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.

Current Membership
The Members of the Committee for Privileges and Conduct are:
Baroness Anelay of St Johns
Lord Bassam of Brighton
Lord Brooke of Sutton Mandeville
Lord Eames
Lord Howe of Aberavon
Lord Irvine of Lairg
Lord Laming
Lord Mackay of Clashfern
Lord McNally
Baroness Manningham-Buller
Lord Newby
Baroness Royall of Blaisdon
Baroness Scotland of Asthal
Lord Scott of Foscote
Lord Sewel (Chairman)
Lord Strathclyde

The Members of the Sub-Committee on Lords’ Conduct are:
Lord Cope of Berkeley
Lord Dholakia
Lord Irvine of Lairg
Baroness Manningham-Buller (Chairman)
Baroness O’Neill of Bengarve

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
General information about the House of Lords and its Committees can be found at http://www.parliament.uk/lords/index.cfm.

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 1228).
1. Annexed to this report are reports by the Sub-Committee on Lords’ Conduct and the Commissioner for Standards relating to a complaint against Lord Blencathra.

2. The Commissioner has dismissed the complaint; the Sub-Committee, in accepting this finding, has indicated that it will be considering whether paragraph 21 of the Guide to the Code of Conduct, which covers the provision of “parliamentary services”, needs further clarification.

3. We make this report for information.
ANNEX 1: REPORT FROM THE SUB-COMMITTEE ON LORDS’ CONDUCT

1. The Commissioner for Standards has submitted the attached report dismissing a complaint made against Lord Blencathra.

2. The complainant alleged that Lord Blencathra provided parliamentary services to the Government of the Cayman Islands Office in the United Kingdom. The complainant specified five instances where it is alleged that occurred, and provided a transcript of a press conference given by Lord Blencathra in which he spoke about his role.

3. The Commissioner found Lord Blencathra not to have breached the Code of Conduct as the instances complained of did not amount to the provision of parliamentary advice or services.

4. The Commissioner’s findings bring to light an aspect of the Guide to the Code of Conduct which may need clarifying. Paragraph 21 bans “influencing Parliament” in return for payment or other incentive or reward. It goes on to provide examples of what is prohibited, including “making use of [a member’s] position to arrange meetings with a view to any person lobbying Members of either House, ministers or officials.” It does not say in terms whether or not members may themselves lobby ministers or officials in return for payment or other incentive or reward.

5. Accordingly, the sub-committee intends to consider this issue at a forthcoming meeting so that it may advise the Committee for Privileges and Conduct whether the Guide to the Code of Conduct should be amended to provide clarity and, if so, on what terms.
Summary of the complaint

1. On 11 July 2012 Mr Paul Flynn MP wrote to me requesting that I investigate Lord Blencathra on the basis of an article in The Independent on 17 April 2012 (appendix A). On 16 July 2012 I replied to Mr Flynn inviting him to identify in what respect he believed Lord Blencathra “may have breached the Code of Conduct” (appendix B). Mr Flynn supplied further information in a letter dated 17 July 2012 (appendix C) and specified that he believed Lord Blencathra had breached the prohibition on accepting payment in return for parliamentary services, contrary to paragraph 21 of the Guide to the Code of Conduct (“the Guide”). Mr Flynn identified five instances in which it is alleged that Lord Blencathra breached the Guide by providing parliamentary services on behalf of the Cayman Islands Government Office in the United Kingdom. I conducted a preliminary assessment of Mr Flynn’s complaint and on 24 July 2012 wrote to Lord Blencathra advising him that I had decided to investigate the complaint and inviting him to provide a full and accurate account of the matters in question (appendix D).

Key facts

2. Lord Blencathra’s entry in the Register of Lords’ Interests shows that he has registered as a category 2 (remunerated employment) interest—

   “Director, Cayman Islands Government Office in the United Kingdom.”

This registration is in compliance with paragraph 10(a) of the Code of Conduct.

3. Mr Flynn in his letter of 17 July 2012 drew attention in particular to a press conference that Lord Blencathra had given whilst in the Cayman Islands. Mr Flynn supplied an article by the Bureau of Investigative Journalism dated 17 April 2012 containing extracts from a transcript of the press conference. In that press conference Lord Blencathra explains his role as the Director of the Cayman Islands Government Office in the United Kingdom.

4. In relation to Mr Flynn’s complaint and paragraph 21 of the Guide, the following extract from the press conference is perhaps the most relevant—

   Cayman, the financial industry here has to justify its existence, which it didn’t really have to do before in political circles. I’ve been appointed because I have 27 years experience as a Member of Parliament, ten to twelve years experience in a British Government. I’m still a Parliamentarian in a different colour of the corridor in Westminster.

   And the Government feels that because of the knowledge I have of how Whitehall works, Westminster works, that I can be a good representative to feed in to the correct authorities in the Government the views of the Cayman Islands and help defend our interests.

   My role is to make sure that advice in to Government ministers, to the Civil Service, the Governor does it as his level, I do it at mine on behalf of the Cayman Islands Government.

