

HOUSE OF LORDS

Committee for Privileges and Conduct

3rd Report of Session 2010–11

The Conduct of Baroness Morgan of Huyton

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The Committee for Privileges and Conduct

The Committee for Privileges and Conduct is appointed each session by the House to consider questions regarding its privileges and claims of peerage and precedence and to oversee the operation of the Code of Conduct. Detailed consideration of matters relating to the Code of Conduct is undertaken by the Sub-Committee on Lords' Conduct.

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The Members of the Committee for Privileges and Conduct are:

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The Members of the Sub-Committee on Lords' Conduct are:

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The Code of Conduct and the up-to-date Register of Lords' Interests are on the Internet at <http://www.publications.parliament.uk/pa/ld/ldreg.htm>.

General Information

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Contacts

General correspondence should be addressed to the Clerk of the Committee for Privileges and Conduct, House of Lords, London, SW1A 0PW (telephone 020 7219 8796).

Correspondence relating to the work of the Sub-Committee on Lords' Conduct should be addressed to the Clerk of the Sub-Committee on Lords' Conduct, House of Lords, London SW1A 0PW (telephone 020 7219 8750).

THE CONDUCT OF BARONESS MORGAN OF HUYTON

1. The Sub-Committee on Lords' Conduct has investigated allegations against Baroness Morgan of Huyton, which were originally made in a Channel 4 Television documentary, broadcast in March 2010. Following the allegations, Lady Morgan referred herself to the Sub-Committee; a complaint was subsequently received from a member of the public. The Sub-Committee's report, and accompanying evidence, are printed with this Report.
2. The Sub-Committee has dismissed the allegations against Baroness Morgan of Huyton, and we endorse this conclusion.

APPENDIX 1: REPORT FROM THE SUB-COMMITTEE ON LORDS' CONDUCT

The conduct of Baroness Morgan of Huyton: allegations by Channel 4 Television

Summary

1. Channel 4 Television alleged that Baroness Morgan of Huyton had breached the 2001 Code of Conduct; the material with which they provided us raised a further issue of providing parliamentary services for reward which we felt important to investigate. After investigation, we find that Lady Morgan did not breach the Code of Conduct in any of these respects.

The 2001 Code of Conduct

2. The Code of Conduct in force at the time of the alleged breaches was that adopted by resolution on 2 July 2001 (p1A).¹ Paragraph 4 of that Code reads (p1E):

Personal conduct

4. Members of the House:

- (a) must comply with the Code of Conduct;
- (b) should act always on their personal honour;
- (c) must never accept any financial inducement as an incentive or reward for exercising parliamentary influence;
- (d) must not vote on any bill or motion, or ask any question in the House or a committee, or promote any matter, in return for payment or any other material benefit (the “no paid advocacy” rule).

The allegations

3. On 22 March 2010, Channel 4 Television broadcast an edition of *Dispatches* entitled *Politicians for Hire*. The programme, in collaboration with the *Sunday Times* newspaper's *Insight* team, had pretended to establish a public relations consultancy which sought to recruit members of the two Houses to an advisory board. The only member of the House of Lords who appeared in the programme was Lady Morgan of Huyton. Channel 4 made two allegations about Lady Morgan's conduct.

4. In the language of the Code of Conduct, the first allegation was that Lady Morgan was prepared to accept financial inducement as an incentive or reward for exercising parliamentary influence (paragraph 4(c) of the Code) and so failed to act always on her personal honour (paragraph 4(b) of the Code).

5. The second allegation was that Lady Morgan a) may have asked a question in the House in return for financial inducement; and b) that she failed to declare a relevant interest when taking part in that debate. On 2 April 2009, Lady Morgan intervened during an oral question about diabetes tabled by Lord Harrison to ask “*My Lords, are there any specific plans for dealing with diabetes in children, which is a growing problem and one that the health service at the moment sometimes overlooks?*”²

¹ References in brackets are to the evidence published at the end of this volume.

² HL Deb 2 April 2009 col 1172.

without declaring her interest as a member of an advisory panel for Lloydspharmacy, a subsidiary of Celesio AG. Lady Morgan had registered that interest as regular remunerated employment (category 12(f)).

6. The second allegation, together with the transcript related to the first allegation, raised in our mind a further and more serious question (not raised by Channel 4), namely whether Lady Morgan had provided prohibited parliamentary services to Lloydspharmacy and potentially other interests; and whether she had breached the Code in other respects in relation to that or other interests.

7. Lady Morgan referred her own conduct to the Sub-Committee in advance of the initial broadcast (p18B). A member of the public also complained about Lady Morgan's conduct in the light of the broadcast programme (p18J).

Evidence

8. After a little delay, Channel 4 Television provided the Sub-Committee with the records on which their broadcast was based: covert recordings of a telephone conversation and an interview with Lady Morgan together with a transcript. The conversation and interview were conducted by a journalist, Claire Newell, pretending to be "Claire Webster", the London agent of an (fictitious) American public relations firm called Anderson Perry. A vertical line in the margin of the transcript indicates a passage which was broadcast in the *Dispatches* programme (e.g. p6F). The officers of the Sub-Committee corresponded with Lady Morgan. **We recommend that the transcript and correspondence be published.**

Interpretation of the Code: precedent

9. The Report from the Committee for Privileges on the conduct of Lord Moonie, Lord Snape, Lord Truscott and Lord Taylor of Blackburn³ (referred to hereafter as "the conduct report") provides much precedent on the interpretation of the relevant passages of the 2001 Code of Conduct. It is necessary to set out the most relevant passages⁴:

Report from the Committee for Privileges

Summary

35. In summary, we invite the House to endorse the following conclusions on the meaning of the Code of Conduct:

- Paragraph 4(c) of the Code of Conduct describes one of the overarching principles governing Members' conduct—that they must not exercise parliamentary influence, directly or indirectly, in return for financial inducement. Paragraph 4(d), the "no paid advocacy" rule, describes a specific application of this overarching principle; any breach of paragraph 4(d) is by definition also a breach of paragraph 4(c).
- An agreement to act in breach of either paragraph 4(c) or 4(d) of the Code, is in itself a breach of paragraph 4(c), regardless of whether money changes hands or services are actually provided.
- Members who express a clear willingness to breach the Code of Conduct thereby demonstrate a failure of "personal honour", and are thus in breach of paragraph 4(b) of the Code.

³ Committee for Privileges, 2nd Report, session 2008-09 (HL Paper 88), agreed to by the House on 20 May 2009.

⁴ Several of the headings are our own.

- Members who have interests falling under paragraph 12 (a) or (c) of the Code should not seek in any way to exercise parliamentary influence so as to benefit these interests. To do so would constitute a breach of paragraph 4(c).

Entrapment

14. Despite these concerns, we conclude that it would not be appropriate to disregard any of the evidence by reason only of the manner in which it was obtained. We consider that the Sub-Committee were right to reject suggestions that they should not rely on some of the evidence, on the ground that it had been obtained by agents provocateurs. In our judgment, the integrity of the proceedings themselves—either before us or before the Sub-Committee—has in no sense been compromised by the conduct of the journalists in obtaining the evidence, which in our view did not amount to incitement to or instigation of a breach of the Code. It is the strength of the evidence itself which we regard as important for the purposes of our proceedings.

Financial inducement and personal honour

23. We agree with the Sub-Committee’s interpretation: paragraph 4(c) refers to “financial inducement”, and an “inducement” can exert a powerful influence without money having to change hands. It follows that if an agreement is reached, to provide certain services in return for a fee, that agreement is in itself an “acceptance of financial inducement”. Given the relationship between paragraphs 4(c) and 4(d), it must also follow that an agreement to engage in paid advocacy, contrary to paragraph 4(d), would also constitute a breach of paragraph 4(c), even if the Member concerned never actually, by voting, speaking or otherwise fulfilling this agreement, breached paragraph 4(d) itself.

24. However, we acknowledge that this reasoning leaves open the question of exactly how formal such an “agreement” must be for a breach of paragraph 4(c) to occur. In the event, neither the Sub-Committee nor we ourselves have found it necessary to resolve this question in the current cases.

25. The other limb of paragraph 65 is the Sub-Committee’s statement that “in negotiating or attempting to negotiate” such an agreement, even if no such agreement is finally reached, a Member would “have failed to act on his personal honour”, so breaching paragraph 4(b) of the Code.

26. This is a crucial point, particularly in the context of the current cases, where no money changed hands, no services were provided, and no contracts were signed. Here too we are in complete agreement with the Sub-Committee.

30. The purpose of the Code of Conduct, which was agreed by the House by Resolution in July 2001, is set out in paragraph 1: “to provide guidance for Members of the House of Lords on the standards of conduct expected of them in the discharge of their parliamentary and public duties”. It follows, in our view, that any Member who demonstrated a clear willingness to breach the rules contained in the Code (for instance, by attempting to negotiate an agreement to promote an amendment in return for a fee) would have failed to act upon his or her personal honour, and would have thereby breached paragraph 4(b) of the Code.

Provision of parliamentary advice and services (categories 12(a) and 12(b))

32. The Sub-Committee state that where Members have interests falling under one of these categories, they are “restricted in their parliamentary activities to providing advice”; any attempt to exercise parliamentary influence would necessarily be perceived to be a breach of the no paid advocacy rule, as “it is impossible to prove that [the Member] is not being paid specifically to exercise his parliamentary influence for the benefit of those paying him” (paragraph 56). [33.] We fully endorse this interpretation, which is consistent with the longstanding practice of the House.

Report from the Sub-Committee on Lords’ Interests

Parliamentary influence

49. We understand “exercising parliamentary influence” to mean exercising influence in and over Parliament by virtue of membership of Parliament. It is not

necessary for the purposes of determining these complaints to decide whether the expression has any wider meaning. Parliamentary influence should only be exercised in the public interest, which paragraph 6 of the Code insists must come first. Members of the House of Lords should never accept financial inducements, incentives or rewards from any individual or body to exercise parliamentary influence in the interests of that individual or body alone (for example, a particular retailer in the retail industry), or in the interests of a wider group which includes that individual or body (for example, the retail industry generally), even if they believe such action to be in the public interest. A Member who did so would breach the no-paid-advocacy rule.

50. The distinction between receiving a financial inducement to influence the parliamentary process and having a financial interest as a result of employment or otherwise in a particular area is essential to understanding the no-paid-advocacy rule.

Parliamentary advice and services

56. Where a Member of the House of Lords has a financial interest that arises from his membership of the House, as is the case with interests under paragraphs 12(a) and 12(c), it is impossible to prove that he is not being paid specifically to exercise his parliamentary influence for the benefit of those paying him, thereby breaching the no-paid-advocacy rule. Members who hold an arrangement under paragraph 12(a) or 12(c) are therefore restricted in their parliamentary activities to providing advice and never advocacy.

57. Where a Member has an interest in a firm that offers commercial lobbying, paragraph 12(b) of the Code prevents him from participating in parliamentary business relating to his personal clients. This is for the reason set out in paragraph 56, namely, that it would be impossible to prove that he was not exercising his parliamentary influence on behalf of those clients. But a Member involved with such a firm is not disqualified from taking part in parliamentary business relating to the firm's other clients, with whom he has no direct connection, because there can be no suggestion of paid advocacy.

60. Examples of what is permitted and what is prohibited were given to the Committee on Standards in Public Life by a previous Clerk of the Parliaments. Although the Clerk was speaking in the context of the House's rules of November 1995, what he said remains in our view applicable to the present Code. He said:

“A parliamentary consultancy is an arrangement reflecting a two-way relationship. On the one hand the client/firm receives information from the employee/peer (A below); and on the other hand, the peer is given instructions to undertake certain activities in Parliament in the interests of the client (B below).

(A) The information which the client might expect to receive would include:

- information about the progress of legislation
- information about debates and opinions expressed in the House which might be of interest to the client
- information as to which members of the House might be sympathetic to the interests of the client
- indications as to which are the appropriate Ministers to approach for purposes of furthering the interests of the client and how such approaches might be made.

(B) The services which the peer might be expected to perform on behalf of the clients might include:

- speaking in debates
- tabling, supporting and moving amendments
- asking Parliamentary Questions
- lobbying Ministers and other members of the House

- acting as host at functions in the Palace of Westminster.”

61. The Clerk of the Parliaments said that a Member of the House was entitled to give advice as set out at (A); but was debarred from carrying out the services set out at (B).

62. A helpful rule of thumb was given by Lord Griffiths to the Committee on Standards in Public Life in the same inquiry:

“There is no reason why you should not have a consultancy. However, if you have taken a position as a consultant, you cannot speak for your clients; you cannot lobby on behalf of your clients, nor can you act politically for your clients ... You can say, ‘Well, I think we might get that amendment through’. But, what you cannot do is take any part in helping to get the amendment through.”

63. We have concluded that it is consistent with the Code for Members of the House, in return for payment, to approach other Members, MPs, Ministers, officials and civil servants to gain information. But it is not consistent with the Code for Members to seek to influence such people themselves in return for payment, including to ‘soften up’ such individuals for a later approach by a client or his representatives, or to make introductions.

64. The distinction between advocacy and advice is crucial. Inevitably, however, there are borderline issues. These may place too great a burden on the judgment of the individual Member and may lead him to cross the boundary between what is legitimate and what is not. Members willing to take money in return for parliamentary services place themselves in great danger of crossing the boundary, knowingly or inadvertently. Even when a Member’s intention is limited to obtaining information, the very fact of approaching, on behalf of paying clients, MPs, other Lords, Ministers and civil servants, may give rise to a perception of advocacy and lobbying. The impression can easily be given that not only advice but also advocacy has been bought by the client. Whether or not a Member has indeed crossed the boundary from the permissible depends on the facts of each case.

Commentary

Entrapment

10. In the conduct report, the Committee for Privileges took the view that “it would not be appropriate to disregard any of the evidence by reason only of the manner in which it was obtained”⁵. **The covert recordings of a telephone conversation and an interview with Lady Morgan are admissible.**

The Code of Conduct and its provisions

11. The first question is whether Lady Morgan breached the Code of Conduct in her interview with “Anderson Perry”.

12. At several points in the transcript, Lady Morgan makes clear that there is a Code of Conduct and that it restricts what she is allowed to do (p10J; p12K; p17A):

Ms Webster: Yes, and is that something you would be able to help us with, get, be able to, I don’t know, touch base with, either ministers or civil servants?

Baroness Morgan of Huyton: Yeah I mean obviously in the, you need to be careful, I mean you’ll get the same answer from anybody who’s, who’s in the Lords or in the Commons, but I don’t, I mean I presume it’s only, you don’t want to use MPs I would think on the whole.

Ms Webster: No.

⁵ Conduct report paragraph 14.

Baroness Morgan of Huyton: No, it's too close you know. As a peer you've got to be careful, you've got to be careful that you're not lobbying, so there's a kind of, there's codes .

Ms Webster: Oh right.

Baroness Morgan of Huyton: that you have to, you know, so in a sense it's, you can make, what I, I mean how do I describe it? I mean I can have conversations with people without pushing my client necessarily, but I can push a direction of travel on policy, I can find out what's happening, I can, I can, I can, I certainly with Lloyds, for example, I remember saying, I mean I got Lloyds round the table in terms of policy discussions, but only by, but in a sense being very clear, by being completely upfront that I'm on their advisory committee, and I think this guy's good, but you may want somebody from Boots instead, but it's really important pharmacies are represented round your table for these discussions. So I'm, I'm, I mean I am very careful you know, in a sense, because I mean some people are less careful, if you like, than I am, but I think in the end that's foolish, because actually that can be damaging to clients as well as anything else.

...

Ms Webster: And would you be willing to speak to people on our behalf, though I know you said you had to be careful about doing that?

Baroness Morgan of Huyton: Yes, yes, I, I would, I mean, you know, look I would, what I would do, I mean if, and as I say, I think, if you want any politician, any peers involved I would guess everybody would say the same to you, or if they don't they're foolish. You know, in a sense I would give you the code and say this is what I can do and this is what I can't do and then we all know where we are. And in a sense my view is, I do anything as long as I'm transparent, reasonably transparent about it.

...

Baroness Morgan of Huyton: ... you may come to the view that you want somebody who can lobby in a more traditional sense, and I suppose I'm just anxious that you, that you're clear that I can't do that.

13. In the light of the Committee for Privileges' view in the conduct report that:

32. The Sub-Committee state that where Members have interests falling under one of these categories, they are "restricted in their parliamentary activities to providing advice"; any attempt to exercise parliamentary influence would necessarily be perceived to be a breach of the no paid advocacy rule, as "it is impossible to prove that [the Member] is not being paid specifically to exercise his parliamentary influence for the benefit of those paying him" (paragraph 56). [33.] We fully endorse this interpretation, which is consistent with the longstanding practice of the House.

and the Sub-Committee's view that:

[57.] Where a Member has an interest in a firm that offers commercial lobbying, paragraph 12(b) of the Code prevents him from participating in parliamentary business relating to his personal clients. This is for the reason ... that it would be impossible to prove that he was not exercising his parliamentary influence on behalf of those clients.⁶

we find that Lady Morgan was correct that the provision of parliamentary advice was acceptable, but influencing Parliament was not (p14D; p14H):

Ms Webster: And also which, what piece of legislation's coming up.

