PUBLIC SERVANTS, *PRIVATE PAYDAYS*

How ministers and mandarins make life after government pay – a Revolving Doors Special

by Richard Brooks and Solomon Hughes

Post-Brexit, it's all change at the top. A bunch of ministers are out of a job and advisers and top officials might find it's time to move on, too. But fret not. A well-trodden path from the public to private sector ensures ministers and mandarins looking to profit from their time in government are all but guaranteed a job in business, usually in an area over which they have exerted great influence. Today's public servants have joined an undeclared public-private partnership with their future employers if, that is, they serve their future paymasters well. This is the story of Britain's well-oiled Revolving Door, and the price we all pay for it…

RETIREMENT jobs for those at the top of public life aren't all new. Whitehall's Sir Humphreys have long walked into Great British boardrooms soon after picking up their retirement carriage clocks. The corporate heavyweights had to be kept plugged into the establishment, after all. But for the politicians who, constitutionally at least, made the decisions affecting public life, taking the business shilling after a life in office was seen as below the salt. A life in government meant a life in public service, and it wasn't to be sullied by cashing in at the end of it.

Instead, post-war Tory patricians took worthy public positions and wrote their memoirs. Harold Macmillan became an active chancellor of Oxford University and bequeathed a six-volume autobiography to a grateful nation; Sir Anthony Eden took a similar post at Birmingham University and bred Hereford cattle, while Sir Alec Douglas-Home ran a cricket club and pottered around on the Scottish family estate.

Old Labour generally hung on in politics until they were worn out. Clement Attlee retired to the Lords at 72, while Harold Wilson, cashing in on his supposed wit, tried his hand as a chat show host with no joy. His successor Jim Callaghan did provoke a minor scandal when he joined the newly-formed Bank of Wales under controversial financier Sir Julian Hodge, known to *Eye* readers at the time as the "Usurer of the Valleys".

It was under the Tory government of Margaret Thatcher, when the relationship between state and business moved closer and reached the panting climax of privatisation, that senior politicians really began to make their positions pay. Norman Tebbit joined the board of British Telecom soon after selling it off; Peter Walker, the energy secretary who had flogged the British gas industry for a bargain price, landed a directorship with British Gas.

NUMBER CRUNCHING

137 Ministers who have applied to go through the revolving door since 2010

394 Jobs for which they have sought clearance from the government's advisory committee, Acoba

0 Times Acoba has refused them

This trend became a central feature in the atmosphere of sleaze surrounding the Conservative government of the 1990s. Labour's emerging generation naturally condemned what it saw as yet more Tory greed. "Privatisation began with the selling of the family silver," bellowed one Gordon Brown MP. "It is now ending in the farce of golden parachutes for departing cabinet ministers."

Less subtle early 1990s scandals, such as the "cash for questions" episode, forced the prime minister John Major to set up the Committee on Standards in Public Life under Lord Nolan in 1994. Nolan was also supposed to tighten the rules on what Brown had called "jobs for the boys". But when it came to the revolving door, he did little more than extend to ministers the already ineffectual system governing civil servants who took jobs in the private sector, complete with the comically short three-month waiting time before starting a commercial job after leaving office.

Former ministers would now have to run their new jobs past the advisory committee on business appointments (Acoba). But this was less a gatekeeper and more a commissionaire standing by the spinning door to ensure no one got stuck on their way from the public to private sphere.

New Labour, New Scandal

No sooner had Tory sleaze helped usher in the New Labour government of 1997 than Labour was gripped by its own scandals, this time of the lobbying variety.

Motor racing tycoon Bernie Ecclestone donated £1m to the party before the election and, early in office, Labour reversed its plan for a ban on the tobacco advertising that funded his industry. When former New Labour spin doctor Derek Draper was then recorded offering privileged access, Tony Blair had to renounce sleaze, declare that his government would be "purer than pure" and insist with all sincerity that he was "a pretty straight kinda guy".

It was a while before serious political sleaze returned to dog Labour. But the whole New Labour project, with its "third way" of embracing the private sector while pursuing social justice, soon twisted the state apparatus in a more fundamental way. It was less well reported, however, as it went on out of sight.

Where the Tories had privatised, New Labour "outsourced". Rather than offload public utilities to the private sector, business was brought in to run the services under contracts that had to be attractive enough to entice them. Leading executives, many from the companies that would benefit from the paydays ahead, were brought into Whitehall to lead a series of "taskforces" that would design this new world. This required the revolving door to spin company men and women *into* the corridors of Whitehall.

Incoming captains of industry included banker Adrian Montague, later knighted, to run the private finance taskforce that would put rocket boosters under a young PFI scheme; Northern Foods chairman Lord (Chris) Haskins to sort out "better regulation"; Barclays chief executive Martin Taylor, an Old Etonian whose brief was welfare and benefits; British Airways chairman Lord Marshall to review energy policy; and even Richard Branson to look at sports sponsorship following the Ecclestone fiasco.

Montague's PFI taskforce, stuffed with consultants from the big accountancy firms that now styled themselves "professional services" made the most serious inroads. Soon, billions of pounds worth of over-priced contracts for major

NUMBER CRUNCHING

367 Jobs for which former mandarins have sought clearance from Acoba since 2010

0 Times Acoba has refused them

hospitals were signed, with millions of pounds in fees going to the same firms. Their consultants from the firms also sat alongside various industry heavyweights on the "public services productivity panel" set up by Gordon Brown, chaired by former BP boss Lord Simon and charged with making health, education, defence and other functions of government more efficient – almost always through outsourcing and competition.

