arrangements, in view of recent questions both in Parliament (written Questions to the Prime Minister from Brian Wilson MP during October 1994) and in the press (eg Independent 12 November 1994) about the arrangements made by Mr John MacGregor MP. Copies are attached.
4. The arrangements for Ministerial pensions were introduced in 1956. The circumstances which led up to their introduction are recorded on a No 10 file: PREM 11/1480, which has been released to the Public Record Office. The background is set out in the attached annex.
5. The new guidance was incorporated into Questions of Procedure for Ministers in 1958. It was retained by the incoming Labour Government in 1964. These paragraphs were not specifically drawn to the new Prime Minister's attention when he was invited to issue Questions of Procedure for Ministers.

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**STEPHANIE PANTING**

28 November 1994

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**AUGUST 1991**

Ministerial Pensions - Background

1. Early in 1956 two cases arose of newly appointed Ministers wishing to retain pension rights which they had prior to their appointment.
2. The Committee on Ministers' Directorships and Shareholdings was reconvened under the chairmanship of the Lord President of the Council to consider the issues raised.
3. The Committee met on Wednesday 11 April 1956 to consider a paper prepared by the Treasury on retention of pension rights by Ministers. The Committee considered how the existing instruction that "Ministers must so order their affairs that no conflict arises or appears to arise between their private interests and their public duties" should apply to pension rights. The Committee concluded that there could be no real objection to a Minister continuing to participate in a pension scheme provided that any payments made by the employer were limited to the amount necessary to pay the full contributions to a pension scheme.
4. The Committee instructed the Secretaries to prepare a note which the Lord President might invite the Prime Minister to circulate to Ministers, setting out tentative principles for their guidance. Accordingly, the Lord President submitted general principles to the Prime Minister on 17 May 1956.
5. The Prime Minister met the Lord President, the Lord Privy Seal and the Chief Whip on 29 May 1956 to discuss these matters. It was decided that Ministers should be allowed to maintain existing superannuation rights on the grounds that not to do so would risk discouraging people from accepting Ministerial office, in view of the increasing importance which superannuation rights were assuming.
6. The Prime Minister informed the Cabinet of his conclusions at the meeting of the Cabinet on 5 June 1956. He asked members of the Cabinet to send him a note of

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any arrangements they had made concerning their pension arrangements and asked the Leaders of the two Houses of Parliament and the Chief Whip to make similar enquiries of Ministers of Cabinet rank and of junior Ministers. No further cases of difficulty came to light.

7. The Prime Minister's Private Secretary wrote to Private Secretaries to all Ministers on 9 July 1956 with guidance on Ministerial pensions. A copy is attached. This guidance was broadly in line with the current edition of QPM and included a provision that Ministers' pension contributions could continue to be paid by the firm alone, if it were a normal provision of the scheme that the firm might pay all the contributions on behalf of an employee who had temporarily left their service.