Baroness Morgan of Huyton: Oh that's, I mean that's, that's very straightforward, yeah, that's very straightforward.

Ms Webster: Because if you know this piece of legislation is coming up, then it's

⁶ Note: a different principle from this is set out in paragraphs 23 to 30 of the new Guide to the Code of Conduct (the "exclusive benefit" principle).

much easier for you to be able to start trying to influence it, bluntly.

Baroness Morgan of Huyton: Absolutely, absolutely, and there's very little, I mean I don't think, there is no reason to presume that any of the sort of leading civil servants will change ...

Baroness Morgan of Huyton: ... what I categorically could never do, and, you know, nor could anybody else, is suggest that we would influence, that I could influence, that I could influence legislation on behalf of a client, because that's, you know, absolutely a no. But in terms of saying to your clients, this is the legislation that's coming down.

14. We also find however that Lady Morgan was wrong that she could speak in debates related to her clients' interests if she had been providing those clients with parliamentary advice (p14K):

Baroness Morgan of Huyton: ... But there's no problems speaking, you know, there's no problem speaking, I mean basically, you know, there's an accepted view, that you, unlike the House of Commons, being in the House of Lords is obviously a part time job, therefore there's an expectation you're bringing knowledge from outside in

15. In the light of our view that:

[63.] it is consistent with the Code for Members of the House, in return for payment, to approach other Members, MPs, Ministers, officials and civil servants to gain information. But it is not consistent with the Code for Members to seek to influence such people themselves in return for payment, including to 'soften up' such individuals for a later approach by a client or his representatives, or to make introductions

we find that Lady Morgan was also wrong that she could in any circumstances approach ministers, special advisers or civil servants on behalf of an outside interest (p13A):

Ms Webster: So what things, I'm not really familiar with the code, but what things would you be able to do? Would you, for instance, be able to, I don't know, if we said, oh, we need to be speak to this minister, would you be able to contact them and say, look these guys would like to meet you to discuss this? Is that something you'd feel comfortable with that, or?

Baroness Morgan of Huyton: I think you can, I think you can do that. I mean I think you have to choose your time and not do it very often, I mean for me or anybody else actually, so in a sense you need to.

Ms Webster: Can't be always on the phone.

Baroness Morgan of Huyton: You get, you almost get one chance to really pitch your stuff and very often the better person to talk to is a special advisor

Ms Webster: Right

Baroness Morgan of Huyton: and have some initial meetings and get some feedback.

Ms Webster: Right. So you'd be able to contact them?

Baroness Morgan of Huyton: Yeah, yeah, yeah.

Agreement

16. The Committee for Privileges found that:

[35.] An agreement to act in breach of either paragraph 4(c) or 4(d) of the Code, is in itself a breach of paragraph 4(c), regardless of whether money changes hands or services are actually provided.

17. We find that Lady Morgan's interview, while indicative of the areas and ways in which she would be prepared to work, did not amount to an agreement to provide services. Indeed her statement that (p12L):

Baroness Morgan of Huyton: ... I would give you the code and say this is what I

can do and this is what I can't do and then we all know where we are.

suggests that Lady Morgan would have studied the Code before entering into any contract with Anderson Perry. Lady Morgan's conduct was that of a person keen not to deter a new and possibly lucrative client but also conscious of the Code and the need to ensure that her client was also aware of the Code.

Conclusion

18. In relation to her interview with "Claire Webster" of "Anderson Perry", Lady Morgan's understanding of the Code of Conduct was imperfect. She was wrong to suggest that she could speak in debates related to her clients' interests if she had been providing those clients with parliamentary advice; and wrong to suggest that she could in any circumstances approach ministers, special advisers or civil servants for anything other than information. All members should have a better understanding of the rules than that which Lady Morgan exhibited in this transcript.

19. We find however that Lady Morgan did not breach the 2001 Code of Conduct in her interview with "Claire Webster". First, it did not amount to an agreement to breach the 2001 Code of Conduct; and secondly, despite her imperfect understanding of its provision, she made clear that the Code of Conduct existed and that she would be bound by its provision in any agreement.

The second allegation: Lloydspharmacy: parliamentary services and declaration of interest

20. The second allegation made by Channel 4 was that Lady Morgan a) asked a question in the House in return for financial inducement; and b) that she failed to declare a relevant interest when taking part in that debate. On 2 April 2009, Lady Morgan intervened during an oral question about diabetes tabled by Lord Harrison. She asked "*My Lords, are there any specific plans for dealing with diabetes in children, which is a growing problem and one that the health service at the moment sometimes overlooks?*"⁷ without declaring her interest as a member of an advisory panel for Lloydspharmacy, a subsidiary of Celesio AG⁸. Lady Morgan had registered that interest as regular remunerated employment (then category 12(f)).

21. In correspondence, Lady Morgan says that a) Lloydspharmacy did not ask her to ask the question and indeed had no interest in it; Lady Thornton, then a Government Whip, had invited her to intervene in the debate and Lady Morgan had agreed to do so because the topic interested her (p27K); and b) she had no interest to declare because the question did not relate to pharmacies and Lloydspharmacy does not offer diabetes testing to under 18s (p28C).

22. Lady Morgan did not breach the 2001 Code of Conduct in her intervention in this oral question.

A third issue: parliamentary services

23. Lady Morgan's comments in the transcript raised in our minds a further issue, not mentioned by Channel 4 Television, namely whether she had provided

⁷ HL Deb 2 April 2009 col 1172.

⁸ Lady Morgan has spoken about healthcare on one other occasion: in a debate on a European Union Committee report on increasing the supply of donor organs (HL Deb 14 November 2008 col 836). She did not declare an interest on that occasion either.

parliamentary services to the bodies in which she had financial interests, something prohibited by the Code of Conduct.

Lady Morgan's registered interests

24. At the end of the last Parliament, Lady Morgan's registered interests were as follows:

12(d) Non-parliamentary consultant

Four days' consultancy work for Acorn Care 4 Limited (invoiced February 2010)

12(e) Remunerated directorships

Non-executive Director of Carphone Warehouse

Non-executive Director of Southern Cross Healthcare Group plc

12(f) Regular remunerated employment

Member of Advisory Panel for Lloyds pharmacy which is a subsidiary of Celesio AG

Member of Advisory Panel for Humana Europe⁹

Advisor to the Board of the charity ARK (Absolute Return for Kids)

15(a) Membership of public bodies

Board, Olympic Delivery Authority

15(d) Office-holder in voluntary organisations

Chair, "Future Leaders" charity (headteacher training)

Member, Advisory Board of Centre for Human Rights, Institute of Education

Trustee of Mayor's Fund for London

Board Member, 'Teaching Leaders'

16(b) Voluntary organisations

Membership of Labour Party and GMB Trade Union

25. The Sub-Committee, in interpreting the 2001 Code in the conduct report, said:

[63.] it is consistent with the Code for Members of the House, in return for payment, to approach other Members, MPs, Ministers, officials and civil servants to gain information. But it is not consistent with the Code for Members to seek to influence such people themselves in return for payment, including to 'soften up' such individuals for a later approach by a client or his representatives, or to make introductions.

26. In her interview with "Claire Webster", Lady Morgan said (p8B):

Baroness Morgan of Huyton: ... one of the things we've been able to do is, is make sure that through various people, you know, in a sense through having reasonable contracts, that, that pharmacies are represented better around the tables where conversations are taking place.

27. This would appear to be a breach of paragraph 4(c) of the Code as interpreted by paragraph 63 of the Sub-Committee's report.

28. However, in correspondence Lady Morgan explained her position as follows (p25H):

The background to this comment was this: Two or three years ago I was invited by a senior civil servant to have a confidential and wide-ranging conversation about health service reform and other issues. The invitation was certainly not prompted by my membership of the House of Lords. Nor did the invitation have any connection to my role in LP. LP was unaware of the fact of my meeting, either before or after the meeting took place.

⁹ Humana Europe is a company which provides healthcare commissioning services to the NHS.

In the course of the discussion with the official I observed that I thought community pharmacies could play a useful role in the provision of a reformed and cost-effective system of primary care. I also mentioned that it could be sensible to have a community pharmacist involved in the Heath Service review such as the Chief Pharmacist at LP or Alliance Boots. I know that the official concerned knew of my involvement in LP. Nevertheless, having made this comment specifically I reminded the official of my involvement with LPHAP to ensure that there could be no suggestion that my remarks were prompted by an undisclosed improper motive. I was aware that I was under an obligation to declare my interest pursuant to paragraph 8(b) of the Code of Conduct, (31st March 2002).

It is important to stress that I had not instigated the conversation with the civil servant. I had not been asked by LP to have a conversation or to raise this issue with government. I was not asked by the company to make any representations to government. Nor did LP apply any pressure or encouragement, whether subtly or impliedly, to make any representations to government on their behalf or on behalf of the industry.

My advice was intended solely to help strengthen the government's health reforms. I was not seeking to assist LP or the pharmacy industry.

29. We considered it important to know the identity of the senior civil servant, to add credibility to Lady Morgan's account. In further correspondence, she identified him by name and position. We are not responsible for civil service conduct but we see no reason for criticism of his conduct.

30. Lady Morgan did not breach the 2001 Code of Conduct in her conversation with the senior civil servant.

31. We also invited Lady Morgan to set out what advice and services she had provided to the other organisations in which she held a financial interest. Lady Morgan set out the nature of her interests without mentioning parliamentary services (p26B) and confirmed that she had not provided any of the prohibited services in return for reward (p26K). We accept her account.

Conclusion

32. Lady Morgan did not breach the 2001 Code of Conduct in relation to any of the current allegations. In the light of the publicity surrounding the allegations, we recommend that this report be made to the House for information.

2001 CODE OF CONDUCT

A

Adopted on Monday 2nd July 2001

as amended on Tuesday 24th July 2001

B

Purpose of the Code

1. The purpose of this Code of Conduct is:

- (a) to provide guidance for Members of the House of Lords on the standards of conduct expected of them in the discharge of their parliamentary and public duties;
- (b) to provide the openness and accountability necessary to reinforce public confidence in the way in which Members of the House of Lords perform their parliamentary and public duties.

C

2. This Code applies to all Members of the House of Lords who have not taken leave of absence.

D

Public duty

3. By virtue of their oath, or affirmation, of allegiance, Members of the House have a duty to be faithful and bear true allegiance to Her Majesty The Queen, Her heirs and successors, according to law.

E

Personal conduct

4. Members of the House:

- (a) must comply with the Code of Conduct;
- (b) should act always on their personal honour;
- (c) must never accept any financial inducement as an incentive or reward for exercising parliamentary influence;
- (d) must not vote on any bill or motion, or ask any question in the House or a committee, or promote any matter, in return for payment or any other material benefit (the “no paid advocacy” rule).

F

G

5. Members of the House should observe the seven general principles of conduct identified by the Committee on Standards in Public Life. The seven principles are:

- (a) *Selflessness*: Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- (b) *Integrity*: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- (c) *Objectivity*: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- (d) *Accountability*: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- (e) *Openness*: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- (f) *Honesty*: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- (g) *Leadership*: Holders of public office should promote and support these principles by leadership and example.

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A **Primacy of the public interest**

6. In the conduct of their parliamentary duties, Members of the House shall resolve any conflict between their personal interest and the public interest in favour of the public interest.

Register of Interests

B 7. There shall be established a register of Lords' interests referred to in this Code. The register shall be maintained under the authority of the Clerk of the Parliaments by a Registrar appointed by him.

A Member of the House must register relevant interests before 31st March 2002 and thereafter within one month of acquiring them.

C The register shall be available for public inspection in accordance with arrangements made by the Registrar. The register shall be regularly updated and shall be reprinted annually. The annual publication shall include all interests registered since the previous edition and all continuing interests unless their termination has been notified to the Registrar.

Registration and Declaration of Relevant Interests

D 8. Members of the House **must**:

(a) **register** in the Register of Lords' Interests all *relevant* interests, in order to make clear what are the interests that might reasonably be thought to influence their actions;

E (b) **declare** when speaking in the House, or communicating with ministers, government departments or executive agencies, any interest which is a relevant interest in the context of the debate or the matter under discussion. This is necessary in order that their audience may form a balanced judgment of their arguments. In cases where Members of the House vote in a division where they have a relevant interest that they have not been able to declare, they should register that interest within 24 hours of the division.

F **What is a relevant interest?**

9. The test of relevant interest is whether the interest might reasonably be thought by the public to affect the way in which a Member of the House of Lords discharges his or her parliamentary duties.

G 10. The test of relevant interest is therefore not whether a Member's actions in Parliament *will be* influenced by the interest, but whether the public might reasonably think that this might be the case.

11. Relevant interests include both financial and non-financial interests.

Relevant financial interests

12. The following financial interests are always relevant and therefore **must be registered**:

H (a) any consultancy agreement under which Members of the House provide parliamentary advice or services. A copy of any such agreement, and the remuneration received by Members for advice in relation to parliamentary matters, must be deposited with the Registrar of Lords' Interests, so that details are available for public inspection.

J (b) employment or any other financial interest in businesses involved in parliamentary lobbying on behalf of clients, including public relations and law firms but Members of the House involved with organisations that offer commercial lobbying services are not obliged to refrain from participating in parliamentary business in connection with *all* clients of that organisation but only their personal clients;

K (c) any remunerated service which Members of the House provide by virtue of their position as members of Parliament, and the clients of any such service;

(d) employment as a non-parliamentary consultant;

(e) remunerated directorships;

(f) regular remunerated employment (excluding occasional income from speeches, lecturing, broadcasting and journalism);

L (g) shareholdings amounting to a controlling interest;

(h) provision by an outside body of secretarial and research assistance;

(i) visits with costs paid in the United Kingdom and overseas, made as a member of Parliament, except any visits paid for from public funds.

13. The list in paragraph 12 above is not exhaustive. For example, **relevant financial interests may also include** (depending on their significance):
- (a) shareholdings not amounting to a controlling interest;
 - (b) landholdings (excluding Members' homes);
 - (c) the financial interests of a spouse or relative or friend;
 - (d) hospitality or gifts given to a Member which could reasonably be regarded as an incentive to support a particular cause or interest.
14. Except for remuneration received by Members for advice in relation to parliamentary matters, Members of the House are not required to disclose how much they earn from the financial interests set out in paragraphs 12 and 13, but they may do so if they wish.
- Relevant non-financial interests**
15. The following non-financial interests are always relevant and therefore **must be registered**:
- (a) membership of public bodies such as hospital trusts, the governing bodies of universities, colleges and schools, and local authorities;
 - (b) trusteeships of museums, galleries or similar bodies;
 - (c) acting as an office-holder or trustee in pressure groups or trade unions;
 - (d) acting as an office-holder or trustee in voluntary or not-for-profit organisations.
16. The list in paragraph 15 above is not exhaustive. For example, **relevant non-financial interests may also include** (depending on their significance):
- (a) other trusteeships;
 - (b) unpaid membership of voluntary organisations.
17. Members of the House are not obliged to **register** membership of Churches, religious bodies and quasi-religious organisations. But it may be necessary to **declare** such interests (see paragraph 8).
- Advice**
18. The operation of the register shall be overseen by a Sub-Committee of the Committee for Privileges on Lords' Interests and the Registrar shall consult the Sub-Committee when necessary. The Registrar is available to advise Members of the House. A Member who acts on the advice of the Registrar in determining what is a relevant interest satisfies fully the requirements of the Code of Conduct.
- Enforcement of the Code of Conduct**
19. Allegations of non-compliance with this Code are dealt with as follows:
- (a) Any allegation should normally be raised first with the Member complained against. However, there may be circumstances when it is more appropriate to raise the matter with a party Leader or Chief Whip, or the Convenor of the Cross Bench Peers.
 - (b) If the complainant chooses to pursue the matter, he or she should refer the allegation in private directly to the Sub-Committee on Lords' Interests, through its chairman.
 - (c) The Sub-Committee will then examine the allegation and may decide to investigate it further or to dismiss it.
 - (d) In the investigation and adjudication of complaints against them, Members of the House have the right to safeguards as rigorous as those applied in the courts and professional disciplinary bodies.
 - (e) If after investigation the Sub-Committee finds the allegation proved, the Member complained against has a right of appeal to the Committee for Privileges.
 - (f) The conclusions of the Sub-Committee and of the Committee for Privileges are reported to the House.
20. Paragraph 7 shall have effect forthwith; the remainder of this Code shall have effect from 31st March 2002; and the resolution of the House of 7th November 1995 on the practice of the House in relation to Lords' interests shall cease to have effect on the same date.