As the consultants fanned out across Whitehall – and around 300 private sector employees were seconded into departments – the great efficiency push in fact ushered in the long process of fragmentation and outsourcing of public services. There is little evidence the intended efficiency ever arrived, but job opportunities for those behind the policy certainly did.

Kerrching! Kerrching!

Among those cashing their New Labour chips relatively early was health minister Baroness (Margaret) Jay, who in 2001 found a role with major outsourcing company Amey. Another junior minister in the same department, Lord Hunt, took an advisory post with the firm favoured for advising on outsourcing health services to independent contractors, KPMG.

Meanwhile former education minister Baroness (Tessa) Blackstone was in demand with VT, part of the ship-making company Vosper Thornycroft that now saw outsourcing rather than boats as the future and was also providing services to local education authorities.

Completing an even more arduous ideological journey was former transport and Cabinet Office minister, and one-time International Socialist, Lord (Gus) MacDonald. He began a long and lucrative stretch at Australian investment bank Macquarie as it bought up public infrastructure. And he wasn't the only former firebrand to feel the warm glow of an outsourcer's pay cheque. Labour's former defence, health and home secretary John Reid, later ennobled, went on to find a home with notorious cock-up merchants G4S (*see Great 4 Screw-ups below*).

Mandarins satisfied with a job well done included Sir Steve Robson, the Treasury official who had overseen everything from such triumphs as railway privatisation in the 1990s to the private finance initiative and, er, light touch reform of financial services. Soon he too would be in the KPMG boardroom – and not long after in Royal Bank of Scotland's too, picking up £100,000 a year as a non-exec as the bank careered out of control without too much regulatory attention.

All were in fact beating a path first trodden by defence big-wigs. For decades MoD officials and top brass who had had influence over contracts (that were perpetually late and over budget) found their commercial acumen was valued by the big companies that had benefited from those contracts.

Now, along with the usual suspects of BAE Systems, Westland Helicopters et al, a new wave of government suppliers came fishing in this pool of contacts – sorry, "pool of talent and experience". Thus when Lord Boyce, the former First Sea Lord and Chief of the Defence Staff, ended his military service, the five jobs he took included one with WS Atkins, a major military support services outsourcer.

Such were the numbers of MoD senior staff moving to the defence industry (*see Hey, big spenders…, facing page*) that in its 2004 report, the advisory committee on business appointments suggested: "It can be argued that the numbers seeking such employment are so significant as to amount to a 'traffic' from the department to the defence contractors…" The result could be "a hope or expectation of post-retirement employment with companies with which they would be dealing officially". And what was established practice in the defence industry was fast becoming the case everywhere.

Splashing the cash

The Labour government that was re-elected in 2001, released from its first-term spending constraints, splashed the cash on contractors and the outsourcing of services – creating more job opportunities and obvious conflicts of interest.

Acoba, led from 1999 by former Tory attorney-general and Northern Ireland secretary Lord (Patrick) Mayhew, started to impose conditions on new jobs far more frequently. Of 36 applications from top civil servants approved in 2002/03 by the committee – which looks only at moves by ministers and the most senior mandarins – just 11 (36 percent) had conditions attached, usually in the form of a waiting period. The following year 31 out of 47 (66 percent) were conditional.

Yet at the top of government the revolving door was seen as A Good Thing, so even the committee's limited interventions were an irritation. In one case prime minister Blair directly overruled Mayhew. When Air Chief Marshall Sir John Day sought a position with Britain's largest defence equipment supplier, BAE Systems, in 2003 Mayhew decided he should wait a full year before taking the job, four times the usual quarantine period.

Day had "been involved with Air Force Board decisions that would have had a direct bearing on the MoD's business with the company" and "normal propriety principles and rules" dictated a significant wait. No doubt grateful for Day's efforts as commander-in-chief of the RAF's Strike Command when it struck 1,300 times in Iraq just a few months before, the prime minister overruled the committee in the "wider national interest".

Blair saw the revolving door as critical to public sector reform. Back in 1999 he had moaned of the "scars on my back" from what he saw as civil service opposition to his plans, and he stuffed his second-term Downing Street operation with "can do" McKinsey management consultants.

The US outfit had first reorganised government by creating President Dwight D Eisenhower's "contractor state" in the 1950s; and despite disastrous work at the BBC and Railtrack in the 1990s, this was precisely the kind of firm Blair wanted running his show in the early 2000s. In came ex-McKinseyite Michael Barber, later knighted, to run a "delivery unit" (alongside former BBC boss and McKinsey adviser Lord (John) Birt as "blue skies thinker").

The other side of this coin was to get public servants *into* private sector jobs more easily, which meant further weakening the rules regulating the revolving door, "to ensure they are compatible with public service that is keen to encourage greater interchange with the private sector…" The task was given to a former civil servant, Sir Patrick Brown, who had helped

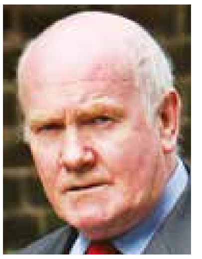
G4S: Great 4 Screw-ups…

THE history of G4S – once Group 4 Security but now more accurately "Great 4 Screw-ups" – illustrates how the revolving door bangs everyone on the head as it spins.