5. Paragraph 17 of the Guide explicitly recognises that members have outside interests. However, members are prohibited from accepting payment in return for parliamentary advice or services.
6. On receipt of his response (at appendix E), I wrote to Lord Blencathra and requested that he advise me as to what notepaper he used when writing to the Chancellor, John Cryer MP and Angela Eagle MP (appendix F). I also invited him to advise me if he was content with the transcript supplied by Paul Flynn MP (appended to appendix C) and, if not, to provide clarifications as he saw fit. I felt the notepaper used was relevant as it would indicate the capacity in which he wrote and also might affect the impact of the letters on the relevant recipients. On 6 September 2012, Lord Blencathra replied (appendix G) addressing both points. He accepted the probable accuracy of the interview transcript but went on to provide further detail as to his role. He said that his answer must be placed in the context of a “hostile” interview and that the explanation contained in his letter to me of 28 July 2012 (appendix E) provided a fuller and more accurate picture of his role. Lord Blencathra is clear that his role as the Director of the Cayman Islands Government Office in the UK doesn’t require him or, indeed, involve him in influencing Parliament or using his membership of the House of Lords to gain access for others to ministers or officials.

Findings

7. Mr Flynn’s complaint is that Lord Blencathra contravened paragraph 21 of the Guide and its prohibition on accepting payment in return for parliamentary services. Paragraphs 20, 21 and 22 explain the application of paragraphs 8(c) and (d) of the Code of Conduct. I have considered the complaint and Lord Blencathra’s response against the requirements of paragraphs 8(c) and (d).

8. The prohibition from accepting payment in return for parliamentary services means that members may not, in return for payment or other incentive or reward, assist outside organisations or persons in influencing Parliament. This includes seeking by means of participation in proceedings of the House to confer exclusive benefit upon the organisation (the “no paid advocacy rule”); or making use of their position to arrange meetings with a view to any person lobbying members of either House, ministers or officials. A member may never provide parliamentary services in return for payment or other incentive or reward.

9. Lord Blencathra in his response dated 28 July 2012 (appendix E) provides the general background to his role with the Cayman Islands Government Office in the United Kingdom and argues “that none of my work involves lobbying Parliament or seeking to influence either House”. He then goes on to address the specific points made by Mr Flynn.

Writing to the Chancellor of the Exchequer on Air Passenger Duty

10. Mr Flynn’s complaint drew attention to the allegation in The Independent that Lord Blencathra “Lobbied the Chancellor George Osborne to reduce the burden of air passenger transport taxes on the Caymans.”

11. In his response, Lord Blencathra says that he clearly stated his interest to the Chancellor and that he was writing in his capacity as the “Political Director of the Cayman Islands Government office in London.” He accepts that he was urging the Chancellor to support two items in a Caribbean submission about Air Passenger Duty which would help the Cayman Islands. He did not believe he was prohibited from writing in the terms he did but if he had misinterpreted the guidance, he then would apologise profusely for that misunderstanding. He also reiterated his policy of not raising matters such as this in Parliament.
12. I have come to the view that his letter to the Chancellor urging action favourable to the interests of the Cayman Islands did not breach the Code of Conduct. Lord Blencathra in his letter was open about his status with the Cayman Islands Government Office in the United Kingdom. The letter was not sent on House of Lords headed paper (see Lord Blencathra’s letter to me of 6 September 2012 at appendix G) and its contents in no way suggest that it was sent in his capacity as a peer. There is thus no evidence that he sought to use his membership of the House of Lords to influence the Chancellor. A reasonable member of the public would, I suggest, take the view that the letter was clearly sent on behalf of the Cayman Islands Government and that the Chancellor would know what weight to accord it, having been advised of Lord Blencathra’s interest.

**Facilitating a visit by three MPs to the Cayman Islands**

13. Mr Flynn’s complaint drew attention to the allegation in *The Independent* that Lord Blencathra “Facilitated an all-expenses-paid trip to the Caymans for three senior MPs with an interest in the islands.”

14. Lord Blencathra acknowledges that in 2011 three MPs were invited by the Cayman Islands Government (CIG) to visit the islands. He states that the Cayman Islands Office in London administered the visit. He says that the matter could have been managed by his deputy but that for reasons of protocol he played an active role in organising the visit.

15. I have taken the view that, in the absence of evidence to the contrary, Lord Blencathra administered this visit by reason of his role as Director of the Cayman Islands Government Office in the United Kingdom. His status as a member of the House of Lords was irrelevant. His point that the visit could have been administered by his deputy is well made. Thus, I am satisfied that Lord Blencathra did not breach the Code of Conduct in connection with this visit.

**Attempted meeting with John Cryer MP**

16. Mr Flynn’s complaint drew attention to the allegation in *The Independent* that Lord Blencathra “Followed an Early Day Motion in the Commons calling for the Caymans to be closed down as a tax haven by trying to introduce the MP responsible ... John Cryer, to members of a Cayman Islands delegation in London. (The meeting never took place.)”