A **CORRESPONDENCE WITH CHANNEL 4 TELEVISION**

Letter from Mr Andrew Mackersie, Clerk of the Sub-Committee on Lords' Interests, to Mr David Abraham, Chief Executive, Channel 4 Television Corporation, dated 25 March 2010

B **Channel 4: Dispatches: Politicians for Hire: 22 March 2010**

Allegations and Evidence About the Baroness Morgan of Huyton

C I am writing on behalf of the Sub-Committee of Lords' interests, the Committee responsible for investigating alleged breaches of the Code of Conduct for members of the House of Lords. In the light of the *Politicians for Hire* edition of *Dispatches* broadcast on Channel 4 Television on 22 March 2010, Lady Morgan of Huyton has referred her conduct to the Sub-Committee and a complaint about her has also been received from a member of the public. The Sub-Committee has agreed to investigate and will conduct its investigation in accordance with the report from the Committee for Privileges on *The Code of Conduct: procedure for considering complaints against members* (4th Report 2007-08, enclosed¹).

D The Sub-Committee on Lords' Interests is a Select Committee of the House of Lords with the power to send for persons, papers and records. Its Chairman is Baroness Manningham-Buller. The Sub-Committee has directed me to invite Channel 4 Television to send to the Sub-Committee a copy of the broadcast programme and the (unedited) material relating to Lady Morgan compiled in the research and production of the programme, for the Sub-Committee to consider in its investigation. The only question before the Sub-Committee is whether Lady Morgan has breached the Code of Conduct for members of the House of Lords.

E If the material is not under your control, I ask you to identify to me the person who does control the material. It would be helpful to receive your reply by 6 April. The Sub-Committee has already begun its work on this case, but recognises that Parliament is likely soon to be dissolved and a general election called. At dissolution, all Committees of the two Houses cease to exist until reappointed in the new Parliament. If the Sub-Committee's Investigation is interrupted by dissolution, it will be continued in the new Parliament.

F *25 March 2010*

Letter from Messrs Simons, Muirhead and Burton on behalf of Channel 4 Television to the Clerk of the Sub-Committee on Lords' Interests, dated 20 April 2010

G **Channel 4: Dispatches: Politicians for Hire: Transmission Date 22 March 2010**

We refer to our letter of 14 April 2010 [*the intervening correspondence is not printed.*]. Please find enclosed the following two transcripts:

1. Transcript of telephone conversation with Lady Morgan dated 18 February 2010.
2. Transcript of meeting with Lady Morgan (undated).

H The meeting took place on Tuesday 23 February 2010.

The DVD of unedited material will be sent to you as soon as possible.

20 April 2010

J **Channel 4 Transcripts**

1. Transcript of a covert recording of a telephone conversation between Ms Claire Newell of the *Sunday Times* newspaper under the name Claire Webster and Baroness Morgan of Huyton on Thursday 18 February 2010

K *Ms Webster:* Hello is that Sally Morgan?

Baroness Morgan of Huyton: It is yes.

Ms Webster: Hello it's Claire Webster here calling from Anderson Perry. Hi you obviously got my telephone message. The reason I was calling is, we're an American company and I've just recently opened up an office in London and we're kind of establishing an advisory board, er. . .

L *Baroness Morgan of Huyton:* Right.

Ms Webster: . . . to help some of our clients and I was wondering if it would be something you're interested in doing?

¹ [*Enclosure not printed.*]

- Baroness Morgan of Huyton:** I might actually, I might, because, funnily enough I've just literally last week thought oh it might be nice to add something else, because with a portfolio life you know things go in cycles so yes and I was doing Humana and then they, they pulled out of their British advisory work so . . . A
- Ms Webster:** Ah right.
- Baroness Morgan of Huyton:** Yah. Yes so actually yes I could well be interested in that, yes. B
- Ms Webster:** Yes because I can see that you've had a couple of other consultancy jobs . . .
- Baroness Morgan of Huyton:** Yes.
- Ms Webster:** and I could see that you were quite interested in health and we of course have some health clients and. . .
- Baroness Morgan of Huyton:** Yes I'm very interested in health—I mean public services in general, sort of private provision of public services is something I'm particularly interested in actually, always have been, and obviously was in Government as well so yes so. Well, so shall I pop in and see you is that the best thing? C
- Ms Webster:** That might be the best thing to do, yes. How are you fixed for next week? Do you want to pop into our office?
- Baroness Morgan of Huyton:** Let me just get my, let me just get my diary. [pause] Tuesday is quite good for me. I don't know if that's any good for you? D
- Ms Webster:** Yeah. I could do any time from 3 o'clock on Tuesday.
- Baroness Morgan of Huyton:** Right. Erm, I could do 3 o'clock.
- Ms Webster:** Perfect, well let's do that. E
- Baroness Morgan of Huyton:** Shall we do that? Brilliant.
- Ms Webster:** Do you want me to drop you an email with my details?
- Baroness Morgan of Huyton:** That would be brilliant.
- [Contact information exchanged. Baroness Morgan gives Ms Webster her @parliament.uk email address.] F
- Ms Webster:** Perfect. Alright, I'll do that for you later today Sally, so I'll give you our address and a link to our web site and all that kind of thing.
- Baroness Morgan of Huyton:** Brilliant. That would be great.
- Ms Webster:** Great, I'll see you on Tuesday at 3.00 pm.
- Baroness Morgan of Huyton:** Lovely. Look forward to it. G
- Ms Webster:** Bye.
- Baroness Morgan of Huyton:** Bye, bye.
- 2. Transcript of a covert recording of an interview between Ms Claire Newell under the name Claire Webster and Baroness Morgan of Huyton at the supposed offices of "Anderson Perry" in London on Tuesday 23 February 2010** H
- Note: A vertical line in the margin indicates a passage that was broadcast in Channel 4 Television's Dispatches Politicians for Hire on 22 March 2010*
- Ms Webster:** Hello, Sally Morgan? Hello, hi. Claire Webster, nice to meet you. Thanks for coming. J
- Baroness Morgan of Huyton:** Oh, not at all.
- Ms Webster:** Oh, your hand feels cold. Is it freezing outside? I just booked us a room. Come in, only one of the big rooms were available, do you want to . . . Just turn my phone off. Do you want a drink of water or a cup of tea? K
- Baroness Morgan of Huyton:** Water would be great actually, thank you.
- Ms Webster:** Still or sparkling?
- Baroness Morgan of Huyton:** Sparkling please. It's absolutely [inaudible]
- Ms Webster:** I know, I'm dreading the snow again, that's what I really don't want. L
- Baroness Morgan of Huyton:** I know, you sort of feel we've had that, it was quite amusing, sort of, briefly but.
- Ms Webster:** Yeah, and then it just gets really, really annoying when you can't get anywhere or do anything. Do you live in London?
- Baroness Morgan of Huyton:** Yes, yes, yes.

- A **Ms Webster:** Oh, at least you do, my family are outside of London and have been having a total nightmare with the snow.
- Baroness Morgan of Huyton:** Where are they?
- Ms Webster:** In Buckinghamshire.
- B **Baroness Morgan of Huyton:** Right, yes, yeah.
- Ms Webster:** So they've really been snowed in, not as bad as being in Scotland of course.
- Baroness Morgan of Huyton:** No it's quite, I mean we've got a place in Hampshire as well and we couldn't get down for three weeks, because the roads around us was just completely closed.
- Ms Webster:** I know it's just kind of the end of everything isn't it, once it snows when you're English?
- C **Baroness Morgan of Huyton:** And it's bizarre, isn't it, you just don't expect it. Very odd, very odd.
- Ms Webster:** Well thank you very much for coming, I really appreciate it. And as I said on the phone, we're an American company; I've set up the London office, basically here. One of the things I'm looking to do over the next couple of months is set up an advisory board, which will kind of give advice to us and our clients. I'm also looking to take on a couple of consultants who would work specifically for clients. So there's kind of two roles that are available. And your name came up as someone that does this kind of work. So really, I just wanted to have a kind of informal chat with you, to see what kind of things you've done before, and what kind of expertise you could maybe bring to the board.
- D **Baroness Morgan of Huyton:** Yes, fine, fine.
- Ms Webster:** So if you just maybe tell me what kind of things you've been doing?
- E **Baroness Morgan of Huyton:** I mean years and years ago I was a teacher, that was sort of my beginning; I've always had a sort of passion about education I suppose. And I guess a lot of my career's sort of been slightly accidental, I'm not one of those people who have had one of those plans, it's been slightly "Oh, there we go then". So I sort of, I was in teaching, I got a bit bored with that, and then sort of broadly went into politics, but particularly, I got to know Tony Blair very well, so once he became leader I worked for him.
- F **Ms Webster:** That must have been interesting.
- Baroness Morgan of Huyton:** Which was interesting and in fact he was here after he finished at Number 10, that's why I came here, his initial offices when he moved out of Number 10 were here,
- Ms Webster:** I didn't know that.
- G **Baroness Morgan of Huyton:** So it's really weird, it's really odd being back in here.
- Baroness Morgan of Huyton:** And so I worked for him and went in on the kind of political side and ended up on the government relations and political relations side. And went to the House of Lords. I was particularly involved in, I was particularly involved in kind of relationships within government and cabinet and so on, but also on domestic policy areas, and very much at the kind of reforming, reforming end of it all, I was very passionate about some of the public service reforms that, and the sort of diversification and you know. And in 2005, I just felt I'd had enough really, so I took the decision.
- H **Ms Webster:** I mean it's quite gruelling isn't it?
- Baroness Morgan of Huyton:** It is quite gruelling; I did ten years. And so, the sort of Christmas before that general election I told him I was, you know, I would call it a day. At the election. In fact I stayed just a little bit longer, just to help him get a transition team sorted. And when I came, when I stopped that, I thought what I didn't want to do was kind of be a director of government relations for any, for one person in a sense as it felt a bit off.
- J **Ms Webster:** Yeah.
- K **Baroness Morgan of Huyton:** Because I did, partly I suppose because I'd had a really stimulating and interesting job that I really cared about, and I thought, I don't really want to be owned by somebody else in a way as a [inaudible].
- Ms Webster:** Yeah, and also just doing one thing.
- L **Baroness Morgan of Huyton:** Yeah, that's right and so I was really, I really thought that actually what I wanted to do was a sort of portfolio alongside, sort of alongside the House of Lords. And some people said to me "Oh, no, you can't do that, you're not supposed to do that until you're sort of fifty nine or something," you know. I said "Well actually it's what I want to do." And it's worked really well, so I've gradually built things up. So I, in the first year I started work for Ark, you know, which is the charity the hedge fund industry in Britain fund. And I went in to help them, partly on restructuring and sort of growth plans really, but also they were just getting into education in the UK and they were in, they were having some problems really. And we've built

up a very strong team doing city academy work and leadership training work and we've got some good contracts from the government. And I've given them a bit of help on international work as well, because they're operating in South Africa, Mozambique and India.

A

Ms Webster: That's interesting, yeah.

Baroness Morgan of Huyton: Yeah, so interesting stuff. So I do that. I then, in that year also, became also became a non exec for Carphone Warehouse.

B

Ms Webster: Oh, right.

Baroness Morgan of Huyton: Which I'm still doing. And then the following year I added the Olympic Delivery Authority board, and Southern Health, Southern Cross Healthcare, which is a care, a big healthcare group.

Ms Webster: Oh right. Yes, yeah. I think I've heard their name.

C

Baroness Morgan of Huyton: And then I can't quite remember when I did Lloyds, I don't know whether it was that year or the year after, I don't know, but Lloyds Pharmacy, I do advisory work for them, their advisory panel, UK advisory panel. Because that's a German-owned firm, so, but obviously they, they wanted a UK.

Ms Webster: Well they've got a big presence here, haven't they, yeah?

Baroness Morgan of Huyton: Huge. So on that, there's an advisory committee of five of us. And we've gradually, that's gradually sort of extended its work really. At the beginning it was rather sort of blue sky thinking, no one knew where we were going sort of thing.

D

Ms Webster: Yeah.

Baroness Morgan of Huyton: It's become much more focused on the business really. And both on that and I suppose in, both on Southern Cross and Lloyds there's a focus on kind of where is healthcare going in the broader sense? You know, where's the healthcare, social care agenda going on all that. And in a sense there's parallels in both of those, because they're both looking at is the market going to be wide enough for us to spread our wings somewhat? And then I also do a bit of other charity work as well. So that's kind of, that's kind of what I do.

E

Ms Webster: So it's quite broad really, yeah.

F

Baroness Morgan of Huyton: So it's really broad. And it's really interesting actually because it, well it's like, I mean, it's, what's interesting I suppose is that some of the same issues come through. I mean I tend, I've, I've become very involved in quality issues, so on Carphone, I chair the FSA Compliance Committee, on Southern Cross I chair the Quality Committee, because they weren't terribly good at recognising that we did have to deal with regulation, whether you like it or not, you have to deal with it.

G

Ms Webster: Yeah.

Baroness Morgan of Huyton: And rather than say this is stupid, actually it was better to see if we could build relationships. So I've done some advice around that, and around CSR as well, both of those. And you know, it's really interesting, because you, because kind of, there's big issues, but then there's also some very similar things about spotting where it's operating really well, and where some of the people just aren't working, you know. And to an extent just being something of a, I suppose a fresh pair of eyes. I mean I think in all cases, in a sense, I'm somebody who has been a sort of fresh pair of eyes for some of the manage, for some of the senior management in the sense of saying, "Are you sure that's quite working?" or whatever, but in, in a relatively informal way, so.

H

Ms Webster: I suppose you're a good sounding board, aren't you, for?

J

Baroness Morgan of Huyton: Yeah, yeah, and I think sometimes it's quite nice for people to step outside where they are, to, to be able to have conversations.

Ms Webster: Yeah.

Baroness Morgan of Huyton: About either individuals, or project teams, or new directions for a company.

K

Ms Webster: Well yes, with your work with say, for example, Lloyds, if they're a German company, and wanting to kind of grow in the UK, how would you kind of help them do that?

Baroness Morgan of Huyton: Yeah, I mean what we've done, what I've done with Lloyds, is, well we started, first of all we said, we encouraged, we encouraged Lloyds actually to have a German rep there, because otherwise in a sense you ended up having these conversations and then the chief executive on his own, from Lloyds, was going to Germany to represent our views, which was not very sensible. So we ended up saying you need somebody very senior sitting here, so in a sense he's part of the conversation, he understands if we say we've got the confidence, something's going in one direction, and actually we've got, we've got confidence, you know, around the table from, you know, a senior doctor, and a Conservative peer, and a Labour peer, or whatever, then actually far better for him to hear it, rather than through somebody else's mouth, so that was

L

A the first thing we did. But I suppose, what we've, what we collectively there have done, is sit down and work out with them where the direction of travel is, whether we could get some potential new growth, but where they've also got to be careful to nail down, that the budget is definitely going to follow the work, is it.

Ms Webster: What kind of contracts are they trying to get?

B **Baroness Morgan of Huyton:** They are trying to get PCT contracts for things like diabetes testing or you know various health checks, which at the moment are flowing their way but then sometimes they can be countermanded by GPs, who say well, we're not satisfied with that, so we want to repeat that. So, I mean, to an extent one of the things we've been able to do is, is make sure that through various people, you know, in a sense through having reasonable contacts, that, that pharmacies are represented better around the tables where conversations are taking place. And I mean it's not exactly, it's not, it's not crude kind of lobbying, it's more, it's more being able to say to people, if you're, you know, I can see you, government, or you opposition party, where you're trying to take the agenda, but you haven't thought about the following things.

Ms Webster: Yeah.

D **Baroness Morgan of Huyton:** And obviously in the House of Lords, there's a, there's a, the House of Lords, much more than the House of Commons, there's much more cross party working as well, so actually that plays, that works quite well, because you can have, you can have kind of interesting conversations without it being as political as in the Commons.

Ms Webster: Yeah that's right.

Baroness Morgan of Huyton: And indeed for anything to get through in the Lords, you've need to have a cross party agreement.

E *Ms Webster:* Yeah, people have got to agree.

Baroness Morgan of Huyton: So in a sense, it, it forces a lot of those conversations, particularly around health, because there tend to be some really strong, good people from the health sector who are really good to, you know, to take it, to take it outside of the normal debate really.

F *Ms Webster:* And what were you doing for Humana? I think when we spoke on the phone you said that you were going to stop working for them, or maybe you had.

Baroness Morgan of Huyton: Humana, Humana cut, yeah, Humana were doing, were similarly trying to get into the UK market. I think it never really worked, the advisory committee, that was another advisory committee that was far too big.

Ms Webster: Oh really, how many people did it have in it?

G **Baroness Morgan of Huyton:** I only went about 3 times, and each time I went there were more people. So I think Jack Lord was sort of, I think there were about 15 or 16.

Ms Webster: Oh, that's a lot isn't it?

Baroness Morgan of Huyton: Which is silly, yes.

H *Ms Webster:* I was thinking of about 6.