Despite repeated failure and scandal, over 30 years G4S has won an ever larger slice of the taxpayers' pie. Its UK business grew fourfold between 2004 and 2012, to £1.9bn, with £0.7bn coming from public sector work (£0.6bn of that from central government).

G4S's first big privatisation break, transporting prisoners, saw inmates escape from and die in custody. The government's own lawyers called the firm a "laughing stock" after its Yarl's Wood immigration detention centre burnt down in 2002. From its gold medal Olympic cock-up ten years later, when it couldn't produce enough trained security staff, to fiddling its prisoner tagging contracts, the firm has gone from disgrace to embarrassment but continues to win favours from a government whose senior figures spin through the revolving door and into its employment.

After former Tory minister and Conservative party chairman **Sir Norman Fowler** (since elevated to the peerage) became a director of Group 4 in 1990, Labour's Barbara Roche said: "The prison contracts are an integral part of the government's whole privatisation programme. The fact that you can have Sir Norman Fowler, who is close to the heart of government, having this connection with Group 4 raises questions about how sleazy the whole operation is."



Cabinet minister John Reid discovered the joys of outsourcing at G4S

Another Labour MP, **John (now Lord) Reid**, signed a 1992 Commons motion calling on Fowler to resign from the G4S board and for a halt to prison privatisation. But when he became defence, health and then home secretary in the 2000s, Reid leapt on the privatisation bandwagon himself, continuing to hand contracts to G4S. In 2008, having left office, he completed the move from privatisation scourge to beneficiary by becoming a £50,000-a-year consultant to G4S.

G4S has bagged many other big public sector cheeses. **Sir Paul (later Lord) Condon**, commissioner of the Met Police from 1993 to 2000, sat on its board until 2012, leaving after the Olympics fiasco. And **Philip Wheatley**, the Ministry of Justice's director-general for prisons and probation, became a consultant in 2011, as have a number of former prison governors and top staff from other departments. The danger of the revolving door isn't just that it puts money into politicians' pockets and so threatens the integrity of the public-private sector divide; it's that it hands sensitive public services to incompetents like G4S.

privatise bus, rail and water services before taking his own turn through the revolving door into the boardrooms of Northumbrian Water and bus and rail operator Go Ahead.

Brown duly recommended relaxing the rules, but Blair was frustrated by resistance from Mayhew and the parliamentary public administration select committee that oversaw him, then chaired by Labour's Tony Wright MP. In fact a series of scandalous moves only increased pressure for some sort of clampdown as Blair entered his final years in office. Even before the MPs' expenses scandal, public mistrust, aggravated by the Iraq War and a sense that the political elite were in it for themselves, had reached alarming levels. And with some justification.

Many who were once in the front ranks of the Blair project began to bail out as his premiership sputtered out. Those who had led his market-oriented reforms found themselves most in demand. Alan Milburn, the health secretary between 1999 and 2003 who had done so much to enhance the private sector's share of NHS services through commissioning reform and foundation trusts, had led the way by becoming an adviser to private equity group Bridgepoint Capital. It was behind a number of health companies, including Alliance Medical, that were cashing in on the changes.

One of his successors at health, Patricia Hewitt, also found her experience valued by three companies that were winning business in the now opened-up health market: Alliance Boots, BT – which received billions of pounds from the NHS's disastrous IT programme – and Cinven, the private equity group that bought Bupa's hospitals.

At the same time the consultants who had been brought in to push through the health reforms found that, their work done, they could now take lucrative private sector positions helping both NHS and private healthcare providers navigate the labyrinthine systems they had created. The NHS's director of commissioning, Mark Britnell, resigned in 2009 to become a partner at KPMG, as did his deputy, Gary Belfield, just a few months later.

Contemplating the future of the health service at a conference in the US in 2010 after the coalition government had been formed on a deficit cutting agenda, reported the *Observer*, Britnell told private health companies: "The NHS will be shown no mercy and the best time to take advantage of this will be in the next couple of years." His firm, with more than 200 consultants working on health, stood ready to help.

City of dreams

The other great beneficiaries of the New Labour years were the banks – and no revolving door turned more smoothly than that between the City and the public bodies that had been instrumental in the "light touch" regulation the bankers valued so highly.

Labour's first economic secretary in charge of creating the softly-softly Financial Services Authority, Ruth Kelly, ended up at HSBC bank when she stood down as an MP in 2010. She now sits on the board of the body that replaced the useless FSA, the Financial Conduct Authority. Meanwhile the man who led the FSA during its formative years, Sir Howard Davies, had gone on to the payroll of US investment bank Morgan Stanley when he left the regulator.

The same firm was home for four years from 2003 to Britain's current top civil servant, Sir Jeremy Heywood. He had been a civil servant in the Treasury and at Number Ten, but left after it emerged in the Hutton inquiry into weapons inspector Dr David Kelly's death that he had failed to minute key meetings. At Morgan Stanley Heywood led the team that restructured Southern Cross care homes leading to its infamous collapse, before being welcomed back to Downing Street in 2007 as new prime minister Gordon Brown's head of policy.

The champions of reform at the top of the civil service, who had invited increasing numbers of bankers and consultants in, all found their own rewards on the outside. The head of the civil service under Blair until 2005, Lord (Andrew) Turnbull, landed a handy retirement position at management consultancy Booz Allen, among other jobs. His achingly modernising successor, Lord (Gus) O'Donnell, who left in 2011, enjoys posts at consultancies Frontier Economics and PwC, Canadian bank Toronto Dominion and a directorship of Brookfield Asset Management.

