



HOUSE OF LORDS

Committee for Privileges and Conduct

1st Report of Session 2014–15

The conduct of Lord Blencathra

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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 conduct of Lord Blencathra

1. The Committee for Privileges and Conduct has considered a report by the House of Lords Commissioner for Standards on the conduct of Lord Blencathra (at annex 2). The Committee has also considered a report by the Sub-Committee on Lords' Conduct (at annex 1). The Sub-Committee's report summarises the case. The Commissioner found that Lord Blencathra had breached the Code of Conduct. The Sub-Committee recommended that Lord Blencathra be required to make a personal statement of apology to the House in terms approved by the chairman of the Sub-Committee.
2. The procedure in cases such as this is set out in the Guide to the Code of Conduct. Under this procedure, the Commissioner investigates allegations against Members. He reports his findings to the Sub-Committee which, if the Commissioner has found the Member to have breached the Code, recommends any action that the Member concerned should take and any sanction that the House should apply. The Sub-Committee does not reopen the Commissioner's findings, which are reported without amendment to the Committee for Privileges and Conduct. The Member may then appeal to that Committee against the Commissioner's findings or the Sub-Committee's recommended sanction, or both.
3. In this case Lord Blencathra decided not to appeal against the findings of the Commissioner or the sanction recommended by the Sub-Committee on Lords' Conduct.
4. In cases where a member does not appeal against the finding or recommended sanction (such as this case), paragraph 132 of the Guide makes no provision for the Committee for Privileges and Conduct to review the finding or recommended sanction. It states that "the Committee reports forthwith to the House in the terms recommended by the Sub-Committee". However, in view of the complexity of this case, after receiving the initial report from the Sub-Committee we asked it to consider further the question of sanction, with a view to it offering fuller reasons for its recommended sanction. The Sub-Committee did so, and its revised report is annex 1 to this report.
5. In accordance with paragraph 132 of the Guide, we report the recommendation of the Sub-Committee that Lord Blencathra be required to make a personal statement of apology to the House, as set out in the Sub-Committee's report.

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

1. The Commissioner for Standards has submitted the attached report into the conduct of Lord Blencathra.
2. In 2012 the Commissioner considered a complaint that Lord Blencathra had, in his capacity as the Director of the Cayman Islands Government Office in the United Kingdom, provided parliamentary advice or services in return for payment. The Commissioner found that the evidence did not support the complaint and so dismissed it.
3. In March 2014 a new complaint was made, on the basis of an article in *The Independent*. That article was based on a copy of the contract Lord Blencathra agreed with the Cayman Islands Government, which ran from November 2011 to November 2012. Amongst the services that Lord Blencathra in the contract agreed to provide were “liaising with and making representations to ... Members of Parliament in the House of Commons, and Members of the House of Lords”.
4. The Commissioner finds that by agreeing to a contract which would involve the provision of parliamentary services Lord Blencathra breached paragraph 8(d) of the Code of Conduct (which prohibits members from accepting or agreeing to accept payment or other reward in return for providing parliamentary advice or services). Although the Commissioner finds that there is no evidence that Lord Blencathra in fact provided such services, the mere existence of that contractual term put him in breach of the Code.
5. In accordance with paragraphs 129 and 130 of the Guide to the Code of Conduct, our role has been to decide the appropriate sanction to recommend.
6. At first sight the fact that a member entered into a contract which included amongst 14 specified consultancy services a commitment to promote his client government’s interests by liaising with and making representations to, *inter alios*, members of both Houses of Parliament appears to call for the severest of sanctions. Lord Blencathra’s evidence, however, was that when he took on this consultancy role he made it clear to the Cayman Islands Government that he would not lobby Parliament and, he states, this express qualification of his ostensible commitments was firmly understood between him and his client. In other words, despite the inclusion of the offending term in the written agreement, he never in fact intended to undertake impermissible lobbying and his clients understood and accepted this. The Commissioner stated that there was no evidence to dispute this, nor to show that Lord Blencathra ever actually provided such services (which could be thought indicative of his never in fact having undertaken to do so). The essential basis of the Commissioner’s report—namely his finding “that the mere existence of the contractual obligation” (emphasis added) breached the Code—is itself, of course, consistent with Lord Blencathra’s evidence which therefore we think we should properly recognise, for the purposes of determining the appropriate sanction, may very well be true.
7. Naturally the sub-committee has had regard to the four recent cases (two in session 2008–09, two in session 2013–14) in which members have been suspended from the service of the House for varying periods of time for expressing a clear willingness to breach the Code in the course of negotiations for an agreement to provide parliamentary services for payment, thus demonstrating a failure to act on their personal honour. (This breach of the Code is now explicitly dealt with in paragraph 7A of the recently revised third edition of the Guide.) However, such

cases necessarily involved a finding that the members were clearly willing and proposing to breach the Code.

