

**Subcommittee to Study the Proposed
Accountability system for Principal Officials and Related Issues**

**Issues raised at the meeting on 4 June 2002
requiring the Administration's response**

Declaration of interests

- (1) To make reference to the UK Ministerial Code in considering whether a principal official can be a company director. Paragraph 122 of the Code stipulates that Ministers must resign from any directorships they hold when they take up office, irrespective of whether the directorship is in a public or private company and whether it carries remuneration or is honorary. An extract of paragraph 122 of the Code is attached.

Sponsored visits

- (2) To make reference to the practice in the UK in considering whether a principal officer should make a sponsored visit in private capacity. There is no reference to a sponsored visit undertaken by Ministers in private capacity in the UK Ministerial Code.
- (3) To consider drawing up guidelines for principal officials to conduct overseas duty visits, by making reference to the note issued by the UK Prime Minister on "Travel by Ministers", a copy of which was circulated to members vide LC Paper No. CB(2)2185/01-02(02).

122. In addition to this general guidance:

a. Partnerships. Ministers who are partners, whether in professional firms, for example solicitors, accountants etc, or in other businesses, should, on taking up office, cease to practise or 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, for example, their annual practising certificate to lapse. Beyond this it is not possible to lay down precise rules applicable to every case; but any continuing financial interest in the firm would make it necessary for the Minister to take steps to avoid involvement in relevant decisions, as described in paragraph 120 above. Ministers in doubt about their personal position should consult the Prime Minister;

b. Directorships. Ministers must resign any directorships they hold when they take up office. This applies whether the directorship is in a public or 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 or in a company formed for the management of flats of which the Minister is a tenant 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.