And then of course there was the master himself, Tony Blair, who span gloriously through his own gilded revolving door (*see Banking on high office, overleaf*). If life as a statesman-businessman was perfectly acceptable, why shouldn't anybody get in on the act?

High-speed gravy train

With the tone set from the top, even as trust in public life hit rock bottom with the 2009 MPs' expenses affair, the revolving door refused to slow down.

As a recession induced by bankers running

Clockwise from top left: Former cabinet ministers Alan Milburn and Patricia Hewitt; and Sir John Day and Sir Steve Robson, who all span through the revolving door on the back of New Labour policy

Hey, big spenders…

IT MIGHT be no coincidence that the most spendthrift part of government is also the one whose top brass most commonly go to work for the companies receiving the fattest cheques.

In 1984, Labour's Gordon Brown railed against "the incestuous relationship between the Ministry [of Defence] and the arms world", but little has been done to break it up. By 2010, after 13 years of Labour rule, the MoD had ordered £36bn worth of kit more than it could afford.

The coalition government claimed to have addressed this, but cost overruns persist. The price of new aircraft carriers, for example, has risen from £2.9bn in 2008 to £6.2bn – which means more money for the Aircraft Carriers Alliance building them, led by French firm Thales and Britain's Babcock and BAE Systems.

Babcock likes hiring important people. Tony Blair's former security adviser **Sir David Omand** sits on the board, as did **Admiral Sir Nigel Essenhigh**, the former First Sea Lord, until his retirement in 2012. That year **Admiral Sir Trevor Soar**, former commander-in-chief of the Royal Navy Fleet, became a Babcock consultant. Within a year he had resigned in "embarrassment" after a *Sunday Times* reporter caught him claiming that he could "ignore" lobbying bans.

Also in 2012, Babcock hired **Lieutenant-General Sir Paul Newton**, former commander of training in the army, as a member of its advisory board at a time Babcock was expanding its military training contracts.

Does it work? Maybe for Babcock, but not for taxpayers. Last year the National Audit Office (NAO) revealed that a £3.2bn joint Babcock-Lockheed scheme to train UK military aircrew was running five years late and the MoD may run out of pilots.

Britain's largest big-ticket arms firm, BAE Systems, is no stranger to tardiness or cost inflation. Its Astute class submarines ran £2bn over budget; and the MRA4 Nimrod programme was cancelled in 2010 when it was £789m over budget and nine years late. It too loves a top airman. In September 2012, **Air Chief Marshal Sir Simon Bryant** became a BAE Systems programme director, following the 2010 appointment of **Air Chief Marshal Sir Glenn Torpy** as a senior adviser.

Diplomatic expertise can help too. In 2011, **Sir Sherard Cowper-Coles**, former Foreign Office special representative to Afghanistan

Soar point: Admiral Sir Trevor swapped the MoD for Babcock

and Pakistan – a key "war on terror" post – became the firm's business development director. He was previously Britain's ambassador to Saudi Arabia and, according to a leaked US embassy cable, had a "profound effect" on the decision not to prosecute BAE Systems for corruption in 2005. He left to join another prosecution-dodger, HSBC bank, in 2013.

Foreign-owned firms also shop for top British connections. Babcock's pilot training cock-up partner, US arms giant Lockheed, has **Sir David Manning** – one of Tony Blair's key Iraq War aides – on its board. The company's UK chief executive, **Peter Ruddock**, joined after leaving his job as RAF Air Marshal in 2011. Thales, meanwhile, recruited former defence minister **Baroness (Ann) Taylor** in 2010 and GCHQ director **Sir David Pepper** in 2009.

amok hit most people in the pocket, the mandarins' and ministers' favourite gravy train simply put on a more frequent service. In 2010/11, largely following the ejection of the Labour government, 42 former ministers applied for 95 jobs.

Less than a quarter were approved unconditionally, indicating the extent of the conflicting interests. A spike in the numbers might have been expected at such a point, but this was no mere blip. A couple of years before, the Commons public administration select committee had concluded that "former ministers in particular appear to be able to use with impunity the contacts they build up as public servants to further a private interest". This, said the MPs, "is unacceptable, particularly where they continue to be paid from the public purse as sitting Members of Parliament." They were particularly irked by the case of Labour MP Stephen Ladyman (*Who he? Ed.*), a former transport minister who was using his erstwhile office "as a way of introducing himself when lobbying" for a traffic information company.

More stellar New Labour veterans' reputations went before them. Untroubled by Acoba's concerns, leading lights including Lord Mandelson (former trade minister), Lord (John) Hutton (former business and defence secretary) and Jacqui Smith (former home secretary) all trooped into firms with interests in what not long before had been inside their ministerial red boxes. Not surprisingly, when MP Tony Wright's committee demanded stricter rules, it met with little interest from a government and ministers already on their way out.

March of the on-the-makers

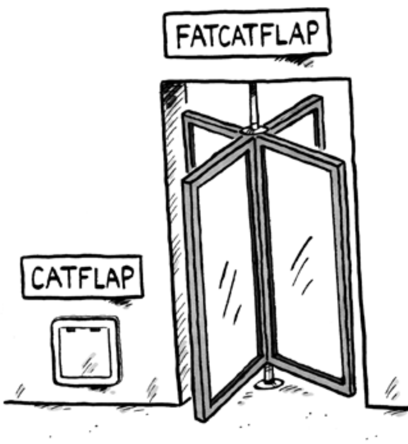
Just as Tony Blair had come into office promising to clean up, so did David Cameron.