Baroness Morgan of Huyton: Lloyds is six, and we're fine, yeah six, we're six, including the, our German rep, we're six. And that works very well, because actually you then have a pretty honest, you become quite a close group.

Ms Webster: Yeah.

J **Baroness Morgan of Huyton:** And you're able to really thrash ideas out and argue. This became more like a sort of like seminar, so each time you turned up you'd think, "Who will be here today?"

Ms Webster: Yeah.

K **Baroness Morgan of Huyton:** And I just don't think they really ever cracked the British market, so it just, it just sort of, I mean there were some very interesting people, you know, Ken Anderson from UBS, was on, and so we had quite a lively time, but you just felt it was, there was no, they never really sat down and talked about the bottom line. So, you know, I remember at one meeting Ken Anderson and I saying well this is all very well and good, it was all terribly well meaning, it was all about getting people healthy and they were into, sort of, you know, public health agenda, you know, and Ken and I both sort of said "This is great, but where's the money flow in this? Where's it going to come from? I mean it's all, you know, in a, in a time of great growth, lovely, but you know. And so, and Jack Lord, who was engaging, and sort of slightly Renaissance man who led it in the UK, American guy, and Jack sort of said, "Oh where there's a good idea, I always find the money will flow, will follow it." And I thought good, let's hope so, but it didn't, you know, so they never really cracked it. They never really cracked it.

L *Ms Webster:* So they pulled out?

- Baroness Morgan of Huyton:** They pulled out. A
- Ms Webster:** Oh I see, okay.
- Baroness Morgan of Huyton:** I mean I think they've won one contract, but I mean they've, and Jack's gone. And it was Jack's, it was very much Jack's thing, and I mean Jack has moved on I think.
- Ms Webster:** And now that he's gone. B
- Baroness Morgan of Huyton:** Yes, I mean they, they just closed it, they just closed it, yeah.
- Ms Webster:** Oh right.
- Baroness Morgan of Huyton:** And I think, I think they've got, I mean they seem to me to be, last I heard they were doing very little work, it was a sort of, it was an office covering Europe and the Middle East, and they seemed to be doing all their work in the Middle East. C
- Ms Webster:** Oh.
- Baroness Morgan of Huyton:** So I think its.
- Ms Webster:** They changed their focus then.
- Baroness Morgan of Huyton:** They changed their focus. Saudi and then Dubai, so. D
- Ms Webster:** It's amazing actually, that you can expand there in those kind of areas.
- Baroness Morgan of Huyton:** I know. Well I think there is a lot of interest isn't there? Because, both on the education and health front, quite a few of the Arab states are interested in the British experience, and there's quite a lot of interest, there is quite a lot of interest.
- Ms Webster:** Yeah, that is true. Yeah, it's seen as quite a good model, isn't it? E
- Baroness Morgan of Huyton:** It is, it is, it is and there's quite a few education, I mean private education funds operating in the Middle East at the moment, and I think there's, you know, and inspection teams and all sorts of things, so I think there's, I think, I mean I think it is a growth area, but I think it's quite odd to try and run it all as part of one operation though. F
- Ms Webster:** Yes, yes, exactly.
- Baroness Morgan of Huyton:** Pretty dysfunctional.
- Ms Webster:** Yeah, otherwise you become too thinly spread.
- Baroness Morgan of Huyton:** I think that's right. G
- Ms Webster:** And you don't have a key focus. I think what our kind of clients are looking for from us is some kind of direction about what they should be doing . . .
- Baroness Morgan of Huyton:** Yeah.
- Ms Webster:** In the UK. Looking for opportunities, what, you know, legislation is coming up
- Baroness Morgan of Huyton:** Exactly. H
- Ms Webster:** That might be beneficial to them.
- Baroness Morgan of Huyton:** Exactly.
- Ms Webster:** Who they should be talking to.
- Baroness Morgan of Huyton:** Yep. Yep. J
- Ms Webster:** Because it's all very well, you know,
- Ms Webster:** If you want to expand in the UK, but then, you know, you need to get to know . . .
- Baroness Morgan of Huyton:** Absolutely.
- Ms Webster:** . . . whatever Secretary of State . . . or the civil servant . . . K
- Baroness Morgan of Huyton:** Absolutely.
- Ms Webster:** . . . that's dealing with your stuff.
- Baroness Morgan of Huyton:** Absolutely, who are the key players, yeah, absolutely, absolutely.
- Ms Webster:** Yeah. L
- Baroness Morgan of Huyton:** And it's actually a relatively small group of people; I mean I think that is, I mean there are some, there are some good people moved on. I mean I think obviously fresh blood will come in, is my guess.
- Ms Webster:** Mm, yes.

- A **Baroness Morgan of Huyton:** And there needs to be really. But a lot of the core people don't change.
- Ms Webster:** No, well no exactly, they're kind of there, and they're good at it, so, you know, they kind of stay doing it really.
- Baroness Morgan of Huyton:** That's right. So what sort of clients have you got?
- B **Ms Webster:** We've got a whole, lots of different ones really, thinking about the Middle East, we've got largely, just some investors who are kind of, got into a group, they've made a lot of money through oil, and now they want to invest in the UK. So they're looking to invest in property, they're looking to invest in transport, and infrastructure, so they're very interested in airports, airport expansion, just general transport, so the high speed rail link to the north of England, you know, there's a lot of contracts that are going to be around there. Defence clients as well, so we've got some in the States, who kind of make components that go in MPVS, which are
- C mine-protected vehicles. And they're kind of, they're interested in kind of speaking to the MoD more, because they already do stuff in the US. So really it's a whole host of things, which is great, to have something so broad. But it means they've all got very, very different interests, and different people that they need to get to know I suppose, is the best way to describe it.
- D What's the difference between, because how I've always looked at it is, well okay, if they're interested in health, they need to get to know people at the Department of Health. But how does it work, the dynamic between each department, and say the policy unit, or within Downing Street?
- Baroness Morgan of Huyton:** Yeah, well, if you take an example for, well a very good example, on, on education for example, at the moment, the, the Department of Education, the key people that you'd want to know are the Secretary of State and his or her special advisors, I mean they're crucial, usually the permanent secretary, is there a, there's quite often one or two sort of driving, there's either a driving minister in there, so
- E very often in my experience there was a kind of minister of state, a number two in the department, who was absolutely pivotal, and in fact I find that at the moment in the departments. And sometimes there's a kind of grade one down civil servant who is kind of a pivotal person. And then in Number 10, it tends to be the special advisor with responsibility for that area. And that tends to be, I mean the best example I ever had was, when I think, certainly in my experience in government, time when it worked best, in health for example, was when
- F Alan Milburn was Secretary of State, and Alan had John Hutton as his number two, who in a sense ran the department. He then had two extremely strong special advisors; he then brought Ken Anderson in from UBS to be his kind of 'private sector guru'. So he was very important. He then built a little sort of private sector network in there. And then in Number 10, you had a guy called Simon Stevens, who in the end went off actually to work for United Healthcare in the States.
- G **Ms Webster:** Ah.
- Baroness Morgan of Huyton:** So that, that group of people.
- Ms Webster:** They were the key players?
- Baroness Morgan of Huyton:** They ran it, they ran the thing really. And then around the country they knew who were the best, who were the best people in which strategic health authorities, so at that point, for example,
- H you know, the guy in the Southwest and the guy in London were the people that you really, they were the go ahead places. You'd leave, you know, there were at least two or three you wouldn't go near with a barge pole, because actually they were completely off, you know, they were completely against the agenda and pointless, so they, they, you know, and, and I think that's the case, that's the case pretty well across the departments really. So the MoD, it would tend to be the procurement people, so at the moment it would be Drayson, you know,
- J and he would be the pivotal person to get to.
- Ms Webster:** Yes, and is that something you would be able to help us with, get, be able to, I don't know, touch base with, either ministers or civil servants?
- Baroness Morgan of Huyton:** Yeah I mean obviously in the, you need to be careful, I mean you'll get the same answer from anybody who's, who's in the Lords or in the Commons, but I don't, I mean I presume it's only,
- K you don't want to use MPs I would think on the whole.
- Ms Webster:** No.
- Baroness Morgan of Huyton:** No, it's too close you know. As a peer you've got to be careful, you've got to be careful that you're not lobbying, so there's a kind of, there's codes that you have to . . .
- Ms Webster:** Oh right
- L **Baroness Morgan of Huyton:** . . . that you have to, you know, so in a sense it's, you can make, what I, I mean how do I describe it? I mean I can have conversations with people without pushing my client necessarily, but I can push a direction of travel on policy, I can find out what's happening, I can, I can, I can, I certainly with Lloyds, for example, I remember saying, I mean I got Lloyds round the table in terms of policy discussions, but only by, but in a sense being very clear, by being completely upfront that I'm on their advisory committee,

and I think this guy's good, but you may want somebody from Boots instead, but it's really important pharmacies are represented round your table for these discussions. So I'm, I'm, I mean I am very careful you know, in a sense, because I mean some people are less careful, if you like, than I am, but I think in the end that's foolish, because actually that can be damaging to clients as well as anything else.

A

Ms Webster: Yes.

Baroness Morgan of Huyton: So I think you've got to be, but in terms of knowledge about how it works, and who are the best people to talk to, you know, absolutely that's what I would bring to the table.

B

Ms Webster: Yeah, no I presumed from your experience in government you'd know who everyone was, and be aware of who the kind of, who would make this kind of decision.

Baroness Morgan of Huyton: Yes exactly, no exactly. And what you find is, and it's quite funny, I mean I'm sure, you know, you might be completely unaware of it, what's bizarre is, almost regardless of who's in power, an awful lot of the key players don't change, which is quite odd.

C

Ms Webster: Is that because they're largely in the civil service?

Baroness Morgan of Huyton: It's sort of, but also because, particularly now, I suppose, because actually there's not going to be a dramatically different policy direction, I don't think. So, if I think about on education and health for example, which is where I'm most involved, you know, I know Michael Gove's people probably better actually than I know Ed Balls' people, and I'm more sympathetic to what they're saying, and on health Andrew Lansley's not in a different place particularly, and I don't really know the defence people to be frank, I mean I know the MoD people, I don't know the Tory defence people particularly, but procurement works in a slightly odd way anyway, DFID and things I do know Andrew Mitchell. So, as I say, there's something about the Lords where it's slightly beyond politics in a sense.

D

E

Ms Webster: Yes, so that was one thing I was going to ask you, you know, if you were to be working on our advisory board as a consultant, would it matter if the Tories win the next election, and how will that change things?

Baroness Morgan of Huyton: Yes. I think in some ways, no, I mean I don't think it'll make, I, I think for, for somebody like me, I don't think it makes much difference. If, I mean, crudely put I suppose, if you are on the extremes of any party it's problematic I think. So in a sense if you were, you know, if I was kind of left wing Labour, or if it was right, very right wing Tory that would be problematic. If you're sort of seen as a fairly centrist sensible person with strong connections, I don't think that it really makes any difference.

F

Ms Webster: Yeah.

G

Baroness Morgan of Huyton: And actually in some ways, I mean I know when I was in number 10 we were particularly keen to have opposition people involved, because in a sense it demonstrated you weren't being partisan, that you were building a consensus, and I think that's often the case actually. You know, I think, yeah I mean certainly if I look at Lloyds, that's been, they set out to do that in a way, to demonstrate that they were going to get people with different backgrounds. But actually we're all the same, we're all probably supporting the same agenda, you know, of private involvement. So no I don't, I mean in all, you know, in all candour I don't think it does make any difference. In fact, as I say I think, I guess my, my sort of brand is considered centralist enough not to, for it not to be an issue, I think.

H

Ms Webster: Yeah, well that's lucky. And it's quite interesting as well, the idea that you know, you're just as kind of friendly, if you like, with the Conservatives, various people.

J

Baroness Morgan of Huyton: Yes, yes, yes, well I mean only because in a sense they know, they, they broadly agree with the policy agenda I guess. And therefore they'll, you know, to a large extent, if I think about, but I know Andrew Adonis is very sad at the moment, because it looks like the Conservatives have refused to cooperate on the transport stuff, I think that's, I think that's pretty short term myself, I mean I think that's just because we're very close to an election actually. Other than, other than the airport stuff, which obviously will be a different position, you know, I don't think the agenda will change very much.

K

Ms Webster: So hopefully they'll continue to back things like Cross Rail, and?

Baroness Morgan of Huyton: I'm sure they will, I'm sure they will. And there'll have to be sensible conversations about airports anyway. I mean BAA, BAA, I know, I know, god what's his surname, Tom, who worked with me at Number 10, who's head of, head of government relations at BAA, can't remember his name. Tom Kelly, Tom Kelly. He was a civil servant, and he was in Number 10 doing press work and he's now handling all the BAA stuff, so.

L

Ms Webster: Oh really?

- A **Baroness Morgan of Huyton:** Yeah, I saw him the other day, he'd had a very bad week. But you know, he said, I said, "Well, you know, it could all be different soon." He said, "Oh no," he said, "In the end, you know, the Heathrow runway is an issue, but beyond that, there will have to be sensible conversations."
- Ms Webster:** Yeah. Well something's got to be done I suppose.
- B **Baroness Morgan of Huyton:** Yeah, yeah.
- Ms Webster:** So just trying to think about, because one thing I'll have to kind of report back to the guys in America, is how your kind of role would work for us. So, for instance, if, thinking about, we represent a kind of fitness health company in the States, who kind of get involved with schools really, and they'd be interested in kind of coming over here, and trying to, I suppose, essentially their long term aim would be getting government contracts to do a similar thing in schools here.
- C **Baroness Morgan of Huyton:** Yes, Yes.
- Ms Webster:** What do you think you could kind of bring to that as an example?
- Baroness Morgan of Huyton:** Yes, well if, on that, first of all you see, first of all you see where the potential budgets are in government on that and it remains to be seen, I think, whether the kind of fitness agenda will stay in the Department of Health or be with schools, in terms of kids, I don't know, or whether it stays in the DCMS. I think, so first of all find out kind of the location of the thing, secondly, I think see if there are, depending on whether it's, you know, depending on whether it's health or education, find a sympathetic place probably to do some pump priming, you know, a pilot, a pilot project really, prove the results. And then, if probably, I mean it's some fairly basic things like probably, you know, give advice on to what extent they should have a presence at a party conference, to what extent should they be trying to seek, at what stage should they be trying to seek meetings with ministers to put their case.
- E **Ms Webster:** Yes.
- Baroness Morgan of Huyton:** or at what level of civil servants, you know, should they, should they sponsor a seminar on it? You know, it, I mean give them a range of ideas I think in terms trying to take it forward.
- F **Ms Webster:** Well yeah, I think that's quite important, because you know, I might be able to see that okay, they need to be talking to people in the Department of Health or whatever.
- Baroness Morgan of Huyton:** Yep.
- Ms Webster:** But then it's, it's how to do that talking that I think is quite important to get some advice on.
- G **Baroness Morgan of Huyton:** And what they've got to prove as well, in order to get the contract with it. I mean I, I mean I, I chair a sort of sidekick thing at the moment with my Ark work, where we set up a headship, a training, a training track, first of all a training programme, that's become its own sort of charity really, but for training people who potentially want to be heads of really tough urban schools, but do it either younger than they would have done, or come from outside. So maybe they taught 10 years ago, or 15 years ago, for a bit, but then they've gone and run their own companies or whatever, and they say well actually I want to be a leader. I don't want to be a teacher, I want to be a leader, I want to come back in. And we've just won a contract, a £15m contract from the government to expand that. And the way we did that really was to get a little bit of interest at the start from the government, to say well, give us tacit support, but we will fund the first stage of this, prove it, come up with the evidence that actually we could deliver the goods and then go, went into the bidding process. And, you know, there was commissioning, a commissioning process and we won the bid. And you know, part of that was obviously, part of that was beating, was knowing who to, who to scream at in the department when the commissioning process became absurdly sort of you know, full of European regulations and sort of, you know, 93 pages long and all that, so sort of know who to scream at about that, but also in a sense know, know slightly which buttons to push I suppose.
- H
- J **Ms Webster:** Yes.
- Baroness Morgan of Huyton:** I think it is a similar process on health really.
- K **Ms Webster:** And would you be willing to speak to people on our behalf, though I know you said you had to be careful about doing that?
- L **Baroness Morgan of Huyton:** Yes, yes, I, I would, I mean, you know, look I would, what I would do, I mean if, and as I say, I think, if you want any politician, any peers involved I would guess everybody would say the same to you, or if they don't they're foolish. You know, in a sense I would give you the code and say this is what I can do and this is what I can't do and then we all know where we are. And in a sense my view is, I do anything as long as I'm transparent, reasonably transparent about it. I think if you start doing stuff in a very covert way, that means that actually in the end, if it came out that that was being done, it wouldn't help, it certainly, it wouldn't help me, but it wouldn't help you or your clients.
- Ms Webster:** It wouldn't help my clients, no.