17. Lord Blencathra in his account states that this proposed meeting originated in a request by three members of the Cayman Islands Legislative Assembly (MLAs), whom he describes as being opposed to some actions of the CIG. They submitted a request, via the Governor of the Cayman Islands, seeking a meeting with Mr Cryer MP as part of a visit to London. Lord Blencathra claims that the Foreign and Commonwealth Office decided that they would arrange some meetings for this group but requested that he should handle the parliamentary request. He supplied a copy of his subsequent letter to Mr Cryer as an attachment to appendix E. Lord Blencathra argues that although the three MLAs were not ministers he saw nothing wrong in a group of parliamentarians seeking to meet another parliamentarian.

18. A narrow interpretation of paragraph 21 of the Guide might suggest that seeking to arrange such a meeting is prohibited. However, that would only apply if a member sought to make use of their position to arrange meetings with a view to any person lobbying members of either House, ministers or officials. In this case, Lord Blencathra made Mr Cryer aware that he was writing in his “capacity as
Director of the Cayman Islands Government in the United Kingdom”. The letter was written on Caymans Islands Government Office in the UK headed paper. There is, thus, no evidence that Lord Blencathra was using his position as a member of the House of Lords to provide a parliamentary service on this occasion.

**Approaching the International Bar Association**

19. Mr Flynn stated that Lord Blencathra approached the International Bar Association before they launched a task force on human rights and illicit financial flows.

20. Lord Blencathra in his response noted that one of the task force members publicised her role on the internet prior to the task force being officially launched. He met the IBA and promised them full cooperation with their work. He questioned how these matters could constitute a breach of the Code of Conduct as the IBA has nothing to do with Parliament or the Government. I am clear that Lord Blencathra’s dealings with the IBA or any member of its taskforce did not, on the basis of the information available to me, constitute a breach of the Code of Conduct.

**Letter to Angela Eagle MP**

21. Mr Flynn referred to Lord Blencathra writing to Angela Eagle MP after she raised a question in the House of Commons about his appointment.

22. Lord Blencathra in his response stated that he felt Ms Eagle’s question misrepresented the facts from his perspective and that he wrote to her “to put the record straight”. I note that his letter went on from seeking to correct what he felt was inaccurate information to appearing to provide a general defence of the “Cayman Islands’ status and practice as one of the most important financial centres in the world.” Again, the letter was written on Caymans Islands Government Office in the UK headed paper.

23. On the basis of Lord Blencathra’s letter to Ms Eagle dated 27 November 2011 I am satisfied that he was seeking to respond to what he considered inaccurate comment made by Ms Eagle in the Commons, rather than seeking to exercise parliamentary influence. Thus he did not breach the Code of Conduct.

**General**

24. I have found that in respect of each of the points raised by Mr Flynn, that Lord Blencathra did not breach the Code of Conduct. However, I note that Lord Blencathra at a press conference on the Cayman Islands, as reported by the Bureau of Investigative Journalism, stated that he had been appointed as Director of the CIG Office in the United Kingdom on the basis of his political experience, as a Member of Parliament and government minister. He also mentioned his current status as a parliamentarian. He further added that his role was “to make sure I can feed advice in to Government ministers, to the Civil service, the Governor does it as his level, I do it at mine on behalf of the Cayman Islands Government.” *Prima facie*, this account of his appointment and role appears incompatible with the provisions of paragraph 20 of the Guide. The second bullet point of that paragraph states that a member may exceptionally give parliamentary advice to an organisation with whom the member has a financial interest, providing that the member can demonstrate that—

   The payment or benefit which the member does receive is not substantially due to membership of the House, but is by reason of
personal expertise or experience gained substantially outside Parliament; and that the member was, or would have been, appointed to the position without being a member of the House.

25. I find that formulation somewhat difficult to apply. On the basis of his own reported explanation, it seems that that Lord Blencathra was appointed on the basis of his expertise and/or experience gained whilst a Member of Parliament. However, his membership of the House of Lords was not a prerequisite for appointment. There is no evidence before me to suggest that Lord Blencathra has provided parliamentary advice in return for payment.

26. I am conscious that the Committee for Privileges has previously considered what a member who has registered an interest can legitimately do as part of their parliamentary activities, albeit in cases subject to the previous Code of Conduct, which did not have a bar on providing parliamentary advice. The Committee cited the advice of a former Clerk of the Parliaments to the Committee on Standards in Public Life and which was quoted in a report of the Sub-Committee on Lords’ Interests (as it then was). 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.¹

27. The Sub-Committee on Lords’ Interests in that case stated, “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.”

28. I reiterate my view that there is no evidence that Lord Blencathra engaged in any of the services which a “peer might be expected to perform on behalf of clients”. Lord Blencathra himself recognised that his letter to the Chancellor might possibly constitute a breach of the Code of Conduct and it was clearly an attempt to lobby the Chancellor. However, on the facts of the case I do not believe it constituted a breach of the Code of Conduct. It was clearly sent in Lord Blencathra’s role as Director of the CIG Office and merely reiterated a case already submitted to the Chancellor by the Caribbean Tourism Organisation and endorsed by the Cayman Islands Government. The letter might have been ill-advised given the restrictions in the Code of Conduct but I do not feel it would justify my finding Lord Blencathra in breach. He was open and transparent and his position was self-evident to the Chancellor.