In opposition shortly before arriving in Downing Street in 2010, he announced that he would end "crony capitalism", including "the ex-ministers and ex-advisers for hire, helping big business find the right way to get its way".

He did eventually extend the ban on former ministers and mandarins lobbying government in their new jobs from one year to two; but he did nothing to address the core problem. To the surprise of nobody, the gravy train rolled on – more powerfully even than under New Labour.

With the outsourcing of public services now embedded in Britain – the value had doubled to around £120bn by 2015, according to the Information Services Group consultancy – so too is the idea of the public-private servant. The dismal record of the services doesn't matter. G4S and Serco, for example, might have fiddled contracts for tagging prisoners for years (and are still under investigation by the Serious Fraud Office), but the government persists in handing them outsourcing contracts.

Thus a civil servant who had advised on justice policies such as tagging, David Griffiths, could go to work for G4S in December 2011.



BANKING ON HIGH OFFICE: Tony and Mandy cash in

THERE were no greater beneficiaries of the Tony Blair era than the bankers, whose bonuses escalated as the British government bent over backwards to allow them to trade their most toxic products in London. While the world's taxpayers eventually coughed up to pay for the damage, they got their chequebooks out for the former British prime minister.

In early 2008, just a few months after leaving office, Blair took an advisory role at US investment bank JP Morgan for a reported £2m a year. Another cushy number soon followed with Swiss insurance company Zurich Financial Services.

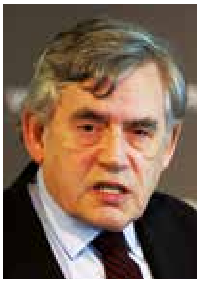
Blair does not have to declare who else he works for, and fees pass through a secretive web of partnerships and companies called Windrush and Firerush. Occasionally snippets do emerge, such as his work for Kuwait and the United Arab Emirates. These have prompted accusations of a conflict of interest with his role as Middle East peace envoy, a job he acquired in 2008 and resigned from last year as the Chilcot report hove into view. Then there were nice little earners from not so nice regimes such as Kazakhstan. Estimates of Blair's wealth range from £20m to £100m.

Blair's co-architect of the New Labour project, **Lord (Peter) Mandelson**, can't be too far behind. He has a £7.5m Regent's Park house and works through the modestly-named Global Counsel LLP, which promises clients to "add value" to their activities by "combining our understanding of politics and economics with our experience in government".

Mandelson claims that he need declare only the consultancy, not its clients. he thus enjoys life on the red benches and a title that impresses clients while escaping the need to name his real paymasters – breaching the spirit if not the letter of the rules. Again, however, details sometimes seep out. The peer and former EU trade commissioner has admitted doing extensive work for controversial Indonesian company Asia Pulp and Paper as it deals with an agreement between the country and the EU over illegal logging. His directorship of Sistema, a Russian conglomerate with defence and surveillance interests and close ties to the Kremlin, is a matter of public record; as is his chairmanship of the advisory board of Lazard International, a network of senior figures acting for the bank that isn't itself a company and conveniently doesn't publish accounts that might reveal how much it pays its chairman.

The final member of the New Labour triumverate, **Gordon Brown**, has also found a welcome in the City as an adviser to US fund management giant Pimco. Among the company's recent strategies has been to buy the dross on many banks' balance sheets in the wake of the financial crash, including billions of pounds worth from Lloyds Banking Group – which collapsed and needed a major bail-out after its Brown-engineered tie-up with HBOS in 2009. The former chancellor and prime minister passes his fee from Pimco to the Office of Gordon and Sarah Brown for good works.





PIECES OF EIGHT: Top turns through the revolving door

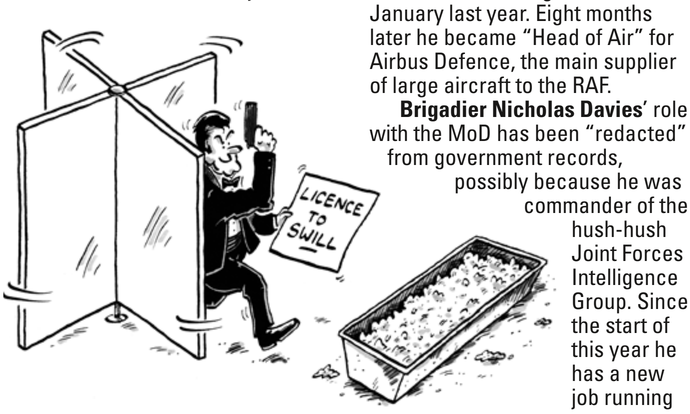
Minister	Public position	Subsequent private payday
Lord (David) Blunkett	Secretary of state for work and pensions 2005	Adviser to scandal-hit 'workfare' firm A4E
Alan Milburn	Health secretary 1999 -2003, increasing role of private sector	Adviser to private health company investor Bridgepoint Capital
Lord (John) Hutton	Health minister 1999-2005; defence secretary 2008-2009	Director, Circle Holdings (private company that took over Hinchingbrooke Hospital); adviser to defence contractors Bechtel and Lockheed Martin
Lord (Andrew) Lansley	Health secretary 2010-2012, behind Health Service Act that removed limits on hospitals' private sector work	Consultant with Bain & Co, US management consultancy promoting health service privatisation
Sir Ed Davey	Secretary of state for energy and climate change 2012-2015, agreed deal for Hinkley Point C to be built by EDF	Adviser to MHP Communications, lobbying firm for EDF
Sir Howard Davies	Chief executive of 'light touch' Financial Services Authority 1997-2003	Directorships of financial services companies Morgan Stanley, Prudential, Phoenix Group and chairmanship of RBS
Dave Hartnett	HMRC permanent secretary for tax until 2012, concluding several tax deals with chairman of Deloitte including Vodafone sweetheart deal and discussing with HSBC tax evasion through Switzerland	Consultant to Deloitte; member of HSBC's 'financial systems vulnerabilities committee'
Rupert Harrison	Chief economic adviser to chancellor George Osborne, behind major pension reforms	Managing director of asset management company BlackRock, cashing in on pension reforms.