Baroness Morgan of Huyton: So, you know, I just think there needs to be a level of honesty. A

Ms Webster: So what things, I'm not really familiar with the code, but what things would you be able to do? Would you, for instance, be able to, I don't know, if we said, oh, we need to be speak to this minister, would you be able to contact them and say, look these guys would like to meet you to discuss this? Is that something you'd feel comfortable with that, or . . .

Baroness Morgan of Huyton: I think you can, I think you can do that. I mean I think you have to choose your time and not do it very often, I mean for me or anybody else actually, so in a sense you need to. B

Ms Webster: Can't be always on the phone.

Baroness Morgan of Huyton: You get, you almost get one chance to really pitch your stuff and very often the better person to talk to is a special advisor. C

Ms Webster: Right.

Baroness Morgan of Huyton: . . . and have some initial meetings and get some feedback.

Ms Webster: Right. So you'd be able to contact them?

Baroness Morgan of Huyton: Yeah, yeah, yeah.

Ms Webster: Because that would be very useful you see, because I don't really have a public affairs background, I have a PR background, and obviously if I were to call up a special advisor to X minister, they would think, who are you? D

Baroness Morgan of Huyton: That's right.

Ms Webster: Whereas if you were to call they know who you are. E

Baroness Morgan of Huyton: Yes that's right.

Ms Webster: So it's far easier from that perspective. And presumably you'd be able to give us guidance on about, I don't know, what to say in meetings and how to present your case?

Baroness Morgan of Huyton: Absolutely, no absolutely. And in a sense, which, in a sort of slightly crude way, you know, which buzz words almost, which, you know, which you know there's some, there will be some key things that they obsess about, there always are, anybody, any government, any minister, any department, there's always some things that they are obsessing about and some things they're not. So there will be some stuff that you've got to include otherwise you won't get through the door, and there will be other stuff that would be a real mistake to go down there, even if you do it later sort of thing, you know. And there's other stuff, I mean one of the other things that I think Humana got wrong, very wrong, was they were pitching the, they pitched their, they got the pricing wrong. And I kept saying to them you've got to if you're dealing with the health service in Britain, you've, and because commissioning is quite a new process, and this will be the same with your health, with your, you know, health people, because it's quite a new process, getting through the door is the key thing, so win your first contract and then you'll get loads more contracts, if you, if the relations work, because they'll be so relieved they've got somebody that can handle, who can handle stuff and deliver what they've got. They've all got their KPIs, they've all got to deliver this healthy living stuff, they've got to meet it, they don't know how to do it, you've got to show them, at a price that they can afford, that you can do it. Once you've got the first contract, if you have to put the prices up they will probably live with it. And they wouldn't, they couldn't sort of get their heads around that, whereas I think Lloyds have been far better at doing that, they've recognised that if you just say you're brilliant at quality, but you don't get the price right, you're not going to get through the door. F G H

Ms Webster: No, you don't get anywhere. And presumably that's something you experienced when you were working in government, that's just how it worked? J

Baroness Morgan of Huyton: Yeah absolutely, absolutely, absolutely. You know, because in a sense, any, any government, and I think nothing will change with the Conservatives, assuming they win, because they've made such a thing about their commitment to the health service. They've got to, any diversification of supply, it's got to be grounded in quality. So essentially you've got, even though they'll have major cuts, it will not just be about cuts, they'll have to demonstrate they are delivering quality as well. But you know, they're, they're delivering as well as the public sector would. But actually you know what, it's going to be better, it's going to be better value. I mean I think there's a great opportunity by the way in the next few years in the private sector, yeah. K

Ms Webster: Do you? How do you think our healthcare policy is going to move on? L

Baroness Morgan of Huyton: I don't think it's going to change dramatically, I mean I think there's a lot of lip service at the moment to, you know, let the doctors lead and all the rest of it, I can't believe they'll stick to that once they get in, because it's, it's very wasteful. You know, we won't be, we've been there before and it doesn't work. So I don't think, I mean I, I think, Andrew Lansley is sort of slightly speaking with two tongues at the

A moment, so I think he's giving, I think that's the electorates, because the electorates like doctors. When he
 meets the private sector he's not giving that message. So I think there will be a continued push about opening
 up supplier side. I think the Conservatives will push harder on public health actually than Labour has, I think
 they're more committed to really spearheading on that. Now how they'll handle that in, in, in a time of
 effectively cuts, I don't know. But certainly that's their, that's the, you know, they, they certainly were, and
 B have been planning, to have almost like a separate department on public health. But I think there won't be
 any, there won't be any major change in funding streams, you know, so in a sense the funding mechanisms will
 remain the same, but the, the supplier will open up.

Ms Webster: And do you think, it sounds like you've got quite good contacts really with the Conservatives,
 would you be able to kind of get a steer from them or from civil servants, I don't know whichever's best, on
 C what kind of policy is coming up, so which would be useful to us and our clients so we know where to position
 ourselves?

Baroness Morgan of Huyton: Oh yes, oh yes, I mean that, that, that sort of thing is much, much easier than
 individual contacts, you know, the individual contacts stuff in a sense, is more what traditional public affairs
 companies do I suppose in a way and, no doubt you will develop, you will develop in time people who will
 D know, you know, the press person in that department or whatever, but in terms of which way is public
 policy going.

Ms Webster: And also which, what piece of legislation's coming up.

Baroness Morgan of Huyton: Oh that's, I mean that's, that's very straightforward, yeah, that's very
 straightforward.

Ms Webster: Because if you know this piece of legislation is coming up, then it's much easier for you to be
 E able to start trying to influence it, bluntly.

Baroness Morgan of Huyton: Absolutely, absolutely, and there's very little, I mean I don't think, there is no
 reason to presume that any of the sort of leading civil servants will change.

Ms Webster: And do you have a good relationship with them?

F *Baroness Morgan of Huyton:* Yes I do yes I do.

Ms Webster: In health, or all over?

Baroness Morgan of Huyton: Quite a few really, because actually what tends to happen is that people in, you
 G know, people in, in the British civil service get moved around. So if they've been, I mean like the guy, who's
 in charge of, the cabinet office guy at the moment who's in charge of. Yeah, they've all moved around, it's,
 they're all moved around, so a lot of them have kind of come through Number 10 when I was at Number 10.
 They were at that level and now they're suddenly permanent secretaries, some of them. So it's quite funny.
 No so actually they've done really, you know, I think, relatively young people tend to come through Number
 10 and then you know, ten years later crop up because they're actually, they are gifted people, and a lot of
 H them rise to the top quite quickly. So yeah, no, no, I mean what I categorically could never do, and, you know,
 nor could anybody else, is suggest that we would influence, that I could influence, that I could influence
 legislation on behalf of a client, because that's, you know, absolutely a no. But in terms of saying to your
 clients, this is the legislation that's coming down.

Ms Webster: Yeah, exactly, or I've heard this is coming up, or.

Baroness Morgan of Huyton: Yes, absolutely, I, you know, that's just, I mean that's that's completely possible;
 J I mean that's completely sensible.

Ms Webster: And then it's up to us to be able to try to influence it how we can.

Baroness Morgan of Huyton: Absolutely, absolutely, exactly. Because obviously, recently there was that stuff
 with peers who'd been sort of placing questions and stuff for clients, which is.

K *Ms Webster:* Oh really?

Baroness Morgan of Huyton: You know, and they were really drummed, yeah, they were, they were given a,
 an extremely hard time. But there's no problems speaking, you know, there's no problem speaking, I mean
 basically, you know, there's an accepted view, that you, unlike the House of Commons, being in the House of
 Lords is obviously a part time job, therefore there's an expectation you're bringing knowledge from outside in.

L *Ms Webster:* Yes, and so that's fine for you to have other jobs.

Baroness Morgan of Huyton: So that's fine, so I'm standing, I can speak on care and I say, you know, I declare
 an interest because I am on the board of Southern Cross Healthcare. Now they don't think that is a problem
 in the House of Lords, they think oh well that means that she knows something. Whereas in the Commons
 they'd would think "eugh".

Ms Webster: Why are you saying that, yeah?

A

Baroness Morgan of Huyton: So it slightly, it is quite a different thing, because in a sense they, they value you bringing something in, as long as you're, you know, where you're rightly condemned is if you speak on care, if I spoke on care and didn't acknowledge I was on the board of care homes you would get killed, and so you should you know.

Ms Webster: Yeah, so there are some tricky things.

B

Baroness Morgan of Huyton: It sounds more tricky than it is, in a sense, because actually, it's, it's clear what you can and can't do I think, you know.

Ms Webster: Yeah. But in terms of kind of getting a steer from them on kind of upcoming legislation or business opportunities that might be coming up?

C

Baroness Morgan of Huyton: Absolutely, you know, where's the direction of travel, on health, or education? What's going to happen on the defence review? You know, where do we think things are on Cross Rail? I mean I know, I mean in London for instance, I'm on, I mean I know Boris because I'm on his, I'm a trustee on his charity fund. So I see him quite a lot. And Neil Coleman who works for him on the Olympics, is on the Olympic Delivery Authority with me. So London Transport I'm pretty, and actually Christopher, Christopher Garnett's on with me, who's Transport for London. So that's London.

D

Ms Webster: That's covered, yeah.

Baroness Morgan of Huyton: London, London. I'm covered. Transport, I know the permanent secretary well. And obviously Andrew won't be there, but, I don't know who else.

Ms Webster: No. And are they quite easy to talk to?

E

Baroness Morgan of Huyton: Yes.

Ms Webster: Presumably they're, if you know them, you can pick up the phone to them, whereas you know, I would struggle.

Baroness Morgan of Huyton: Yeah. I mean, again, it's a question of not too much, but you know, you can map it out.

F

Ms Webster: Well so I suppose you see what the key things are, don't you? You're right, you don't want to be calling someone every week.

Baroness Morgan of Huyton: Yep, yep, yep. But it's also a question of just sort of, you know, understanding where public policy's likely to be going on the issue. I mean that's, that's, that's pretty clear if you spend time in, you know, you spend time in the Lords every week like I do, the, it, it's it's pretty obvious where it's going.

G

Ms Webster: Yeah.

Baroness Morgan of Huyton: And you just pick it up over a cup of tea, you know.

Ms Webster: No, I imagine so. Is there much kind of interaction within the Lords between, I don't know, ministers, say, for instance, if you didn't have your background, being in Downing Street, would you still have so much access I suppose, to ministers and all the rest of it? Is it the kind of place you'll bump into each other?

H

Baroness Morgan of Huyton: Yes, you do bump into each other. I mean it is a very sort of social place really, and because we, because we're part time, we're still there in the evenings quite a lot, which is very different in the Commons, so, and our offices are useless, therefore you tend to sit in the bar or the tearoom. So actually you do, you know, you do tend to, you do tend to bump in, yeah you do tend to bump, and you talk, you know, that's what, you're talking politics a lot of the time, therefore you breathe it, you know, you sort of breathe it in, in a sense.

J

Ms Webster: And that would be where you pick stuff up presumably?

Baroness Morgan of Huyton: Yeah, it is really, it is, and you just kind of, yes it's, it's where you, you know, it's where you sit with people from other parties as well and pick stuff up really. And there's quite a, as I say, I mean, ah, I mean I think what's terribly different from the Commons is, there is, there is a sort of body of shared interests, so there, you know, there are a group of people on health, or on education, or on defence, who, if there's a debate, are all there, and it's always the same people. So I mean I think about education, you know, I'm always there, Kenneth Baker from the Tories is always there, and we sort of know that we broadly actually say fairly similar things. And you kind of, therefore, have a cup of tea afterwards, you know, it's, I mean I know, I mean I've never been in the Commons, but don't think you get that same, the same relationships in the same way.

L

[Neither film nor sound of the following exchange in square brackets was provided to the Sub-Committee.]

[**Ms Webster:** Mm. I know, well I think it's just, well it's just far more political.]

- A **Baroness Morgan of Huyton:** Yeah. And also, ministers know in the Lords that to get something through they've got to have, because there's a body of, you know, 30 people who are interested in health, or 30 people who are interested in education, in a way, a minister, whatever their party, has got to corral that group, has got to talk to that group, because they'll be the people who, in the end, take the committee stage through on something.
- Ms Webster:** Yes, I suppose, yes. So if they've got some legislation coming through, they're going to want to meet people.
- B **Baroness Morgan of Huyton:** Yeah, they'll want to, they'll do a briefing for you, they'll want to, you know.
- Ms Webster:** I suppose they want you on side, don't they?
- Baroness Morgan of Huyton:** Yes they do, they do want you on side, they want you, they also want your criticisms early on, because they don't want to be handling those by the time it's come through report stage and it's nearing to end, ping-pong with the Commons, they actually want to iron a lot of that out in the early stages. And, to be fair, the better ones, you know, the Lords is at its best when it's an amending chamber and the good ones realise that, so in a sense they want to take your view on what will and won't work, whereas in the Commons, you get less of that, I think. It just means there's more discussion about where the direction of travel is.
- C **Ms Webster:** One thing that I need to get a sense of, it's always a tricky conversation, is about how much you would expect to be paid to be on an advisory board?
- Baroness Morgan of Huyton:** Sure. Well it depends how much work really.
- Ms Webster:** Work you're doing, Well I think we'd be looking at, I think we'll try something for six months, see how it's going, and see if we need to change it. So I think we'd be looking at a meeting either every other month or once a month for the advisory board. And obviously working as a consultant, which you might be interested in, would mean maybe two days a month, maybe three, depending on workload, depending on the client.
- E **Baroness Morgan of Huyton:** Right, right, right, right. Well I mean I suppose I, what I've, what I've done with Lloyds, has been that's it's been broadly pro rata with a non-exec really. You know and that's, so that's, I mean it's, it's you know, it's broadly sort of been about £5,000 a day, depending on if it's a whole day or whatever it is. I mean it's been, that's how we've worked it out there, and that's what Humana did as well, they said, what's a typical non-exec size, well, let's work it roughly on that.
- F **Ms Webster:** Well I think that is the best way to do it, and that's kind of how I imagined that's we'd, I'd almost have, you know, a day rate.
- G **Baroness Morgan of Huyton:** Yeah I think that's sensible.
- Ms Webster:** And then you just know how many days you're doing.
- Baroness Morgan of Huyton:** I think that's sensible.
- Ms Webster:** And if you were to do more because you're doing some consultancy work, then you just tell us.
- H **Baroness Morgan of Huyton:** Yes. And actually that happened with Lloyds in fact, because, we were being paid, I think we were paid, we were paid £25,000, and that was initially kind of four big meetings a year, but it was kind of four full day meetings a year, and the reading around it. And then they wanted to do a piece of work on a sort of strategic plan on where, where was the next stage of health if, you know, where would they fit into the next stage of health reform? And they sort of said well actually, I suppose, in a sense that's a separate project, so that's probably you know, three more days.
- J **Ms Webster:** Yes, and then you'd just work it out. I think that's, it's just all about having a dialogue isn't it, about what you're doing, and what everyone expects. I think that's probably the best way to proceed. So what I'm going to do, I've got to kind of draw up a short list I suppose, over the next couple of weeks, and then someone's either going to fly over from the States or I'll just speak to them, and I think they would probably quite like to meet with people on the shortlist.
- K **Baroness Morgan of Huyton:** Oh absolutely, yeah, of course, of course.
- Ms Webster:** And there would be an opportunity to meet some of our clients.
- Baroness Morgan of Huyton:** Yeah fine.
- L **Ms Webster:** Which might be quite nice to do. So what I'll do is, I think I'll just go away, and do some work, and have a think.
- Baroness Morgan of Huyton:** Yes, that's fine, no that's fine.
- Ms Webster:** And then I'll get back to you and kind of tell you where we are. And then we can set up forthcoming meetings depending on your diary, and everyone else's diary.

Baroness Morgan of Huyton: That's fine, that's absolutely fine. Because look I mean, you, you know, you may, you may come to the view that you want somebody who can lobby in a more traditional sense, and I suppose I'm just anxious that you, that you're clear that I can't do that.

Ms Webster: Yes.

Baroness Morgan of Huyton: In a traditional sense, and it may be that you need people who can do that.

Ms Webster: Well I think we need a couple of people.

Baroness Morgan of Huyton: You obviously need people on staff who can do that actually, yeah, yeah.

Ms Webster: You know, yeah, well I think for, for the advisory board I'm looking at maybe four or six people, so I think you'd really want to have quite a broad selection of talents there, people that can do different things.

Baroness Morgan of Huyton: I think that's sensible, yeah, yeah.

Ms Webster: So, yes we might need that, by maybe we could get that from someone else. And if, just if you have any thoughts about anyone else who might be good on the board, or who you might work well with.

Baroness Morgan of Huyton: Yes, no, absolutely, I will think about that. So your people are, you're health, you're defence, you're transport. Yeah, I will, yeah, yeah, yeah. Because there'll be a fair number of people, I think elections are always, people just get shaken out at elections, not necessarily because of a party change, but just because it's often a time where people think, oh I think I'll do something different.