29. I am satisfied that there is no evidence that Lord Blencathra exercised parliamentary influence on behalf of the Cayman Islands Government Office in the United Kingdom. Equally, no evidence has been presented that he provided parliamentary advice or services. On the basis of the current complaint and supporting evidence, I am satisfied that Lord Blencathra has not breached the Code of Conduct and I therefore dismiss the complaint.

Paul Kernaghan CBE QPM
Commissioner for Standards

Appendix A: Letter from Paul Flynn MP to the Commissioner, 11 July 2012
Following inquiries by the Bureau of Investigative Journalism and the Independent, Lord Blencathra has insisted that there is a distinction on paid lobbying to Parliament and paid lobbying to Government. This seems an entirely novel excuse for abusing the system. I understand that Lord Blencathra is being paid by the Cayman Islands government to represent the interests of its financial services industry—despite also being able to vote on legislation affecting the territory.

I would be grateful if you could investigate this and if it accepts such a distinction. Attached is a copy of the report in The Independent. [Printed as part of appendix C.]

Appendix B: Letter from to the Commissioner to Paul Flynn MP, 16 July 2012
Your letter dated 11 July 2012 refers.

1 Ibid., p. 33.
I note your letter and the attached article from *The Independent* (17 April 2012). In accordance with the “Guide to the Code of Conduct”, can I invite you please to identify in what respect you believe Lord Blencathra may have breached the “Code of Conduct for Members of the House of Lords”. You should also supply as much evidence as you can in support of your complaint.

**Appendix C: Letter from Paul Flynn MP to the Commissioner, 17 July 2012**

Further to our recent correspondence, I believe that Lord Blencathra breached the Code of Conduct for Members of the House of Lords by accepting payment in return for parliamentary services. Point 21 of the guidance on the code says:

21. The prohibition from accepting payment in return for parliamentary services means that Members may not, in return for payment or other incentive or reward, assist outside organisations or persons in influencing Parliament. This includes seeking by means of participation in proceedings of the House to confer exclusive benefit upon the organisation (the “no paid advocacy rule”); or making use of their position to arrange meetings with a view to any person lobbying Members of either House, ministers or officials. A Member may never provide parliamentary services in return for payment or other incentive or reward.

In a recording made by the Bureau of Investigative Journalism, Lord Blencathra admitted that he had been hired in order to assist the Cayman Islands government in influencing the British government. In a response to the Bureau, he stated that he attempted to influence the government but denied attempting to influence parliament. Point 21 makes clear that the ‘no paid advocacy’ rule applies to government ministers and officials as well as members of the Lords and Commons.

The article in *The Independent* in April identifies that Lord Blencathra,

- Lobbied the Chancellor George Osborne to reduce the burden of air passenger transport taxes on the Caymans.

- Facilitated an all-expenses-paid trip to the Caymans for three senior MPs with an interest in the islands over the Easter recess, including the chairman of the influential Conservative backbench 1922 Committee.

- Followed an Early Day Motion in the Commons calling for the Caymans to be closed down as a tax haven by trying to introduce the MP responsible, the former Treasury Select Committee member John Cryer, to members of a Cayman Islands delegation in London. (The meeting never took place.)

- Approached the International Bar Association to discuss its task force on human rights and illicit financial flows before the task force had launched. And he sent a letter to the Labour MP Angela Eagle after she raised a question about his appointment.
Enclosed for ease of reference are a copy of part of the transcript from the Bureau of Investigative Journalism,¹ a copy of the email correspondence between the Bureau and Lord Blencathra and the article from The Independent.²

I look forward to hearing from you.

Email from Melanie Newman, reporter at the Bureau of Investigative Journalism, to Lord Blencathra, 16 April 2012, 5.15 pm

The Parliamentary Code governing peers (http://www.publications.parliament.uk/pa/ld/ldcond/code.pdf) states that:

18. At the same time, in their parliamentary work, and whenever they act in their capacity as parliamentarians, Members are required to base their actions solely upon consideration of the public interest. Members thus have a responsibility to maintain a clear distinction between their outside interests and their parliamentary work. It is incompatible with the maintenance of this distinction for a Member, by offering parliamentary advice or services to paying clients, to seek to profit from membership of the House. The Code therefore prohibits Members from accepting payment in return for parliamentary advice or services.

19. The prohibition from accepting payment in return for parliamentary advice means that Members may not act as paid parliamentary consultants, advising outside organisations or persons on process, for example how they may lobby or otherwise influence the work of Parliament.

Given that you have admitted that you do lobby and are paid do so, can you explain to me how this does not breach the code?

Email from Lord Blencathra to Melanie Newman, reporter at the Bureau of Investigative Journalism, 16 April 2012, 7.03 pm

Quite simple,

You have confused lobbying Parliament, which I do not do, with lobbying the Government which I do.