8. In two other recent cases the Commissioner, albeit troubled by members' apparent readiness to become involved in the provision of parliamentary advice or services for reward, was not satisfied that there was sufficiently strong evidence to establish a clear willingness to breach the Code given in one case the provisional nature of the discussion and in the other the fact that, despite the member's apparent readiness to lobby for reward, he asserted his commitment always to abide by the rules.

9. The critical distinction, as we see it, between Lord Blencathra's case and cases where members were suspended for failing to act on their personal honour is that, whereas in those cases the Commissioner found a clear willingness to breach the Code by lobbying for reward, here the breach consisted of the inclusion in a written contract of a clause which both sides may very well have understood and agreed was not in fact to be implemented.

10. In summary, given the Commissioner's findings that (a) "no evidence has been produced that Lord Blencathra did actually provide parliamentary services and I have no reason to question his assurances in that regard";¹ and (b) "there is no evidence that Lord Blencathra deliberately sought to undermine the integrity of my investigation in 2012"² by not disclosing the 2011–12 contract; given (c) Lord Blencathra's evidence that he had "made clear [to the Cayman Islands Government] that I would not be lobbying in Parliament or MPs ... That was firmly understood between us";³ and given (d) Lord Blencathra's recognition that it "was probably a mistake" to agree to the term in the contract and that he was "very sorry about that";⁴ **we recommend that the appropriate sanction in this case would be for Lord Blencathra to make a personal statement of apology to the House.**

11. We include in this revised report the terms of the apology proposed and submitted by Lord Blencathra following our initial report which, on the basis that the Privileges and Conduct Committee accept that an apology is an appropriate sanction, the chairman of the sub-committee is disposed to approve. The proposed apology is as follows:

"Although I never actually provided nor intended to provide parliamentary services to the Cayman Islands Government in return for payment, I acknowledge and deeply regret that I entered into a written contract under which I was apparently committed to provide such services (as one of 14 specified "consultancy services").

I now recognise and accept that such a contract was in clear breach of the requirement in paragraph 8(b) of the Code of Conduct that members "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."

I misled myself into thinking that, since it was understood that I would not be making representations in reality, then the wording did not

¹ Paragraph 18 of the report from the Commissioner for Standards.

² *Ibid.*, paragraph 19.

³ *Ibid.*, paragraph 13.

⁴ *Ibid.*, paragraph 14.

matter. But words do matter; I was wrong and I apologise to the House for that misjudgement.

When the contract was renewed in November 2012 the reference to providing such services was deleted and in March 2014 the contract ended.

I deeply regret having breached the Code in this way and the embarrassment to the House that I recognise is caused by such conduct. I offer the House my sincere apology.”

ANNEX 2: REPORT FROM THE COMMISSIONER FOR STANDARDS

Summary of the complaint

1. On 24 March 2014 an article was published in *The Independent* newspaper entitled “Revealed: Conservative peer Lord Blencathra’s lobbying contract for tax haven Cayman Islands” (appendix A). On that date Lord Blencathra referred himself to my office on the basis of the article (appendix B). Also on that date I received a complaint from Paul Flynn MP (appendix C), which also was based on *The Independent* article. Mr Flynn forwarded a copy of the contract which featured in the article (appendix D).
2. In accordance with paragraph 103 of the Guide to the Code of Conduct, I sought the agreement of the Sub-Committee on Lords’ Conduct to investigate Lord Blencathra’s self-referral. That agreement was forthcoming and I proceeded on the basis of both that self-referral and Mr Flynn’s complaint.
3. I wrote to Lord Blencathra on 26 March 2014 (appendix E) advising him that I had decided to investigate the matters which gave rise to his self-referral and Mr Flynn’s complaint, and inviting him to provide a full and accurate account. I supplied him with a copy of the newspaper article and associated contracts and emails. I invited him to review the evidence he submitted to me in July 2012 and either to confirm that he stood by it, or to amend it as he saw fit in the light of the allegations in *The Independent* article. Lord Blencathra responded in a letter dated 7 April 2014 (appendix F).