Ms Webster: Yeah, well you have a bit of a think.

Baroness Morgan of Huyton: Yeah, yeah, yeah, so I'll certainly do that for you.

Ms Webster: I think I'm going to talk to some maybe former ministers who are no longer MPs, that might be interested in doing something, just to kind of, and also someone from a kind of banking background. I think you want to cover that base really.

Baroness Morgan of Huyton: Yes, no, I think that's sensible. No, somebody with a, I mean somebody with a Treasury background might be sensible. And anybody, anybody who's sort of been near, near the centre of government, knows, you know, who's where in Treasury. I guess that will change. I mean I think the first thing that will go is the permanent secretary. It depends who gets it next, who you know, not so much the ministers there actually, it's the senior civil servants in the Treasury who I always think could be absolutely pivotal really.

Ms Webster: Oh I bet, it's just such an important department when it comes to the rest of government isn't it?

Baroness Morgan of Huyton: Yes it is, it is, it is. I'm they're all public, you know. And certainly at the moment, it runs like it's got effectively its own policy unit, so it has, it has a policy unit mirroring each department, so.

Ms Webster: Oh really?

Baroness Morgan of Huyton: Yeah, so it's quite, yeah, it's pretty formidable bunch really. I guess, I mean I'd be surprised if that doesn't continue, I would have thought it was more important than ever in this *[inaudible]*.

Ms Webster: Yes exactly, where money is tight, you need to be on top of where you're spending it don't you?

Baroness Morgan of Huyton: Yeah I mean absolutely, absolutely, very clear. I mean, you know, where their policies go, so. Ok, that's fine.

Ms Webster: Well thank you very much for coming in . . . be in touch . . . *[end of recording]*.

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A **CORRESPONDENCE BETWEEN BARONESS MORGAN OF HUYTON,
THE CHAIRMAN OF THE SUB-COMMITTEE ON LORDS'
INTERESTS AND THE HOUSE AUTHORITIES**

B **Letter from Baroness Morgan of Huyton to Baroness Manningham-Buller, Chairman of the Sub-Committee on Lords' Interests, dated 19 March 2010**

Sub-Committee Investigation

C I am writing to you to refer myself to the Sub-Committee on Lords' Interests under the House of Lords' Code of Conduct.

I was approached some weeks ago by an organisation calling itself Anderson Perry Associates which inquired about my interest in acting in an advisory capacity for them. I subsequently met a representative of the company at their offices.

D I have now been approached by a media organisation which has revealed to me that it is making a Channel 4 Dispatches programme and that I had been speaking to an undercover journalist working on the programme. The programme is due to be broadcast on Monday, March 22, 2010.

The media organisation has put a number of points to me, including a claim that I have breached the spirit and the letter of the Code of Conduct of the House. I do not believe that I have breached either the spirit or the letter of the Code of Conduct.

E Shortly after the initial exploratory meeting with the undercover journalist I felt sufficiently uneasy about what they seemed to want from me that I decided not to pursue the matter further. I ignored a subsequent email from the journalist and have had no further contact with "Anderson Perry Associates". Within a few days of the meeting I happened to speak with Rt Hon Hilary Armstrong MP and mentioned to her that I had decided not to have any further dealings with these people. She confirms this.

F Before the programme is broadcast, I would like to refer this matter to the Sub-Committee. Accordingly, I make a formal request for the Sub-Committee to investigate these matters. I believe that the Sub-Committee, rather than a television programme or any associated news coverage is the proper forum in which these matters should be considered.

G Given the decision of the House earlier this week in relation to the Guidance on the new Code of Conduct and in particular to the commencement date for the new system, including the new Code and associated Guidance, I understand that my complaint would be considered under the terms of the current code of Conduct.

I am at your disposal to give the Sub-Committee any further assistance it might require in relation to this matter.

H I am copying this letter to Brendan Keith, House of Lords Registrar, and to Michael Pownall, Clerk of the Parliaments.

19 March 2010

Letter from Ms Maureen Corcoran to Baroness Manningham Buller, Chairman of the Sub-Committee on Lords' Interests, dated 23 March 2010

J Please note that following the Dispatches Programme on Channel 4 (22/3/10) I wish to register a formal complaint regarding the conduct of Baroness Morgan. I believe that her behaviour has brought Parliament into disrepute.

23 March 2010

K **Letter from the Clerk of the Sub-Committee on Lords' Interests to Baroness Morgan of Huyton dated 25 March 2010**

Channel 4: Dispatches: Politicians for Hire: 22 March 2010

L **Allegations and Evidence About the Baroness Morgan of Huyton**

The Sub-Committee on Lords' interests today considered your letter to the Chairman dated 9 March 2010 in which you sought to refer yourself to the Sub-Committee for investigation in the light of allegations which you anticipated that Channel 4 Television was shortly to make about you in the edition of Dispatches, *Politicians for Hire*, broadcast on 22 March 2010.

In the light of the broadcast programme, your letter and a complaint by a member of the public, the Sub-Committee has decided to investigate your conduct. The Sub-Committee will conduct its investigation in accordance with the report from the Committee for Privileges on *The Code of Conduct: procedure for considering complaints against members* (4th Report 2007-08, enclosed). The first step, identified in paragraph 17 of the report, is for the Registrar to put the allegations to you and invite your response. Before we can do that however, we must first receive and study material from Channel 4 Television. The Registrar will thus write to you in due course.

The Sub-Committee recognises that Parliament is likely soon to be dissolved and a general election called. At dissolution, all Committees of the two Houses cease to exist until reappointed in the new Parliament. If the Sub-Committee's investigation is interrupted by dissolution, it will be continued in the new Parliament.

25 March 2010

Letter from the Clerk to Baroness Morgan of Huyton dated 19 May 2010

Channel 4: Dispatches: Politicians for Hire: 22 March 2010

Allegations and Evidence About the Baroness Morgan of Huyton

I wrote to you on 25 March to say that the Sub-Committee on Lords' Interests had agreed to investigate your conduct in the light of the edition of *Dispatches: Politicians for Hire* broadcast by Channel 4 Television on 22 March 2010, your reference and a complaint by a member of the public. I enclosed a copy of the report from the Committee for Privileges on *The Code of Conduct; procedure for considering complaints against members* and set out that the first step would be for the Registrar to put the allegations to you and invite your written response. That is now the purpose of this letter.

I enclose a transcript of a covert recording made by Channel 4 of a telephone call and an interview with you in February 2010. The transcript was prepared by Channel 4 but has been certified by an independent solicitor and has also been checked by the Editor of the House of Lords Official Report. I should also be pleased to loan you the DVD of the material if you would like. I also enclose a copy of the 2001 Code of Conduct together with an interpretive extract of paragraphs 39-64 from the Sub-Committee's report on the conduct of Lord Moonie, Lord Snape, Lord Truscott and Lord Taylor of Blackburn (Committee for Privileges, 2nd Report session 2008-09, HL Paper 88, agreed to by the House on 20 May 2009).

In the light of your comments recorded in the transcript, may I put the following questions to you and invite your written reply by 3 June 2010, to enable the Sub-Committee to consider the case on its appointment.

1. In their broadcast, Channel 4 referred to your registered interest in category 12(f) (regular remunerated employment) as a "member of an advisory panel for Lloydspharmacy, a subsidiary of Celesio AG". In the light of comments which you made in your interview with "Claire Webster", the Sub-Committee questions whether this interest should instead have been registered in category 12(a) (consultancy agreement for parliamentary advice or services). What advice and services did you provide as a member of an advisory panel for Lloydspharmacy?

2. What advice and services did you provide to the other organisations in which you have held a financial interest in the last four years, in particular to Humana Europe, Southern Cross Healthcare Group and the Olympic Delivery Authority?

3. To whom did you provide the services prohibited by paragraphs 49 and 56 (exercising parliamentary influence in the area of activity of a body in which one has a financial interest and to which one is providing parliamentary advice) and 63 (approaching ministers and officials) of the Sub-Committee's report on the conduct of Lord Moonie, Lord Snape, Lord Truscott and Lord Taylor of Blackburn, as suggested by your comments in the transcript?

4. Channel 4 broadcast an intervention by you during an oral question about diabetes on 2 April 2009 tabled by Lord Harrison. You asked "*My Lords, are there any specific plans for dealing with diabetes in children, which is a growing problem and one that the health service at the moment sometimes overlooks?*" (HL Deb 2 April 2009 col 1172). Why did you not declare any interest when taking part in that debate? Did you intervene in that debate in return for a financial inducement from any of the organisations with which you hold a financial interest?

Although your written reply may prove conclusive, the Sub-Committee may also wish to speak to you in person about this case. May I please ask you to keep free the mornings of Thursday 1 and 8 July? Paragraph 25 of the report on *The Code of Conduct: procedure for considering complaints against members* (a copy of which you have) reads:

A The Code of Conduct states that “in the investigation and adjudication of complaints against them, Members of the House have the right to safeguards as rigorous as those applied in the courts and professional disciplinary bodies.” They may be accompanied to any meeting by a colleague, friend or legal adviser, but every effort is made to keep proceedings informal, and there is no expectation that they should be so accompanied. If they do choose to bring a friend or adviser, they will nevertheless be expected to answer for themselves (and not through their friend or adviser) any questions put to them.

B 22 March 2010

Letter from Baroness Morgan of Huyton to Mr Andrew Mackersie, Clerk of the Sub-Committee on Lords’ Conduct, dated 8 June 2010

C **Sub-Committee on Lords’ Interests: Channel 4 Television Dispatches Programme 22 March 2010**

Further to your letter dated 19 May I confirm that I wrote to you by email yesterday. In that email I attached a document that I wish to constitute my evidence to the sub-committee.

D As discussed with you on the telephone last week, I am attaching to this letter the original signed version of that document. I confirm that its contents are true to the best of my knowledge and belief and that I have not made any statement therein that I know to be false or do not believe to be true.

I trust that this document can stand as my written evidence to the sub-committee

Written Evidence of Baroness Morgan of Huyton

E

Note that in the course of this document I make reference to passages of the conversation with Ms Newell. Unless stated otherwise, the pagination refers to the unamended transcript supplied by Channel 4 Television to the Sub-Committee

F **Contents:**

Preamble

Background

G Some observations about my meeting with Ms Newell

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Question 1:

Question 2:

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H Question 4:

Appendix 1: Transcript of portion of Channel 4 Dispatches programme with my comments

Appendix 2: Letter from Baroness Morgan to Baroness Manningham-Buller

Appendix 3: Suggested Corrections to the transcript of undercover recording [*not printed*]

J Appendix 4: Lloyds Pharmacy Healthcare Advisory Panel, extracts from letter of appointment

PREAMBLE

K The Channel 4 Television *Dispatches* programme distorted the conversation I had with the undercover journalist Claire Newell, which was informal and exploratory, to give the false impression:

- (a) that I was willing to bend the rules to make money out of my membership of the House; the implication was that I had done so already and was willing to do so again;
- (b) that I had participated in a debate in breach of the rules of the House and the letter and spirit of the Code.

L I set out a series of criticisms of the relevant section of the programme in tabular form at Appendix 1.

Prior to the programme being broadcast I referred myself to the Sub-Committee (see Appendix 2) out of a desire for openness, accountability and above all to ensure that my reputation is not tarnished by innuendo. I do not consider I have breached the letter or the spirit of the Code of Conduct or standards described in the Neill Report, whether in my dealings with Ms Newell or in the course of my activities outside Parliament.

In all my dealings I am conscious of the standards which I am required to uphold. I am proud to be a member of the House of Lords. I understand the responsibilities which come with membership. I hope that I have been rigorous at all times in maintaining and strengthening the reputation of the House.

A

I have never acted as a paid advocate, nor have I held myself out as or acted as a parliamentary consultant.

As a member of the House of Lords, at no time have I sought to exercise Parliamentary influence, whether directly or indirectly, at the behest of any commercial organisation with whom I had any kind of financial interest.

B

In the course of my discussions with Ms Newell:

- (a) I did not admit to having behaved improperly in my dealings with any outside company or organisation for whom I worked, because I have not acted in that way. The very idea that anyone would be willing to expose themselves in such a way, particularly at a first meeting with an unknown person with no track record, is risible.
- (b) I did not hold myself out as someone who would countenance “sailing close to the wind”. Indeed, again and again in the course of a single 45-minute conversation I reiterated that I would conduct myself in strict adherence with the Code of Conduct.
- (c) I did not wilfully exaggerate or falsify what I had done for any other company or organisation with whom I had a financial relationship.

C

D

BACKGROUND

From 1985 until 1997 I was employed by the Labour Party holding various posts including Director of Communications and latterly Political Secretary to the Leader of the Opposition. Between 1997 and 2005 I worked at 10 Downing Street, firstly as the Prime Minister’s Political Secretary and after a short spell as a Minister of State in the Cabinet Office, I became Director of Government Relations.

E

Over the years prior to 2005 I made many friends and had close colleagues amongst senior civil servants, special advisors, and ministers. I left Number 10 at the 2005 General Election but remained in close touch with my former colleagues. Inevitably I was contacted regularly by officials and politicians for my confidential thoughts and advice on issues of policy, political handling and direction. This continued until the 2010 General Election.

F

Undoubtedly some of the advice I have provided is likely to have been affected by knowledge that I have gleaned from my paid work since leaving Number 10. However I am sure none of those who have approached me did so because of my membership of this House. I have never used my membership of this House to communicate with any politician or official to benefit anyone with whom I have a financial relationship. Furthermore, no impartial observer could reasonably conclude that my meetings with former colleagues, friends and politicians had any nexus with my position as a Parliamentarian.

G

Since 2005, my work outside Parliament, particularly for ARK, has allowed me to develop a specialist knowledge of education, development issues, philanthropy and health. As a result, I have established good working relations with various Conservative and Liberal Democrat politicians. None of these connections has anything to do with my membership of the House of Lords. I have never knowingly traded on my membership of the House for personal or financial advancement.

H

Since leaving Number 10 I have undertaken paid work in three main areas:

- Paid work as an advisor to the charity ARK.
- Non-executive directorships;
- Strategic policy advice to individual companies, principally as a member of an advisory board. I have viewed my work as broadly analogous to the role of a non-executive director.

J

I have repeatedly turned down opportunities to take on jobs which involved being asked to “open doors” or where I felt I was being approached due to who I knew rather than what I knew. I have chosen to work only for organisations whose work and values I respect. I explained this to Ms Newell as follows:

K

Morgan: . . . “I thought what I didn’t want to do was kind of be a director of government relations for any, for one person in a sense.

Ms Newell: Yeah.

L

Morgan: Because I did, partly I suppose because I’d had a really stimulating and interesting job that I really cared about, and I thought, I don’t really want to be owned by somebody else in a way as it felt a bit off” (page 3 lines 24–29²).

² These page and line references refer to the original copy of the transcript and not to the pagination of this printed volume.

A SOME OBSERVATIONS ABOUT MY MEETING WITH MS NEWELL

I spoke frankly to Ms Newell. I did not betray confidences, nor was I indiscreet. I tried to describe how politics operated and I provided her with information about government and parliament. Certainly I was not saying anything intended to exaggerate my own role or falsely describe my relationships. I was trying to paint a picture in order for her to understand that politics was so much more nuanced than she seemed to appreciate.

B Ms Newell said her company was looking for people to fulfil two roles:

- members of an advisory board;
- consultants.

At the outset she told me that I was being considered as a potential member of the advisory board, not as a consultant:

C Ms Newell: I just wanted to have a kind of informal chat with you, to see what kind of things you've done before, and what kind of expertise you could maybe bring to the board. (page 2, lines 32–34)

During the course of the interview Ms Newell kept pushing me about whether I was prepared to do various things which involved facilitating contacts. I sought to explain the proper limits of what I could do.

D I made it clear that I saw my potential contribution as a member of her proposed board as advising “Anderson Perry” about how UK government policy is formulated and decisions are taken and which people they should talk to, in government, the media and beyond.

in terms of knowledge about how it works, and who are the best people to talk to, you know, absolutely that's what I would bring to the table. (page 8, line 26–28)

E I repeated several times that I would act only in accordance with the Code and standards governing the behaviour of members of the House.