I am very clear that if there was a measure before the House of Lords on any matter relating to the Cayman Islands then I would not lobby Lords on it nor speak nor vote on it.

Appendix D: Letter from the Commissioner to Lord Blencathra, 24 July 2012

I am writing to you in my capacity as the Commissioner for Standards. I have to advise you that I have received a complaint against you. Namely, that you have breached the Code of Conduct by reason of your accepting payment in return for providing parliamentary services.

I attach for your information a copy of the letter I have received from the complainant (Paul Flynn MP).


It appears on the basis of the complaint that you may have breached the following provisions of the 2010 Code of Conduct—

8. Members of the House:
   (a) must comply with the Code of Conduct;
   (b) should always act on their personal honour;
   (c) must never accept or agree to accept any financial inducement as an incentive or reward for exercising parliamentary influence;
   (d) must not seek to profit from membership of the House by accepting or agreeing to accept payment or other incentive or reward in return for providing parliamentary advice or services.

14. A Member must not act as a paid advocate in any proceeding of the House; that is to say, he or she must not seek by parliamentary means to confer exclusive benefit on an outside body or person from which he or she receives payment or reward.

The following provisions of the Guide to the Code of Conduct are relevant—

20. Although a Member may never provide parliamentary advice in return for payment, a Member may exceptionally give parliamentary advice to an organisation or person with whom the Member has a financial interest, provided that the Member can demonstrate that:

- he or she does not receive payment or benefit in return for the provision of parliamentary advice or services. The Member should, if challenged, be able clearly to show that the payment or benefit is provided in return for some non-parliamentary advice or service which the Member provides; the Member should, where possible, ensure that contractual agreements specifically exclude the provision of parliamentary advice or services; and

- the payment or benefit which the Member does receive is not substantially due to membership of the House, but is by reason of personal expertise or experience gained substantially outside Parliament; and that the Member was, or would have been, appointed to the position without being a Member of the House.

21. The prohibition from accepting payment in return for parliamentary services means that Members may not, in return for payment or other incentive or reward, assist outside organisations or persons in influencing Parliament. This includes seeking by means of participation in proceedings of the House to confer exclusive benefit upon the organisation (the “no paid advocacy rule”); or making use of their position to arrange meetings with a view to any person lobbying Members of either House, ministers or officials. A Member may never provide parliamentary services in return for payment or other incentive or reward.

I would also draw your attention to the seven general principles of conduct identified by the Committee on Standards in Public Life and incorporated in the Code of Conduct.

I have conducted a preliminary assessment of the complaint and believe it is appropriate and in the interests of all concerned that I investigate it. Therefore, I now invite you to respond in writing with a full and accurate account of the
matters in question. A response by 14 August 2012 would greatly assist me in investigating this matter in a timely fashion.


Appendix E: Letter from Lord Blencathra to the Commissioner, 28 July 2012

Thank you for your letter of 24th July. I will respond in detail to the points Paul Flynn makes but I would like to make some general points first, if I may.

I have had 27 years service in the House of Commons and never once breached the Code of Conduct nor had the slightest blemish on my record with regard to expenses or any other matter. At the height of the expenses scandal, not only did I not have to repay a penny but I was cleared almost immediately by Sir Thomas Legg as not having any questions to answer on all my expenses. Therefore I have not come to the Lords to knowingly or recklessly spoil my record for propriety and integrity.

Second, although it has not been repeated in the allegations you received from Mr. Flynn it has been suggested in the press comments that I was working for a foreign government. The Cayman Islands is a loyal British territory like the Falklands or Gibraltar. The UK Government sends out a Governor and the Territories send a Representative to London. This time the Cayman Islands Government appointed me – not because I was a Peer but because the Premier, whom I had met some years earlier, knew of my general skills and abilities and believed that I could send good advice back to Cayman. He knew me long before I was a Peer and my appointment was not because of my peerage.

A Representative is like an ambassador but without the privileges of the Court of St James. Most of my work is feeding back information on issues in the UK and EU media. I deal with the City of London, the other Overseas Territories in an organisation called the United Kingdom Overseas Territories Association and the EU in an organisation called the Overseas Countries and Territories Association. I work with the private sector and try to generate business opportunities. None of my work involves lobbying Parliament or seeking to influence either House. I made that clear when I took on the role that I would not do that and in truth the UK Parliament is largely irrelevant when it comes to financial regulation which could affect the Cayman Islands. The EU is the driving force behind the Transaction Tax, the Solvency II Directive, AIFMD II and a myriad of other potential directives. Thus I am trying to say that in general terms whilst I have a large number of things to do in my work as the Cayman Islands Government Representative, the UK Parliament does not cross my radar since there has not been one single item before either House which has been of relevance or interest to the Cayman Islands. Nor have I spoken or asked a question on anything remotely connected with the work I do for the Cayman Islands Government.