TIERS BEFORE BEDTIME: the lower orders

MANY more senior civil servants than previously known are flying under the radar into new jobs with companies linked to their past work, *Private Eye* can reveal.

Permanent secretaries and their deputies – the top two tiers of the civil service – have always had to apply to Acoba for approval for new jobs. But directors and deputy directors who are third and fourth tier mandarins (for older readers, think Bernard to a department's Sir Humphrey) have their applications considered by their own bosses.

Details of such moves from May to December 2015 reveal that around half the 50 top staff leaving 16 departments went to work either for companies in business areas related to their former job or for consultancies that serve them. The link between old and new job was strongest in the Ministry of Defence, with six of the 12 staff going straight into the arms trade:



Brigadier Jon Brittain was head of defence logistics and the Joint Forces Command – which brings together air, sea and land forces – until February 2016. But on 19 December 2015 (before he'd officially left), he became a partner in Terrington Management, an arms industry lobbyist.

Air Commodore Jonathan Ager was an assistant chief of staff at Air Command until late 2015. He is now a programme director for arms firm Lockheed.

Air Vice-Marshal Peter Ewen was director of air support for the RAF, "responsible for the procurement, in-service support and airworthiness of the Royal Air Force's fleets of large aircraft" until January last year. Eight months later he became "Head of Air" for Airbus Defence, the main supplier of large aircraft to the RAF.

Brigadier Nicholas Davies' role with the MoD has been "redacted" from government records, possibly because he was commander of the hush-hush Joint Forces Intelligence Group. Since the start of this year he has a new job running "business strategy" for Raytheon, the hi-tech arms firm which last year announced a "£70m geospatial intelligence deal for the UK Joint Forces Intelligence Group".

Paul Blakiston was a director in charge of "value for money benchmarking" for the MoD at the start of 2015. By the end of the year he was strategic development officer for Babcock Marine, one of the Navy's biggest contractors, with multi-billion pound contracts for nuclear submarines and the like.

The revolving door out of the Ministry of Justice is in good working order too:

Craig Watkins, director of finance and planning at the MoJ, became business development leader at EY (Ernst & Young), focusing on public sector work for central and local government and health. EY was paid by the MoJ to develop its recent privatisation of probation.

Ian Young, the ministry's "solutions delivery director" became a programme director at Lockheed Martin.

David Cooke, business IT portfolio manager at the MoJ, joined Atos. It and Lockheed each have £125m computer contracts with the department, awarded in 2013 and 2014. The MoJ was concerned enough to ask Lockheed and Young to sign non-disclosure agreements. So that's all right, then.

Elsewhere, **Alistair Fernie**, director for international finance at the Department for International Development, is now a suit at McKinsey. DfID approved the move, saying there was "no intent from McKinsey to engage Alistair on DfID contracts for the first two years of employment". Nevertheless, Fernie says on his CV that one of his "key achievements" was overseeing "a £735m capital increase of private equity company CDC Group plc". Viewing this publicly-owned development fund, formerly the Commonwealth Development Corporation, as a private equity company says everything about the approach to development that a civil servant might take if he has one eye on who might be buttering his bread in future.

At the Department for Work and Pensions, **Michael Hewson** was the account director for the Health Services Directorate "leading the team responsible for the policy on the PIP [personal independent payment] assessment, including the assessment criteria". He is now an executive at Atos, the private firm that runs PIP assessments (er, so badly that 60 percent of rejected claims are overturned on appeal).

Lucy Robinson, deputy director of the HS2 "growth and regeneration" team at the Department of Transport, is now a director for government policy and funding at London and Continental Railways, the private firm that runs the Channel Tunnel Rail Link with heavy government financial support, and is now working on HS2 rail development – if it ever happens.

Elsewhere, the official in charge of the Department for Work and Pensions' "work programme", Alan Cave, went to work for Serco, one of the DWP's main suppliers.

Departing ministers too now take jobs with companies whose business they have greatly influenced as a matter of course.

Sir Ed Davey, Lib Dem energy secretary in the coalition, felt no compunction about combining his new knighthood with a job at the lobbying firm for French company EDF, towards whom he had pushed a £20bn (and rising) nuclear contract while in office.

A trade minister or Foreign Office minister routinely moves on to at least one job with a company prospering in the area he or she has promoted. David Cameron's Africa minister Mark Simmonds resigned in 2014 claiming he couldn't live on his government salary and took ten private sector jobs – most related to his ministerial portfolio (see *Eye* 1406).