2012 investigation

4. In 2012 Mr Flynn made a complaint about Lord Blencathra’s conduct as the Director of the Cayman Islands Government Office in the United Kingdom. The complaint alleged that in this capacity Lord Blencathra had provided parliamentary services in return for payment or other reward. The complaint specified four instances in 2011–12 in which it was alleged that parliamentary services had been provided. I investigated the complaint. I found no breach of the Code of Conduct by Lord Blencathra in 2012, as the evidence did not establish that he had provided parliamentary services.⁵ In his submission to my investigation in 2012 Lord Blencathra wrote, “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”.⁶
5. Mr Flynn’s letter dated 24 March 2014 highlighted what he believed were discrepancies between Lord Blencathra’s evidence to my investigation in 2012 and information in *The Independent* article. In particular, the article was based on the contract under which Lord Blencathra worked for the Cayman Islands Government in 2011–12, and alleged that the contract required Lord Blencathra to lobby Parliament (i.e. provide parliamentary services).

⁵ Committee for Privileges and Conduct, *The Conduct of Lord Blencathra* (5th report, session 2012–13, HL Paper 74).

⁶ *Ibid.*, page 14.

Key facts

6. The article in *The Independent* was based on a copy of an “advisory and consultative agreement” which had been disclosed to the newspaper (appendix D). That agreement was between the Government of the Cayman Islands and Two Lions Consultancy Ltd. The agreement was dated 9 November 2011 and would last until 1 November 2012. In the agreement Two Lions Consultancy was described as “headed by Lord Blencathra.”⁷ Lord Blencathra signed the contract on behalf of Two Lions.
7. The agreement provided that “Two Lions will provide consultancy services to the [Cayman Islands Government] ... and will have direct responsibility for the provision and management of the services set out in Annex 1.”⁸ The contract further specified that Lord Blencathra would have “primary responsibility” for performing the services set out in that annex.⁹ In consideration for these services Two Lions was paid £12,000 per month.¹⁰
8. 14 services were set in Annex 1. Service (c) was the one which attracted the attention of *The Independent* and formed the basis of Mr Flynn’s complaint. It reads:

“Promoting the Cayman Islands’ interests in the UK and Europe by liaising with and making representations to UK Ministers, the FCO, Members of Parliament in the House of Commons, and Members of the House of Lords, Members of the European Parliament, European Governments, and the EU Commission, the Commonwealth Countries Association and the Overseas Territories Association.”
9. Mr Flynn also supplied me with a copy of the successor contract between the Cayman Islands Government and Two Lions. This agreement commenced on 1 November 2012.¹¹ The above-quoted service did not appear in the successor contract.¹²
10. At issue in this case, therefore, is whether Lord Blencathra breached the Code of Conduct by entering into a contract which ran from November 2011 to November 2012 which involved agreeing to provide the services quoted above.
11. Under paragraph 8(d) of the Code of Conduct members “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.”
12. This is elaborated on in paragraph 21 of the Guide to the Code, which states that members “may not, in return for payment or other incentive or reward, assist outside organisations or persons in influencing Parliament ... A member may never provide parliamentary services in return for payment or other incentive or reward.” Paragraph 20 of the Guide recognises that “a member may exceptionally give parliamentary advice to an organisation or

⁷ Appendix D, recital (D).

⁸ Appendix D, paragraph 3.1.

⁹ Appendix D, paragraph 3.2.

¹⁰ Appendix D, paragraph 4.1.

¹¹ The agreement was scheduled to last until 1 November 2015, but was terminated by mutual agreement on 31 March 2014: appendix F, paragraphs 39–41.

¹² The contract that began in November 2012 is not printed with this report.

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, where possible, ensure contractual agreements specifically exclude the provision of parliamentary advice or services”.