Of course in my ambassador role I sometimes act as a messenger. The Premier can write or contact UK ministers at any time and does not need me to act as interlocutor or get him access to ministers. However there have been times when he has sent a message to a minister and I have taken round a hard copy to the FCO. Last week his office asked me to send a pdf file to the FCO and they were sending the hard copy. I do not consider that lobbying or paid advocacy. The Ministers at the Foreign Office have invited all the Leaders and Premiers of the Territories to make contact with them at any time and also to contact other UK ministers in other departments to share information. The Overseas Territories
White Paper published three weeks ago makes this same point. I do not need to fix a meeting so that the Premier of the Cayman Islands can get access to lobby a minister. He can get access practically any time he wants. The Minister visited Cayman recently; I was not present and not involved in the visit although I had preparatory contacts and liaison between both governments.

Sometimes I am contacted by FCO officials and asked to pass a message on to Cayman. Only this week the Minister at the wrote to all Territory Leaders and Premiers and suggested that the London Representatives of the Territories should form a group of “sherpas” to work with FCO officials to help plan the Joint Ministerial Conference in December. That shows the unique role – whereby my job routinely involves liaison between Ministers in the Cayman Islands and Ministers in London. And that work is not using my position to influence Parliament nor seek lobbying opportunities for outside persons.

I have never considered any of the above to be improper. Thus I assert that no part of my work requires me to arrange meetings so that someone can get in to lobby a minister or officials who does not already have full right of access as a Minister or Premier in his own right.

I wanted to put that on the record as general background. I turn now to the specific points made by Paul Flynn MP.

**Writing to the Chancellor on Air Passenger Duty.**

The UK Government had an official consultation on changing the regime. The Caribbean en bloc sent in a detailed submission. The Cayman Islands Government supported that submission and did not have a separate view.

When I was appointed the decision on a revised regime had not yet been made and I wrote to the Chancellor urging him to support two items in the Caribbean submission which would help Cayman. I enclose a copy of that letter as annex 1. You will note that I clearly state my interest and the capacity in which I was writing. I was merely re-iterating the parts of the Caribbean submission which he had already received. I am meticulous in not raising issues like this in Parliament but the Code, on my understanding of it, does not forbid one writing to the Executive. I did not ask the Chancellor to meet anyone to lobby for an option but I did not believe that I was precluded from writing to him. If I have misunderstood this then I apologise profusely.

**Facilitated a visit of three MPs to Cayman.**

For many years the Cayman Islands Government has invited groups of MPs to visit the islands and be briefed on their financial services, tourism and biodiversity. These are usually senior members of the All Party Parliamentary Group. My records show that in 2004 two Peers and four MPs visited Cayman as guests of the Government. In 2006, one Peer and four MPs and in 2008, one Peer and four MPs.

In 2011 the Cayman Islands Government concluded that a visit by Members of Parliament was overdue. They needed to be updated on the financial crisis in the world and Cayman’s recovery from Hurricane Ivan. However in order to keep costs modest, three Members of Parliament were invited and my office was involved in the arrangements. Our role was administrative – passing on travel times and liaising between the MPs and the CIG on the programme. I could have passed this work to my Deputy but Members of Parliament would have been
insulted unless I was seen to be playing an active role in assisting to organise their visit.

However this is nothing new. A check of the Register will show that many members of APPGs regularly visit their relevant country and this has been happening for many years. This was not some new idea I invented in order to lobby these three MPs. They were the officers of the Cayman Islands APP Group and did not need to be lobbied by me on Cayman Islands issues. If I had gone touting for Members who may be hostile to Cayman with a view to giving them a trip to Cayman to influence them, then that could be a different matter. However I did not do that and I did not consider my administrative work on this APPG visit to be in breach of the Code.

**Attempted meeting with John Cryer MP**

As the Representative of the Cayman Islands in London, I work for the Cayman Islands Government and report to it. In early March two opposition Members of the Legislative Assembly and an independent Member decided to come to London to protest against some of the actions of the Cayman Islands Government. They were vociferous critics of the Government and sent a request to the Governor of the Cayman Islands to set up meetings for them in London including a meeting with Mr. Cryer MP.

The Foreign and Commonwealth Office decided that they could try to arrange some meetings but requested that I handle the Parliamentary request. I had earlier considered how the London Office would deal with the visiting MLAs if they came to London. When CIG Ministers come then we give them access to all our facilities. These MLAs were not Ministers but strong critics of the Government. Nevertheless we concluded that they should receive no less than the support we would give to any Caymanian who was in London and needed consular assistance. I.E we would try to arrange meetings they wanted but not demand. We would advise on accommodation and transport but not provide it. We would not lobby on their behalf since that would be contrary to our duty to the CIG.

When the request came from these MLAs to meet Mr. Cryer I recommended to them that they should not do it. Not because I thought that it was a breach of the Code to ask it but because I was certain that Mr. Cryer would not meet them and they would be embarrassed. Nevertheless they still wanted to meet with him. At no point did they tell me what they wanted to say to him but I assume that it was because of his EDM calling for their island to be closed down. That is why I used the phraseology, “I understand that they wish to discuss your Early Day Motion 2627.”

I wrote to Mr. Cryer and I attach a copy of that letter as annex 2.