I have extracted the key passages in which I cite, with approval, the prohibition against no-paid-advocacy:

F . . . you need to be careful, I mean you'll get the same answer from anybody who's, who's in the Lords . . . it's too close you know. As a peer you've got to be careful . . . that you're not lobbying, so there's a kind of, there's codes that you have to . . . (page 8, lines 12–13)

. . . I am very careful you know, in a sense, because I mean some people are less careful, if you like, than I am, but I think in the end that's foolish, because actually that can be damaging to clients as well as anything else. (page 8, lines 22–24)

G . . . if you want any politician, any peers involved I would guess everybody would say the same to you, or if they don't they're foolish. You know, in a sense I would give you the code and say this is what I can do and this is what I can't do and then we all know where we are. And in a sense my view is, I do anything as long as I'm transparent, reasonably transparent about it. I think if you start doing stuff in a very covert way, that means that actually in the end, if it came out that that was being done, it wouldn't help, it certainly, it wouldn't help me, but it wouldn't help you or your clients . . . I just think there needs to be a level of honesty. (page 10, lines 30–36)

H . . . what I categorically could never do, and, you know, nor could anybody else, is suggest . . . that I could influence . . . legislation on behalf of a client, because that's, you know, absolutely a no . . . (page 12, lines 26–28)

J [*Ms Newell: And then it's up to us to be able to try to influence it how we can*] Absolutely, absolutely, exactly, Because obviously, recently there was that stuff with peers who'd been sort of placing questions and stuff for clients, which is . . . they were really drummed, yeah, they were, they were given an extremely hard time (page 12, lines 24–38) . . . where you're rightly condemned is if . . . if I spoke on care and didn't acknowledge I was on the board of care homes you would get killed, and so you should. (page 12, line 49–page 13 line 2)

K . . . you may come to the view that you want somebody who can lobby in a more traditional sense, and I suppose I'm just anxious that you, that you're clear that I can't do that, (page 15, lines 13–14)

Having reviewed other enquiries of the Sub-Committee it is apparent that on occasions, some have paid more lip-service to the Codes or have referred to the Codes disparagingly. At all material times I have been clear that I do not see the Codes are an obstacle that needs deft footwork to circumvent. Rather I make it clear that the Codes are a helpful, practical and desirable mechanism for ensuring that parliamentarians maintain high standards of personal probity.

L Throughout the discussion I was focussing on the fact that I was offering advice, not lobbying. Ms Newell kept trying to bring the conversation back to contacts I could make for them. For instance (page 10, lines 40–42) she asked if I would be willing to effect an introduction to a hypothetical minister. My response was lukewarm

and has to be seen in the context of my statements I would only act in accordance with the rules. In an informal initial meeting such as this it did not seem to me necessary to record a definitive answer to every proposal she made. Instead I made it clear that I would abide by the Code, and I emphasised what I was able to do.

In reality, reading the transcript and seeing the film I do not think she could have been in any doubt that I was not willing to trade influence for money. The premise of the contact, as far as I was concerned, was that I was prepared to consider giving advice to them, but that was it.

As the meeting with Ms Newell progressed I became increasingly uneasy about what her expectations appeared to be. She did not appear to understand where the boundaries were, and any work for her company would be likely to involve varying degrees of pressure to act inappropriately. As she did not seem to understand what I was trying to explain this seemed a poor basis for further discussion.

Towards the end of the meeting I suggested to Ms Newell I may not be the right sort of person to appoint to the Advisory Board:

Morgan: you may come to the view that you want somebody who can lobby in a more traditional sense, and I suppose I'm just anxious that you, that you're clear that I can't do that, (page 15, lines 13–14)

By the end of the meeting I had decided that I had no intention of pursuing any financial relationship with the bogus company. This is evidenced as follows:

- It is clear from the video recording of the meeting that I, not Ms Newell, drew the meeting to a close (see DVD at 10:43:35);
- When Ms Newell mentioned when she would get back in touch with me I responded with a dismissive wave of my arm (DVD 10:43:43);
- During the meeting I posed one question only:

“So what sort of clients have you got?” (page 7, line 14)

Apart from this I asked Ms Newell no questions at all. I did not make any effort to elucidate from her the sort of information that would be necessary if I had any intention of developing a commercial relationship with her company (eg matters concerning her company's business methods, timescales for setting up in the UK, turnover, intended size of operation);

- Invariably when I meet someone for the first time I would follow up the meeting with a courtesy email. Here, I took no steps to make any further contact with Ms Newell, whether by phone or email. On 25 February Ms Newell sent me an email, presumably in an effort to extend the relationship. I did not even acknowledge this.
- If I was remotely interested in taking forward a possible commercial opportunity I would always offer to send the potential employer a copy of my curriculum vitae. This would have been essential in a situation such as this where a relatively junior employee such as Ms Newell was apparently seeking to draw up a shortlist of possible candidates for consideration by more senior colleagues. I did not offer to send, nor did I send a CV.
- A few days after the meeting I happened to have tea with Rt Hon Hilary Armstrong and told her that I had been the subject of an approach by a US public affairs firm that I had found uncomfortable. I told her that I had no intention of having any further contact with the firm. I have confirmed with the soon-to-be Baroness Armstrong that she is willing to provide a statement to the sub-committee to confirm her recollection of our conversation.

LIMITATIONS OF THE TRANSCRIPT

I have set out a number of errors in the transcript at Appendix 3. It should be noted that I have not compared the entire recording against the transcript.

Ms Newell claimed to be involved in the initial stages of setting up a UK arm of a US-based public affairs company. She presented as a young and inexperienced person, with little or no knowledge of Parliament, government and the environment in which she was hoping to get involved:

Ms Newell: I don't really have a public affairs background, I have a PR background. (page 11, lines 2–3)

It should be understood that I believed I was taking part in an exploratory informal conversation with a junior representative of an established US company. Indeed the premise of the meeting was that I should “pop” into her office.

Morgan: shall I pop in and see you. Is that the best thing?

Ms Newell: That might be the best thing to do, yes. How are you fixed for next week? Do you want to pop into our office? (page 1, lines 21–24)

A Neither Ms Newell nor I took notes of the meeting. Her questions were often vague or at least would have required substantial clarification if they were going to form the basis of a serious negotiation. In a more formal environment I would have challenged her suppositions. In what was in essence a speculative chat I felt it was not appropriate to do so, particularly as Ms Newell seemed so limited in her grasp of how to run a public affairs company. This did not feel like a serious interview or a rigorous discussion.

B I would respectfully invite members of the sub-committee to consider watching the DVD recording as well as reading the transcript. Because the meeting was essentially informal, it is apparent that grammar is used loosely both by Ms Newell and by me. A few examples demonstrate the difficulty in seeking to read too much in to the exact words contained in the transcript.

C Ms Newell and I use words such as “Yes”, “No” and “Absolutely” as verbal lubricants signifying no more than “I hear what you say” or “I follow”.

Ms Newell. Yeah, no I presumed from your experience in government you’d know who everyone was, and be aware of who the kind of, who would made this kind of decision.

Morgan: Yes exactly, no exactly (page 9, lines 29–31)

D When the entire passage is viewed as a whole the only fair interpretation is that I am saying that I was not prepared to “touch base” with ministers or civil servants on behalf of the company or its clients. I could provide background information to the company about the nature of government and provide details to the company about who they should talk to in government. In particular I would offer strategic guidance about the broad direction of government and opposition policy. I would not do the talking and I would not lobby on behalf of “Anderson Perry” clients. At all times I would ensure I did nothing that could breach the Code.

E Similarly, the use of pronouns is loose and confusing at times. For example, in the following exchange I believe I used the emphasised word “you” to refer to the fictional company, not to me, but the sentence could reasonably be read either way.

F Morgan: Yes, yes, I, I would, I mean, you known, look I would, what I would do, I mean if, and as I say I think if you want any politician, any peers involved I would guess everybody would say the same to you, or if they don’t they’re foolish. You know, in a sense I would give you the code and say this is what I can do and this is what I can’t do and then we all know where we are. And in a sense my view is, I do anything as long as I’m transparent, reasonably transparent about it. I thing if **you** [emphasis added] start doing stuff in a very covert way, that means that actually in the end, if it came out that that was being done, it wouldn’t help, it certainly, it wouldn’t help me, but it wouldn’t help you or your clients.

G (page 10, lines 29–36)

I stress that although a particular clause, considered by itself, may be ambiguous and unclear the overall thrust of my answers are consistent. If the relationship had progressed to a business relationship I would have been willing and able to provide strategic advice to the company and their clients and impart knowledge to them concerning the machinery of government/parliament.

H I turn to deal with the four specific questions addressed to me, set out in the Sub-committee’s 19 May letter.

QUESTION 1:

J a) *Should I have registered my interest with Lloyds Pharmacy under Category 12(a) (parliamentary consultancy)?*

b) *What advice and services did I provide as a member of the Lloyds Pharmacy Healthcare Advisory Panel?*

I was a member of the Lloyd Pharmacy Healthcare Advisory Panel (LPHAP) from its inception in 2006 until its termination at the end of the last Parliament.

K The work of the LPHAP was governed by the letter of appointment (relevant extracts are set out at Appendix 4).

The letter states that the LPHAP:

L “comprises experts and leaders in addition to members of the Company’s Board and other senior management, and which is constituted to provide advice, counsel and recommendations on all aspects of the Company’s (and Celesio’s) developing healthcare agenda, strategy and activities.”

Lloyds Pharmacy (LP) operates a large chain of high street chemists, concentrated in the north of England. Its concerns revolve around increasing retail sales and to a lesser extent developing relationships with NHS local primary care trusts. Like any large company it is also concerned about the direction of central government policy.

LP is the wholly-owned subsidiary of the German company Celesio. Unlike a traditional PLC, it does not have a board comprising non-executive directors. The then MD found it frustrating that he had no effective sounding board within the UK to test his ideas and plans. I understood that the motivation behind the establishment of LPHAP was to provide a similar mix of oversight and insight that NEDs bring to PLCs.

A

The members of the panel were Lord Newton of Braintree, Professor Jenny Simpson, Sir Peter Torry (formerly HM Ambassador to Germany) and Rt Hon Alan Milburn.

B

LPHAP met with senior executives of LP and usually also with a senior executive from the Celesio parent company.

For each meeting there was a full set of papers to read in advance covering performance of the company in the preceding period, future plans and strategic choices facing the company. On occasion there would also be a working dinner. We also made site visits. I recall attending two LP national weekend conferences for the company's employed pharmacists during which I participated, with other advisory panel members, in a panel discussion about developments in the health service.

C

At no stage did I ever provide the company with any parliamentary advice or services. I have never been asked by the company to ask parliamentary questions of any kind. Nor have I attempted to influence any decision of government on behalf of the company or the pharmacy industry.

D

I am clear that I registered this interest correctly in category 12(f). I was paid a standard monthly fee. My membership of LPHAP and the work I carried out for LP exhibited did not involve the provision of parliamentary consultancy or services. It should be noted that Lord Newton also registered his interest under category 12(f).

I need to comment on two specific passages in the transcript:

E

I suggest that "we" got LP "round the table":

to an extent one of the things we've been able to do is, is make sure that through various people, you know, in a sense through having reasonable contacts, that, that pharmacies are represented better around the tables where conversations are taking place. And I mean it's not exactly, it's not, it's not crude kind of lobbying, it's more, it's more being able to say to people. If you're, you know, I can see you, government, or you opposition party. Where you're trying to take the agenda, but you haven't thought about the following things. (page 5, lines 4-9)

F

This referred to conversations at normal Advisory Panel meetings about who the company executives should be seeking to meet and in what time frame. For example, as the election loomed closer it became important to ensure that LP became more aware of the then Opposition's plans.

G

I remember saying, I mean I got Lloyds round the table in terms of policy discussions, but only by, but in a sense very clear, by being completely upfront that I'm on their advisory committee, and I think this guy's good, but you may want somebody from Boots instead, but it's really important pharmacies are represented round your table for these discussions. So I'm, I'm, I mean I am very careful you know, in a sense, because I mean some people are less careful, if you like, than I am, but I think in the end that's foolish, because actually that can be damaging to clients as well as anything else. (page 8, lines 18-24)

H

The background to this comment was this: Two or three years ago I was invited by a senior civil servant to have a confidential and wide-ranging conversation about health service reform and other issues. The invitation was certainly not prompted by my membership of the House of Lords. Nor did the invitation have any connection to my role in LP. LP was unaware of the fact of my meeting, either before or after the meeting took place.

J

In the course of the discussion with the official I observed that I thought community pharmacies could play a useful role in the provision of a reformed and cost-effective system of primary care. I also mentioned that it could be sensible to have a community pharmacist involved in the Health Service review such as the Chief Pharmacist at LP or Alliance Boots. I know that the official concerned knew of my involvement in LP. Nevertheless, having made this comment specifically I reminded the official of my involvement with LPHAP to ensure that there could be no suggestion that my remarks were prompted by an undisclosed improper motive. I was aware that I was under an obligation to declare my interest pursuant to paragraph 8(b) of the Code of Conduct (31 March 2002).

K

It is important to stress that I had not instigated the conversation with the civil servant. I had not been asked by LP to have a conversation or to raise this issue with government. I was not asked by the company to make any representations to government. Nor did LP apply any pressure or encouragement, whether subtly or impliedly, to make any representations to government on their behalf or on behalf of the industry.

L

My advice was intended solely to help strengthen the government's health reforms. I was not seeking to assist LP or the pharmacy industry.

A In describing this conversation to Ms Newell I was trying to put forward a real-life example involving me in which an onlooker may consider there to be a tension between different aspects of my life, in order to show how dealt with it in a principled and proper way. I was trying to stress my commitment to complete integrity and transparency. Certainly I was not seeking to imply that during my conversation with the official I had been acting at the behest of a commercial organisation in which I had a financial interest.

B QUESTION 2

What advice and services did I provide to other organisations in which I had a financial interest in the last four years?

C a) *Carphone Warehouse PLC*: I have been a non-executive Director since 2005. In this capacity I serve as a member of the Board, Audit Committee, Remuneration Committee and Nomination Committee. During the last two years I have also chaired the Financial Standards Authority Insurance Compliance Committee.

D b) *Southern Cross Healthcare PLC*: I have been a non-executive Director since 2006. In this capacity I serve as a member of the Board, Audit Committee, Remuneration Committee and Nomination Committee. I also chair the Quality Committee overseeing the drive to raise standards in line with the requirements of the Care Quality Commission.

In line with the requirements of corporate governance I have been elected to the Boards of the above companies at Annual General Meetings of each company.

E c) *Olympic Delivery Authority*: I have been a Board member of the ODA since its inception in 2006. The ODA has been subject to rigorous public and parliamentary scrutiny and the work of the Board, currently chaired by John Armitt, is well-documented. I also chair the Communications Committee of the Board which reports to every Board meeting.

F d) *Humana Europe*: Humana is a US company that established a subsidiary with a view to expanding its operations in Europe and the Middle East. I served as a member of the Advisory Panel set up by the then CEO Jack Lord to give him strategic advice about the NHS and wider healthcare market in England. I attended three or four panel meetings followed by dinner; these were large meetings with a wide-ranging membership which operated almost as seminars. The panel was closed when Jack Lord left the company. I had no Parliamentary involvement with any government official or politician on behalf of Humana Europe.

G e) *ARK (Absolute Return for Kids)*: ARK is a charity with a remit to improve the lives of children living in poverty in the UK and abroad. Primarily it grant-aids projects with funds raised from the finance industry. Since 2005 I have worked part-time as the Advisor to the Board of Trustees advising on growth, governance issues and programme development. I also chair the Executive Board which includes the MD of the UK programmes, the Chief International Officer, the Chief Financial Officer and the Director of Donor Relations. The charity works in India on education, in Africa on health, and economic development and in Eastern Europe on closing orphanages. In the UK the charity sponsors city academies in disadvantaged communities and is a partner in school leadership programmes. As an ARK nominee I chair an independent charity—*“Future Leaders”*. I serve as a school governor on behalf of ARK.

H f) *Other work*: During the last four years I have also carried out some paid work for JP Morgan helping the bank develop strategies to attract and retain female employees. This included suggesting and analysing research undertaken by their HR team, helping to introduce a programme aimed specifically at current employees and encouraging a mentoring programme aimed at secondary school girls. I also undertook a short piece of work for Acorn Care looking at the opportunities for expansion in their current portfolio of special schools and foster care.

QUESTION 3

K *To whom did I provide services prohibited by paragraphs 49, 56 and 63 of the Sub-Committee’s report (2008–9 HL Paper 88)?*

L Paragraph 49 refers to exercising parliamentary influence by virtue of membership of Parliament. I am clear that I have not done this. In particular, I have never received financial inducements, incentives or rewards to exercise parliamentary influence. I fully appreciate the helpful distinction contained at paragraph 50 between receiving a financial inducement to influence the parliamentary process and having a financial interest as a result of employment in a particular area. This is crucial to understanding that I have conducted myself honourably at all times.

Categorically, I wish to confirm to the Sub-Committee that I have never accepted financial rewards to exercise parliamentary influence by virtue of membership of Parliament. I have never been involved in advocacy and consider that the distinction between advice and advocacy is fundamental. I have never, on behalf of a

commercial organisation in which I have a financial interest, spoken in a debate, asked a question, tabled supported or moved an amendment, lobbied a Minister or other Member of the House or hosted a function.

Paragraph 56 refers to a financial interest arising from one's membership of the House. I am absolutely clear that I have not and have never had any financial interests arising from my membership of the House. I trust that in my answer to questions 1 and 2 I have given sufficient detail concerning all organisations in which I have a financial interest.