Lord Blencathra’s response

13. Lord Blencathra was quoted by *The Independent* as saying “My compliance with the law or Lords rules takes precedence over anything which was in my contract, I made clear that I would not be lobbying in Parliament or MPs. Indeed, even that initial contract made no mention of lobbying. That was firmly understood between us.”
14. He elaborated on that in his submission to me. He stated that the contract of November 2011 “was the first time that the completely new role of Director was being established” with someone other than a Cayman civil servant.¹³ He explained that the role and tasks he undertook have changed considerably over time. He continued, “Although I made clear in statements that I could not and would not lobby MPs and Parliament, with hindsight I regret that I did not press for the reference in item (c), which could be construed as lobbying by some, to be deleted from that first trial contract of November 2011. Because I knew I would not be making representations to MPs and Parliament, I did not consider their inclusion to be important. I accept that was probably a mistake and that it might have caused the wrong perception and I am very sorry about that.”¹⁴ Lord Blencathra stated that there were other activities listed in the annex to the contract which he did not undertake.¹⁵ His central point was that even though the contract of 2011–12 mentioned making representations to MPs and Parliament in reality he did not do so.¹⁶

Findings

15. During my investigation no fresh evidence has been provided which demonstrates that Lord Blencathra may have actually provided parliamentary services under the 2011–12 contract with the Cayman Islands Government. The issue, therefore, is whether he *agreed* to accept payment in return for providing parliamentary services.
16. It is now well-established that a member breaches the Code of Conduct if he or she expresses a clear willingness to breach the rules, even if (for example) no contract is signed and no money changes hands.¹⁷

¹³ Appendix F, paragraph 5.

¹⁴ Appendix F, paragraph 6.

¹⁵ Appendix F, paragraphs 7 and 8.

¹⁶ Appendix F, paragraph 9. Lord Blencathra’s response went on to describe in some detail recent activities he had undertaken under the successor contract. He said he appreciated that such matters were not germane to the current complaint. Accordingly, the material that he appended to his submission in support of such matters is not printed with this report.

¹⁷ The House recently agreed that a provision about members being in breach of the Code if they express a clear willingness to breach the Code should be expressly included in the Guide: see Committee for Privileges and Conduct, *Amendments to the Code of Conduct and Guide to the Code* (13th Report, Session 2013–14, HL Paper 123), paragraph 7.

17. This case involves one step beyond the expression of a “clear willingness” to breach the Code. In this case, a written contract between Lord Blencathra and the Cayman Islands Government was agreed. The contract included a requirement for Lord Blencathra to have “primary responsibility” for providing services which included “liaising with and making representations to ... Members of Parliament in the House of Commons, and Members of the House of Lords”. There has been no suggestion that the fees payable to Two Lions were not fully honoured. Thus, there was an agreement for payment to be made in return for specified services.
18. Lord Blencathra argues that he never provided parliamentary services to the Cayman Islands Government, notwithstanding the terms of the 2011–12 contract. No evidence has been produced that Lord Blencathra did actually provide parliamentary services and I have no reason to question his assurances in that regard. However, the fact remains that he signed a contract under which he agreed to provide such services. Paragraph 8(d) of the Code prohibits members from agreeing to provide parliamentary services in return for payment.
19. Lord Blencathra did not share the 2011–12 contract with me when I conducted my 2012 investigation. In his submission to this investigation he said that he did not do so as it was irrelevant to the specific allegations then made against him; he said that it never crossed his mind to send it.¹⁸ I understand his argument with regard to the specific allegations made by Mr Flynn in 2012 (which related to particular instances in which it was alleged that parliamentary advice or services had been provided). However, in my letter to Lord Blencathra in 2012 advising him of my investigation I requested a full and accurate account of the matters in question; I also quoted paragraph 8(d) of the Code and paragraph 21 of the Guide.¹⁹ Thus, I think it is reasonable to conclude that the existence of a contract apparently requiring the provision of parliamentary services in return for payment should have been considered potentially relevant, and therefore should have been disclosed to me. I highlight that the purpose of the Code of Conduct is *inter alia* “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 duties.” That said, there is no evidence that Lord Blencathra deliberately sought to undermine the integrity of my investigation in 2012.
20. In respect of the current investigation I find that Lord Blencathra breached paragraph 8(d) of the Code of Conduct by entering into an agreement between November 2011 and November 2012 which involved him agreeing to provide parliamentary services in return for payment. The parliamentary services that were agreed were “liaising with and making representations to” MPs and members of the House of Lords. I reiterate that no evidence has been identified to contradict Lord Blencathra’s statement that he did not actually provide such services. However, I find that the mere existence of the contractual obligation is at variance with paragraph 8(d) of the Code of Conduct.