I did consider the appropriateness of this. If the Government had asked to see him then I would have ruled against it on ethical grounds but I am not paid by the Opposition and I saw no harm in one group of Parliamentarians asking to meet another. Mr. Cryer did not reply and I did not push the matter further. In the end of the day the visit did not take place and no meetings occurred.

**Approached the International Bar Association.**

The IBA appointed a Task Force on cash flows and one of the members described her role on her web site before the Task Force was officially launched. I did meet with the IBA and promised co-operation with them in their work.
However I cannot understand how that could be a breach of our Code. The IBA has nothing to do with Parliament or Government. If there is a connection which I do not understand then I will endeavour to supply further and better particulars.

Letter to Angela Eagle MP.

On 24th November 2011 during Business Questions the Shadow Leader of the House of Commons, Angela Eagle said, *inter alia*,

This week, it was also revealed that a serving Conservative peer and ex-Chief Whip has been appointed UK representative for the Cayman Islands in order to oppose any further regulation of offshore tax havens.

Since that is patently untrue and since I have always known Angela to be a fair person I decided to write to her immediately to put the record straight. I did not want that fundamental misunderstanding to go uncorrected. I admit that I did not consider for one second whether or not it could be in breach of the Code; I assumed that it was in order. I did not initiate the item in Parliament and I assumed that it would be permissible to attempt to correct it. I did not publish my response and my suggestion in my letter that she talk to her Labour colleague and Vice Chairman of the APPG, Brian Donohoe MP was an attempt to let her see that I was telling the truth. I would hope that writing to a Parliamentarian who had criticised one unfairly is permitted. For the record I must point out that I have not written to all Ministers, Shadow Spokesmen and opinion formers and am unlikely to do so.

Conclusion

I have responded in detail to the points made by Mr. Paul Flynn. I have taken seriously the issues he has raised but, if I may say so, these allegations look flimsy. I note that his letter is identical in every word to the article published in the Independent and that was scraping the bottom of the barrel.

Some media have an agenda against the Cayman Islands and what they perceive to be unfair tax competition. They will attack anyone who works for them and this attack on me is part of that agenda.

As I said at the start of my letter, I have had a clean track record. I studied section 21 of our Code and I believe that to the best of my knowledge I have not transgressed it and do not intend to. I have never sought to gain advantage for the Cayman Islands Government in Parliament nor with MPs nor Peers. I have not raised issues in Parliament. I have been in contact with Members of the Executive, and they with me, but I have not “made use of my position to arrange meetings with a view to any person lobbying members of either House, ministers or officials.”

Annex 1: Letter from Lord Blencathra to the Rt Hon. George Osborne MP, Chancellor of the Exchequer, 10 November 2011

I have today been appointed the Political Director of the Cayman Islands Government office in London.

I appreciate that the consultation period on Air Passenger Duty closed some time ago and that you have probably already written your conclusions for the Autumn Statement on 29th November. However even at this late stage, I would like to stress two key points which are of crucial concern to the Cayman Islands Government. First, let me say that we fully support the submission made to HM
Treasury by the Caribbean Tourism Organisation in June 2011 and do not disagree with any of it. But the two key points I wish to highlight are the discrimination against the Caribbean as opposed to most of the United States of America and the discrimination against those who have an economy ticket but then purchase an upgrade to “premium economy.”

We strongly believe that a two band system is better than the current four band system because it addresses the discrimination of the current system in its treatment of long haul destinations. It cannot be right that every destination in the USA just west of the East Coast cities is in a lower band than the Cayman Islands even though they are much further away. A two band system is easier to administrate and can bring in an equivalent amount of revenue for the Treasury whilst being less discriminatory to the Caribbean. I would remind you that in the Caribbean there are no less than sixteen Commonwealth and Overseas Territories and I would suggest that our “special relationship” with the United Kingdom requires even more favourable treatment than our big cousin to the North.

We also urge you to reverse the unfairness whereby premium economy is treated like first-class. Anyone who pays extra for a “premium economy” seat is getting nothing more than two inches extra legroom and it is unfair that for this negligible benefit they should have to pay tax at a higher rate. Again, we believe that it is possible to remove this discrimination and adjust the rates are so that it is cost neutral to the Treasury.

I hope, even at this late stage, that you will be able to take these representations on board and I look forward to hearing the good news when I listen to the Autumn statement on the 29th.


I am writing to you in my capacity as Director of the Cayman Islands Government in the United Kingdom.

I have been informed that a number of Members of the Cayman Islands Legislative Assembly intend to come to London in the week commencing 19th March. They will have meetings at the FCO on the 19th March have also requested a meeting with you. The dates available are either Tuesday 20th March or Wednesday 21st March.

The Members who are coming are:-

- Hon Alden McLaughlin, Leader of the Opposition
- Mr Ezzard Miller, Independent MLA
- Mr Arden McLean, PPM MLA.

It is possible that there may be others.

I understand that they wish to discuss your Early Day Motion 2627 on “Tax Havens.”