Nor is there any question that a top spook should not land a job with one of the banks and/or oil companies working in sensitive parts of the world. The last three heads of MI6, knights Richard Dearlove, John Scarlett and John Sawers, have ended up in the boardrooms of BP, Statoil and BP respectively. Long-serving director of MI5 Sir Jonathan Evans joined HSBC; while this year the head of GCHQ, Sir Iain Lobban, became a director of Standard Chartered. All companies benefit from heavy government lobbying on their behalf around the world, even – in the case of the two banks – to protect them from the consequences of unrestrained money laundering and sanctions-breaking.

Senior civil servants in charge of transforming public services also seem to have apparently automatic employment rights in the private companies that benefit from their efforts. A common career pattern is now something like 80-90 percent in the public sector for the job security and (still) very good pension, followed by a few years in the private sector on a much higher salary. A survey earlier this year in the *Daily Mail* found that two thirds of the jobs applied for by top mandarins since 2008 were in the sectors they were responsible for in office. The same goes for ministers.


On Her Majesty's Lucrative Service: Former MI6 heads Sir Richard Dearlove, Sir John Scarlett and Sir John Sawers

Acoba's most recent report, for 2015/16, shows that as well as a record number of ministerial moves (largely because so many Lib Dems left government), there was an "increasing tendency for individuals to seek to take up appointments in business or other sectors with which they have had dealings while in public office".

Since the latter part of a public sector career tends to be spent in the most influential positions, and at best these people will not want to upset any likely future employer, the effect on the attitude to business within government is obvious.

The trend is followed lower down the ranks, too – as new information uncovered by the *Eye* reveals (*see Tiers before bedtime: The lower orders, above*). Until 2010, the number of senior civil servants at the couple of grades below the top mandarin levels passing through the revolving door annually was at least reported, reaching 394 in 2008/09. These moves into the private sector, approved either by the civil servant's department or the Cabinet Office, are no longer counted.

The scale of this migration erodes a cornerstone of sound government. When William Gladstone sought to reform a civil service in which there was too much cronyism in the mid-1850s, the men he commissioned for the job, Sir Stafford Northcote and Charles Trevelyan, called for civil servants "possessing sufficient independence, character, ability and experience…" to advise ministers impartially. That independence is swept away by the ever-turning revolving door.

The Browning version

Against the tide stands the prime minister's advisory committee on business appointments. Acoba's longstanding critic, veteran Labour MP Paul Flynn, calls it "nothing but a poodle without teeth or claws, bark or bite… totally and utterly useless". The *Eye's* latest investigations suggest he isn't far off the mark.

Since 2010, as *Eye* 1407 reported, the committee has not advised that a single proposed appointment, out of more than 750, should not be made. Approving a series of controversial moves, the committee under one-time Tory minister Baroness (Angela) Browning has published inaccurate accounts of ministers' and officials' prior dealings with their new employers. In some cases this poses questions

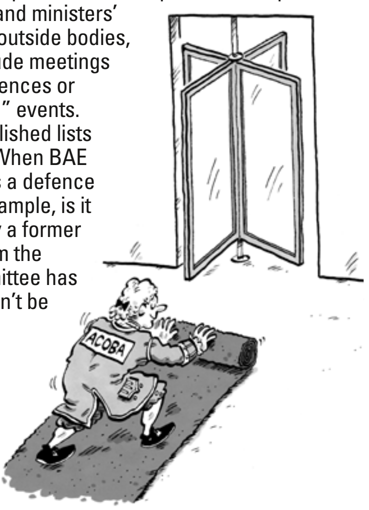
ACOBA: Ask no questions, hear no lies

EVER since Harold Wilson's government first decided, in 1975, to monitor the revolving door between Whitehall and business, the committee established for the job has been officially *advisory* only.

When the advisory committee on business appointments (Acoba) opines on ministers and officials taking private sector jobs, therefore, even the conditions attached to approval – such as not lobbying the government or using inside information – don't have to be obeyed.

When Lord Nolan extended the system to former ministers in 1995, he naïvely thought that whether the committee's recommendations are followed or not would be something that newshounds could discover. Public shame would be the price paid by anybody not following them. "A free press using fair techniques of investigative journalism" (which had of course exposed the need for his work) should spot abuses of the system, he thought.

Alas, the task is all but impossible. While government departments do publish lists of top civil servants' and ministers' meetings with outside bodies, they don't include meetings at party conferences or other "informal" events. Nor do the published lists name names. When BAE Systems meets a defence minister, for example, is it represented by a former top brass whom the advisory committee has advised shouldn't be lobbying? There is no way to know.



A couple of years ago, using freedom of information laws, the *Eye* did discover one dubious meeting. Former Tory cabinet minister **Lord Strathclyde** had met the energy department's top civil servant, Stephen Lovegrove, on behalf of his new employer, an American corporation called URS, which had controversial multi-billion pound contracts with the department.

Acoba had advised Lord Strathclyde not to lobby the government on behalf of URS at the time and the meeting looked like a clear breach of this (although Stratchclyde told the *Eye* he was not "lobbying" at the meeting). But this was a rare find. It isn't feasible to make freedom of information requests for every meeting between government and a company employing a former official. Even if it were, departments now claim the information is "personal" and not disclosable.