¹⁸ Appendix F, paragraph 9.

¹⁹ Committee for Privileges and Conduct, *The Conduct of Lord Blencathra* (5th Report, Session 2012–13, HL Paper 74), pages 12–14.

21. I have dealt with the suggestion that Lord Blencathra did not properly co-operate with my investigation in 2012 above. In respect of this investigation, I should report that Lord Blencathra co-operated fully.

Paul Kernaghan CBE QPM
Commissioner for Standards

Appendix A: Article in *The Independent*, 24 March 2014

Revealed: Conservative peer Lord Blencathra's lobbying contract for tax haven Cayman Islands

A senior Conservative peer, who denied that he ever lobbied MPs and peers on behalf of a Caribbean tax haven, had signed a £12,000-a-month contract that stated he would do so, an investigation for *The Independent* has revealed.

Lord Blencathra has previously been investigated by the Lords Commissioner for Standards for his work on behalf of the Cayman Islands government and insisted in written evidence that none of his work involved lobbying Parliament. The peer told the commissioner, Paul Kernaghan, that he would not have agreed to do this. Yet a copy of a contract signed by the former Conservative Party Chief Whip and passed to the Bureau of Investigative Journalism reveals that the services stipulated included “making representations to ... members of Parliament” in the Commons and Lords.

Lord Blencathra insisted that the lobbying clause was one of several which were never acted upon, that he had not carried out any lobbying on behalf of the government, and that what he told the commissioner was correct.

“My compliance with the law or Lords Rules takes precedence over anything which was in my contract,” he said. “I made clear that I would not be lobbying Parliament or MPs. Indeed, even that initial contract made no mention of lobbying. That was firmly understood between us.”

Lord Blencathra also said he had the contract amended in 2012 “to remove all reference to lobbying UK MPs and Parliament”. But the Labour MP Paul Flynn, who raised the original allegations with the Lords standards authorities, said he did not see how Lord Blencathra could “reconcile his defence against that complaint with this contract”.

“I will be contacting the Lords authorities and asking them to look again at this. It is intolerable that he is acting as both a legislator and lobbying on behalf of a country that makes income from the tax avoidance industry.”

MPs and peers are prevented from using their positions to lobby the Government and fellow parliamentarians on behalf of paying clients. However, despite a string of recent lobbying controversies, the Government has been widely criticised for failing to tackle wider problems in the industry. Critics have warned that the recent lobbying Bill will make very little difference in increasing transparency.

The Independent reported in April 2012 that Lord Blencathra's work for the Cayman Islands government included lobbying and that he had written to the Chancellor, George Osborne, to complain about air passenger taxes on flights to the Caymans as well as approaching MPs who had criticised the islands.

Lord Blencathra told the commissioner he did not lobby Parliament and would not do so. “None of my work involves lobbying Parliament or seeking to influence either House. I made that clear when I took on the role,” he said.

He also told the Bureau in an email, which was part of evidence sent to Mr Kernaghan: “You have confused lobbying Parliament, which I do not do, with lobbying the Government which I do.”

The commissioner subsequently concluded in November 2012 that there was “no evidence that Lord Blencathra exercised parliamentary influence on behalf of the

Cayman Islands Government Office in the UK”. He added: “Equally, no evidence has been presented that he provided parliamentary advice.”

But a copy of the contract between Lord Blencathra’s company, Two Lions Consultancy Ltd, and the Finance Ministry of the Cayman Islands government, signed in November 2011, shows that lobbying Parliament was part of the job description.

The contract says the company’s responsibilities include: “Promoting the Cayman Islands’ interests in the UK and Europe by liaising with and making representations to UK ministers, the FCO [Foreign and Commonwealth Office], members of Parliament and members of the House of Lords.”

Lord Blencathra said his contract required him to provide 14 services but several of them were never acted upon. “This was the first time a contract of this nature was drawn up and the [then] Premier wanted every possible item included. I made clear that I would not be lobbying Parliament or MPs - that was firmly understood between us,”

Following the standards commissioner’s decision, his contract was amended. “I had it amended back to 2012 to remove all reference to lobbying,” he explained.