I appreciate that this is very short notice but I would be grateful if you could meet with them on either of those days. Also, in view of the timescale I would also be very grateful if your secretary could e-mail me with your response.
Annex 3: Letter from Lord Blencathra to Angela Eagle MP, Shadow Leader of the House of Commons, 27 November 2011

I have just read Hansard for last Thursday and I thought that I would write to you straight away because someone has given you a wrong briefing. I have not been appointed by the Cayman Islands Government to “lobby against regulation of tax havens” but rather the reverse – to spread the message that the CIG has signed every international Treaty, Convention and Regulation that there is on regulation and transparency of financial matters. If there is any important convention on this, which the UK government wants them to sign, and they have not done so, then I am not aware of it. If you tell me I am wrong then I will investigate and get back to you.

In fact, The Cayman Islands only succeeds as one of the most important financial centres in the world because it has ticked all the boxes for regulation and transparency. However they suffer under this old myth which started with the film “Haven.” That it is a hotbed of dodgy money. The film makes for a good yarn but should no more be used to judge The Cayman Islands than we would accept Hollywood’s version of how American pilots alone won the Battle of Britain. Yes, some years ago the CIG did not have laws on money laundering and reporting suspicious transactions – but neither did Britain. They have now – like the UK, and in all other financial areas, as far as I am aware.

I enclose a briefing note which the Premier of the Cayman Islands sent to the Treasury only last week and he asked me to circulate it more widely amongst other ministers, shadow spokespersons and opinion formers.

You will recall that President Sarkozy, at the end of the Cannes summit denounced 11 tax havens. The Cayman Islands was not on that list and could not be on it because they are almost in the exemplary category as far as compliance with OECD standards are concerned. You can bet your last dollar that if The Cayman Islands were, in any way the bad guys, then Sarkozy and the OECD would have heavily criticized them.

Then last week the FSB (Financial Stability Board of the OECD) published its report and commended The Cayman Islands for having “robust regulation.”

I will not bore on – it is all in the brief.

I am copying this note and brief to Brian Donohoe Esq MP. Brian is the Vice-Chair of The Cayman Islands All Party Group and he can tell you honestly if I am telling you the truth or trying to pull the wool.

Appendix F: Letter from the Commissioner to Lord Blencathra, 21 August 2012

Your letter dated 28 July 2012 was most helpful. However, there are two specific points on which I would appreciate your input.

You supplied me with copies of your letters to the Chancellor of the Exchequer, John Cryer MP and Angela Eagle MP. Can I ask on what type of notepaper you sent each of these three letters? The copies supplied do not show what headed notepaper (if applicable) was used.

I attach for ease of reference a transcript supplied by Mr Flynn MP and which appears to be a record of an interview you gave in the Cayman Islands. Are you content that it is an accurate record? If you are not, I would welcome any clarifications you felt appropriate.
Appendix G: Letter from Lord Blencathra to the Commissioner, 6 September 2012

Thank you for your letter of 21st August. I am sorry for the delay in responding but I have only just returned to London and now have access to the paper, and papers, I require in order to fully respond to your enquiry.

30. I enclose samples of my Cayman Islands Government paper which I use on all CIG correspondence.¹ However I can do better than that; when I took up my post in the CIG office in Arlington Street I photocopied all official correspondence out so that the CIG had a hard copy record of it. I therefore also enclose the “original photocopies” of the letters I sent to John Cryer MP and Angela Eagle MP.² I wrote to the Chancellor immediately I was appointed and I am certain that I did not have my CIG paper by then. It is likely that I used the other samples attached with my home address on it. I do not have that paper printed but make it up on the computer and I have tweaked it a few times since I first made it. I cannot swear to it but I think that was probably what I used. I have no photocopy of that letter as proof.

With regard to the transcript of the interview, it is probably an accurate transcript of what I said but it is not an accurate reflection of my role or what I believe. Let me explain.

That press conference was supposed to be for the visiting MPs but I was warned that one journalist in particular was going to attack me and my role. Her allegations would be along the lines that I was not qualified for the role, that a Caymanian should be doing it not a Brit, that I knew nothing about Cayman and that I would be incapable of properly representing the views of the Cayman Islands to the UK government let alone the EU and a wider audience. I knew therefore that in the face of hostile questioning that I would have to “spin” my answers rather than merely give a full and accurate picture of my role.

By way of analogy, if you were describing to a friend the state of your marriage you would describe it in completely different terms than if you were answering the hostile question, “When did you stop beating your wife?” I was facing, from one journalist, the when did you stop beating your wife type questions and I tailored my answers accordingly.

My role is exactly as I described it to you in my letter of 28th July. If I were given the chance of a long feature article in a friendly Cayman newspaper then I would have described my role as per the 28th July letter. In a “think piece” you can do that but that will not wash in a hostile interview where one has to over emphasise some points in order to neutralise further negative questioning. I answered in a way to stop this line of questioning rather than to set out a full and accurate picture of my role. That is what politicians do in hostile interviews.

I hope that the above and my enclosures are helpful.

¹ Not reprinted with this report.
² See appendix E.