Paragraph 63 refers to approaching ministers and officials. The paragraph states that it is acceptable to approach ministers and officials for information but not to make seek to influence such people in return for payment. I have never sought to influence anybody associated with Parliament or government in return for payment from any commercial organisation.

In the course of my conversation with Ms Newell I refer to the awarding of a contract to the Future Leaders charity by the National College through an open commissioning process. As well as attempting to explain the work of Future Leaders in training potential headteachers for challenging urban schools I speak about the frustrating process of the commissioning period which was complicated and lengthy:

And, you know, there was commissioning, a commissioning process and we won the bid. And you know, part of that was obviously, part of that was beating, was knowing who to, who to scream at in the department when the commissioning process became absurdly sort of you know, full of European regulations and sort of, you know, 93 pages long and all that, so sort of know who to scream at about that, but also in a sense know, know slightly which buttons to push I suppose. (page 10, lines 21–24)

I am the unpaid Chair of the Board of Future Leaders. My appointment to the Board of Future Leaders results from my role as an advisor to ARK. ARK has provided sizable charitable grants to Future Leaders. Neither my appointment as an advisor to ARK nor my role as Chair of Future Leaders arise out of my membership of the House of Lords.

Whilst I would accept that my comment was slightly theatrical—and those who know me would confirm that I usually am measured in tone—all I was expressing here was the need to speak to officials to ask about the timing and details of the process. There is no question whatsoever that the process was other than transparent and fair. The National College would be willing to confirm this if required.

I wish to emphasise that I have never operated at any time beyond the behaviour properly demanded of me as a member of the House.

QUESTION 4

Why did I not declare an interest when I asked an oral question on diabetes on 2 April 2009. Did I intervene in return for a financial inducement?

My involvement in the debate was limited to asking the following supplementary question:

2 Apr 2009: Column 1172

Morgan: My Lords, are there any specific plans for dealing with diabetes in children, which is a growing problem and one that the health service at the moment sometimes overlooks?

Baroness Thornton: My Lords, managing diabetes in children and young people is different and is significantly more complex than it is for adults. We estimate that there are 20,000 children with type 1 diabetes in England and there may be up to 1,000 children with type 2 diabetes. The close link between diabetes and obesity means that it is vital that we reduce the number of children becoming overweight and obese and we are focusing on that. We recognise that there are particular issues about helping children and young people both to have access to the best quality care and to provide them and their families with the support and training to enable them, over a period of time, to become competent at managing their condition.

On the morning of 2 April 2009 I was specifically asked by the Government Whips to ask a supplementary question on diabetes. I understand that Baroness Thornton is willing to confirm that this is indeed the position to the Sub-Committee.

I chose to ask a question on childhood diabetes because it is a topic that interests me. No outside body asked me to ask a question. Of course I would always refuse to ask any parliamentary prompted by an organisation in which I had a financial interest.

It did not occur to me to declare any financial interest when asking the question. My question concerned childhood diabetes. As the Sub-Committee will appreciate, there are two type of diabetes: Type 1 and Type 2.

Source: http://www.diabetes.org.uk/Guide-to-diabetes/Introduction-to-diabetes/What_is_diabetes/

- A Type 1 diabetes is an auto-immune disease and insulin-dependent. Type 1 diabetes is unpreventable. The onset of Type 1 diabetes occurs predominantly during childhood.
- In contrast Type 2 diabetes is a progressive disease and is often controllable through diet and exercise. Type 2 diabetes primarily affects adults over 40 (South Asians and Afro-Caribbean people may become diabetic from aged 25). Early signs of Type 2 diabetes can often be undetected. If detected early, changes in diet and exercise may prevent the onset of the disease.
- B Source: various, including <http://www.malehealth.co.uk/pancreas/19602-undiagnosed-diabetes-nearly-killed-me>.
- LP's commercial involvement with childhood diabetes is significant.
- C Whereas LP provides diabetes tests to adults to identify those with undiagnosed Type 2 diabetes, (Source: <http://www.lloydspharmacy.com/wps/portal/aboutus/PCOservices>) the company does not offer diabetes testing to under 18s:
- “Who can have a diabetes test?
- We can test anyone **over the age of 18** [*my emphasis*] except women who are pregnant. If you are under 18 or pregnant you should speak to your GP.”
- D Source: <http://www.lloydspharmacy.com/wps/portal/services/diabetes/FAQ>
- To the best of my knowledge LP is not seeking to extend diabetes screening/testing to under 18s, nor does any other private sector company in the UK offer routine diabetes testing/screening to the under 18s.
- E The only revenue that LP obtains connected to childhood diabetes is from the dispensing of insulin medication. Children who suffer from Type 1 diabetes require specific medication. Increased political pressure on government to do more about childhood diabetes will not alter the amount of insulin prescribed or the value of the market. I can see no way that my supplementary question could have possibly increased the size of the market for insulin products or affected, even at the margins, the bottom line for LP.
- F My question raised issues which had nothing to do with dispensing drugs. I had in mind questions such as how do schools ensure that staff are trained to deal with diabetic pupils and how does the NHS support young patients to self-medicate.
- There is nothing in the answer given by Baroness Thornton to indicate she thought I was asking a question that touched even tangentially on the pharmacy industry.
- G My question could not conceivably have benefited LP. I am sensitive to the need to declare any financial interest and I can say for certain that I did not consider for an instant that this question required me to make a declaration.
- Recent occasions when I have made declarations include a debate on the Olympics in which I declared an interest as a member of the Olympic Delivery Authority (HL Deb, 5 January 2010, c111) and a debate on the Second reading of the Apprenticeships, Skills, Children and Learning Bill in which I declared an interest as an advisor to ARK (HL Deb, 2 June 2009, c137).
- H Indeed during my conversation with Ms Newell I emphasised the importance of declaring an interest in the Chamber. It is an issue about which I feel strongly:
- ... where you're rightly condemned is if you speak on care, if I spoke on care and didn't acknowledge I was on the board of care homes you would get killed, and so you should you know. (page 12–13, lines 48–2)
- J

Appendix 1

TRANSCRIPT OF PORTION OF CHANNEL 4 DISPATCHES PROGRAMME FEATURING ME WITH MY COMMENTS

<i>Commentary</i>	<i>Morgan</i>	<i>My comments</i>
Dispatches is trying to hire staff in the House of Lords		
	Reporter: if we said, oh, we need to be speak to this minister, would you be able to contact them and say, look these guys would like to	

<i>Commentary</i>	<i>Morgan</i>	<i>My comments</i>	
Dispatches is trying to hire staff in the House of Lords	<p>meet you to discuss this? Is that something you'd feel comfortable with that, or?</p> <p>Morgan: I think you can, I think you can do that. I mean I think you have to choose your time and not do it very often</p>	It is totally untrue that my business career had any connection to the building referred to in.	A B C D
<p>Our reporter is based just a short walk from Parliament. All we've done is set up a cheap website and hired offices by the hour. Baroness Sally Morgan was one of the most powerful political figures under Tony Blair. She's paid an estimated £135,000 per year for jobs outside politics. Baroness Morgan is no stranger to this part of town. It's where her former boss Tony Blair set up when he left government for his highly lucrative career in the private sector. Indeed it turns out it was in this very building that both their business careers took off.</p>	<p>in fact he was here after he finished at Number 10, that's why I came here, his initial offices when he moved out of Number 10 were here</p> <p>Reporter: I didn't know that.</p> <p>Morgan: so it's really weird, it's really odd being back in here.</p>	<p>Programme switches off the sound to remove highlighted portion as this undermines the false point they make in the voice-over above. On the video of the broadcast a careful observer can see my lips move wordlessly!</p>	E F G H
The Baroness's business portfolio includes working for high street chemists Lloyds Pharmacy. Her advice there comes at a price.	<p>what I've done with Lloyds, has been that's it's been broadly pro rata with a non-exec really. You know and that's, so that's, I mean it's, it's you know, it's broadly sort of been about £5,000 a day, depending on if it's a whole day or whatever it is.</p>		J K L
The Baroness explains why her old Number 10 contacts are useful			

A	<i>Commentary</i>	<i>Morgan</i>	<i>My comments</i>
	Dispatches is trying to hire staff in the House of Lords		
B		what tends to happens is that people in, you know, people in, in the British civil service get moved around . . . so that a lot of them have kind of come through	In fact the quote is an answer to a different question from Ms Newell asking whether I continue to have a good relationship with senior civil servants
C		Number 10 when I was at Number 10. They were at that level and now they're suddenly permanent secretaries, some of them.	
D	The all important Principles In Public Life demand that members of both Houses of Parliament put the public interest before all else. The Baroness is keen to stress her awareness of rules governing her outside interests.		This is snide—the only implication is that I say one thing and do another.
E			
F		where you're rightly condemned is if you speak on care, if I spoke on care and didn't acknowledge I was on the board of care homes you would get killed, and so you should	
G	There are also rules about lobbying in the Lords and she knows about this too		
H		As a peer you've got to be careful, you've got to be careful that you're not lobbying, so there's a kind of, there's codes that you have to, you know, so in a sense it's, you can make, what I, I mean how do I describe it? I mean I can have conversations with people without pushing my client necessarily, but I can push a direction of travel on policy, I can find out what's happening, I can, I can, I can, I certainly with Lloyds, for example, I remember saying. I mean I got Lloyds round the table in terms of policy discussions, but only by, but in a sense being very clear, by being completely upfront that I'm on their advisory committee	
J			
K			
L			

<i>Commentary</i>	<i>Morgan</i>	<i>My comments</i>	
Dispatches is trying to hire staff in the House of Lords			A
She does offer to put us in touch with ministers		This is a distortion. The reporter, not me, poses a hypothetical question about arranging meetings between a minister and “Anderson Perry”. Having emphasised the importance of the Code my full reply is that “you” (meaning “Anderson Perry”, not me) would be better off speaking to the special advisor. The way the passages are spliced together, in the wrong order, loses both my meaning completely and falsely suggests that I am making the offer. This is simply untrue.	B
			C
			D
	Page 10, lines 40-44: Reporter: I don’t know, if we said, oh, we need to be speak to this minister, would you be able to contact them and say, look these guys would like to meet you to discuss this? Is that something you’d feel comfortable with that, or?		E
	Morgan: I think you can, I think you can do that. I mean I think you have to choose your time and not do it very often, I mean for me or anybody else actually,		F
	Page 10, lines 31-33 I would give you the code and say this is what I can do and this is what I can’t do and then we all know where we are. And in a sense my view is, I do anything as long as I’m transparent, reasonably transparent about it.		G
			H
Yet how transparent is she? In a House of Lords debate about diabetes last year Baroness Morgan asked a question			J
	[See debate extract]		K
The Baroness is paid by one company, Lloyds Pharmacy that has commercial interest in aspects of diabetes treatment. She did not declare this connection when asking the question.			L

A	<i>Commentary</i>	<i>Morgan</i>	<i>My comments</i>
	Dispatches is trying to hire staff in the House of Lords		
B	She also told us that she has used her contacts to push a client's interests with regards to NHS primary care trusts.		This commentary is misleading. I did not say that I had used my contacts to push a client's interests regarding PCT's. I have not. I said that the LPHAP encouraged the company to adopt a proactive stance re PCTs.
C			
D		They are trying to get PCT contracts for things like diabetes testing or you know various health checks. Which at the moment are flowing their way but then sometimes they can be countermanded by GPs, who say well, we're not satisfied with that, so we want to repeat that. So I mean, to an extent one of the things we've been able to do is, is make sure that through various people. You know, in a sense through having reasonable contacts, that, that pharmacies are represented better around the tables where conversations are taking place.	
E			
F			
G	She suggests her contacts could also be good for business saying how she helped an educational charity win a bid for a £15m government contract helping schools		This commentary is fundamentally and deliberately misleading. I did not imply that I would use my contacts in government to deliver government contracts. This juxtaposition amounts to a claim that I was telling the reporter I was prepared to use my contacts with the Department for Education improperly.
H			
J			
K		part of that was obviously, part of that was beating, was knowing who to, who to scream at in the department when the commissioning process became absurdly sort of, you know, full of European regulations and sort of, you know, 93 pages long and all that, so sort of know who to scream at about that, but also in a sense know, know slightly which buttons to push	
L			

<i>Commentary</i>	<i>Morgan</i>	<i>My comments</i>	
Dispatches is trying to hire staff in the House of Lords			A
Baroness Morgan said she's "never helped companies to bid for contracts or lobbied on their behalf nor has she taken part in paid advocacy." She says she's "assiduous in registering all her outside interests and saw no reason to disclose her Lloyds Pharmacy connections when asking the question." She has referred the matter to the House of Lords.			B
Lloyds Pharmacy said it has "no contracts or planned tenders for any diabetes testing with the NHS or any Primary Care Trust".			C
			D
			E

Appendix 2

Letter from Baroness Morgan of Huyton to Baroness Manningham-Buller, Chairman of the Sub-Committee on Lords' Interests dated 19 March 2010

Sub-Committee Investigation

I am writing to you to refer myself to the Sub-Committee on Lords' Interests under the House of Lords' Code of Conduct.

I was approached some weeks ago by an organisation calling itself Anderson Perry Associates which inquired about my interest in acting in an advisory capacity for them. I subsequently met a representative of the company at their offices.

I have now been approached by a media organisation which has revealed to me that it is making a Channel 4 Dispatches programme and that I had been speaking to an undercover journalist working on the programme. The programme is due to be broadcast on Monday, 22 March 2010.

The media organisation has put a number of points to me, including a claim that I have breached the spirit and the letter of the Code of Conduct of the House. I do not believe that I have breached either the spirit or the letter of the Code of Conduct.

Shortly after the initial exploratory meeting with the undercover journalist I felt sufficiently uneasy about what they seemed to want from me that I decided not to pursue the matter further. I ignored a subsequent email from the journalist and have had no further contact with "Anderson Perry Associates". Within a few days of the meeting I happened to speak with Rt Hon Hilary Armstrong MP and mentioned to her that I had decided not to have any further dealings with these people. She confirms this.

Before the programme is broadcast, I would like to refer this matter to the Sub-Committee. Accordingly, I make a formal request for the Sub-Committee to investigate these matters. I believe that the Sub-Committee, rather than a television programme or any associated news coverage, is the proper forum in which these matters should be considered.

Given the decision of the House earlier this week in relation to the Guidance on the new Code of Conduct and in particular to the commencement date for the new system, including the new Code and associated Guidance, I understand that my complaint would be considered under the terms of the current Code of Conduct.

I am at your disposal to give the Sub-Committee any further assistance it might require in relation to this matter.

I am copying this letter to Brendan Keith, House of Lords Registrar, and to Michael Pownall, Clerk of the Parliaments.

A

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L

A [Appendix 3 is not printed.]

Appendix 4

EXTRACTS FROM LLOYDS PHARMACY TO BARONESS MORGAN CONTAINING TERMS OF APPOINTMENT TO LP HEALTHCARE ADVISORY PANEL 2 OCTOBER 2006

B 3 Time Commitment & Profile

C 3.1 Overall we anticipate a time commitment from you of 10 days per annum after the induction phase. This will include attendance at quarterly Panel meetings (one of which will be held outside of the UK), the Company's annual conference (which in 2007 shall take place on 10 and 11 March), the equivalent of at least one full day per annum undertaking site visits, and being reasonably available to the directors and senior officers of the Company via telephone conference for consultation and advice. In addition, you will be expected to devote appropriate preparation time ahead of each Panel meeting.

D 3.2 As a member of the Panel you may be asked to undertake special projects from time to time which would likely exceed the time requirement specified in 3.1 above. Any such special projects will be subject to separate agreement.

D 3.3 By accepting this appointment, you have confirmed that you are able to devote sufficient time to meet the expectations of your role on the Panel. Without prejudice to clause 7.1, you will be expected to inform me if you are considering accepting additional commitments that might affect the time you are able to devote as a Panel member.

E 3.4 By accepting this appointment, you have confirmed your agreement to publishing your name and credentials as a member of the Panel in any press release, reports and other documents, the Company's website, advertisements and promotional materials as appropriate.

4 Role

F 4.1 Your role as a member of the Panel is to provide all reasonable strategic assistance and advice on the future vision, direction and opportunities for developing the Company.

4.2 In addition to these general requirements, from time to time you may be asked to undertake special projects (as referred to in clause 3.2). The terms of such special projects will be discussed and agreed with you and be contracted under a separate contract for services.

G **Panel** means the Lloydspharmacy Healthcare Advisory Panel which comprises experts and leaders, in addition to members of the Company's Board and other senior management, and which is constituted to provide advice, counsel and recommendations on all aspects of the Company's (and Celesio's) developing healthcare agenda, strategy and activities.

8 June 2010

H [Further correspondence with Lady Morgan relating to the identity of the senior civil servant to whom she refers on page 25 letter H is not printed.]

J

K

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