The manner in which senior figures land their plum posts is also shrouded in secrecy. The first anybody knows about a new job is when the applicant has been given it. No part of the process – which includes declaring previous involvement with a putative employer – can be scrutinised through "investigative journalism" or any other means, even when not all is above board.

The *Eye* has recently tried to examine the job swops of a couple of figures. One was former chancellor George Osborne's chief economic adviser, **Rupert Harrison**, who took his job with asset management company BlackRock soon after designing major changes to pensions.

The Acoba letter approving the position contained no mention that he had repeatedly met the company while at the Treasury, including around budget and autumn financial statement times, even though in other cases it did report far lesser prior involvement with a future employer (see *Eye* 1395). So what had Harrison told Acoba? The only way to find out is to see his written application. A freedom of information request was refused on the grounds that if such matters were publicised, future applicants might be less than honest. And by the way, said Acoba, Harrison *had* disclosed the meetings. The mistake – which conveniently averted any adverse publicity for Osborne or Harrison – was Acoba's in not mentioning them.

Another of the committee's customers looked even more suspect. Former HM Revenue & Customs tax boss **Dave Hartnett** was given a place on HSBC's "financial systems and vulnerabilities" committee soon after meeting the bank half a dozen times to discuss the Swiss tax evasion scandal (*Eyes passim ad nauseam*). Yet the approval letter for this job said his HSBC "contacts were no more significant than the contacts he had with other banks operating in the UK." This was palpable nonsense.

Barely less credible was the approval of a consultancy position with tax avoidance adviser Deloitte, whose chairman Hartnett had met 48 times in five years and with whom he had struck repeated deals. Acoba glossed over this, remarking that "he also dealt with a wide range of major accountancy and law firms" and the tax settlements had involved another HMRC board member (without mentioning that it was Hartnett who chose to deal with Deloitte). But, again, revealing what Hartnett had put on his application would apparently harm the system.

Former HMRC tax boss Dave Hartnett steps through the revolving door

The *Eye* found other cases where Acoba's version of events did not match other records. The upshot is that applicants can either deceive or put a helpful slant on what they tell Acoba, safe in the knowledge that they won't be exposed. Far from inhibiting disclosure, opening up applications – preferably before jobs are taken – would force more accurate disclosures.

PS: At least Hartnett and Harrison went through the official process. As well as the revolving door, there is now a side door that Acoba doesn't monitor. Last year *Eye* 1403 reported how the government's director-general for energy markets and infrastructure, **Simon Virley**, had gone to work for KPMG after handing the firm (also adviser to nuclear builder EDF) large slabs of taxpayers' money to advise on nuclear plans. But since he went on a five-year "career break", he didn't have to apply to Acoba. How convenient.

about what it has been told by the applicants; in others it appears the committee fudges its clearances to conceal glaring conflicts of interest (*see Ask no questions, hear no lies, above*).

The committee waves through jobs even when the stench is overpowering. Former HM Revenue & Customs boss Dave Hartnett, for example, was allowed to take a post with HSBC bank soon after holding a series of meetings with its directors over rampant evasion at its Swiss outlet – involving UK bankers – from which it and its customers then emerged unprosecuted by HMRC. He has also joined the accountancy firm Deloitte, with whose chairman he had formed a tax settlement double-act, including on the notorious sweetheart deal with Vodafone (which itself recruited HMRC director John Connors through a well-oiled revolving door between HMRC and the tax avoidance industry).

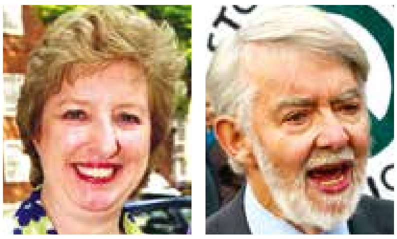
NUMBER CRUNCHING

118 Ministers in government in May 2015

33 Ex-ministers seeking external appointments in 2015/16

123 Jobs they wanted (and had approved)

Ex-chancellor George Osborne's chief economic adviser Rupert Harrison, meanwhile, can dream up pension reforms while on the government payroll, and then almost immediately take a top job from an asset management firm that he had been meeting regularly and that would cash in on his reforms.



Acoba chair Baroness (Angela) Browning and her fiercest critic, Paul Flynn MP

There is no suggestion these moves were themselves corrupt *per se*. The beauty of the revolving door is that it obviates the need for anything so grubby. In place of brown envelopes come quiet, even subconscious, thoughts in a minister's or mandarin's head. The revolving door removes all tension between the state and the private sector with which it should deal objectively. Both sectors end up employing the same people and they think the same way. No part of government now questions the market in public services such as health, for example. Perhaps more even than lobbying and hospitality, the revolving door creates the uniformity of thinking between gamekeeper and poacher, purchaser and provider or even regulator and the regulated, that invariably ends in disasters, up to and including the financial crisis.

Public servants cannot be unduly restrained from moving jobs; but there is no reason not to implement outright or extended bans on ministers and mandarins working in sectors they once regulated or for which they once developed policy. As new cabinet minister David Davis put it a few months ago: "Cabinet ministers and senior civil servants are not underpaid. It shouldn't be that they can just go off and take work where they use their influence and contact network." If his new boss Theresa May is indeed to "make Britain a country that works not for the privileged few but for everyone", as she promised in Westminster just weeks ago, she could make a start by jamming her foot in the revolving door ■

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