He was still responsible for “promoting the Cayman Islands” interests by liaising with and making representations to key governmental stakeholders.

Other duties common to both contracts include:

- “Supervision of the advance arrangements for representatives of the CIG [Cayman Islands government] and various departments of CIG on official visits to the UK and arranging meetings with important persons in the UK Government.”
- Presenting the Premier of the Caymans and other ministers to the UK Government “in the best possible light”.
- “Assisting in enhancing relations” between Cayman’s ministers and the FCO.
- “Provision to the CIG of information and advice which will enable them to formulate policy approaches to the UK Government.”

Lord Blencathra also told Mr Kernaghan in 2012 that his “ambassadorial” role involved liaising with ministers and passing messages. But he stressed: “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.” The Bureau has also obtained copies of private emails sent by Lord Blencathra about his contract prior to its signing. They include discussion of how he might “guarantee access” to the FCO.

In one message to Dax Basdeo, chief officer in the Cayman Ministry of Finance, Lord Blencathra said: “The only way I can guarantee access to all the key people in the FCO is to be designated ‘official’ Cayman Islands government ‘Political Director’. No matter how good I may be and even with the title ‘Lord’, I need that endorsement.”

Following the standards commissioner’s report on Lord Blencathra, the sub-committee on Lords conduct noted that part of the Lords Code of Conduct might need clarifying. The sub-committee pointed out the Code “does not say in terms whether members may lobby ministers or officials in return for payment or other incentive”.

This year, the Committee for Privileges and Conduct recommended the rules be changed to stop peers from lobbying for gain.

Last night a spokesman for the commissioner said: “[These] documents have not previously been received by the commissioner at the time of or since his investigation into Lord Blencathra. If a complaint is received with new evidence... the commissioner will consider whether to open a new investigation.”

Small islands, big earnings

Despite having a population of just 56,700—slightly more than Macclesfield in Cheshire—the Cayman Islands is the registered home of in excess of 93,000 companies. The attraction for all these corporations—hundreds of banks and insurers and thousands of mutual funds—is that the islands’ government does not impose direct taxation on companies or individuals.

Instead, heavy taxes are imposed on imported goods and companies operating there have to pay a licence fee, while foreign workers must buy a permit. The mainstay of the economy is luxury tourism, mainly catering for wealthy North Americans. According to the CIA Factbook, the islanders do pretty well. “The Caymanians enjoy a standard of living comparable to that of Switzerland,” it says.

The islands’ status as a tax haven has turned it into one of the most controversial of Britain’s 14 overseas territories.

Multinational corporations can use the Caymans, and other places like it, to avoid paying tax in other countries. They do this by registering intellectual property at their subsidiary based there, then charging their subsidiary in a country with a big market, such as the UK, a massive fee to use the drug patent, search engine algorithm or other clever invention. This means the UK company pays little tax as its profits are wiped out by the fee, but the subsidiary in the Caymans makes a fortune.

Appendix B: Email from Lord Blencathra, 24 March 2014

Following the article in today’s *Independent*, I wish to refer myself to the Commissioner for this matter to be investigated.

Appendix C: Complaint from Paul Flynn MP, 24 March 2014

Many thanks for the trouble that you took for carrying out an investigation on the lines that I requested in October 2012. I have since been sent a copy of the original contract that I believe has been confirmed as the one signed by Lord Blencathra for his employment with the Cayman Islands. It appears that there are discrepancies between the evidence given to you on the previous occasion by Lord Blencathra and the document enclosed. Also enclosed is a story in today’s *Independent* which reinforces this view.

I understand that I need to present a new complaint in order for the matter to be reinvestigated. Do regard this letter as such a request for a new investigation.

If there is any further information I need to supply please do not hesitate to get in touch with me.

Appendix D: Contract between the Government of the Cayman Islands and Two Lions Consultancy Ltd, 9 November 2011

WHEREAS

- (A) The Government of the Cayman Islands (“CIG”) through the Ministry has for many years maintained a Cayman Islands Government office in London W1 (“CILO”) the primary functions (“the Primary Functions”) of which include (but are not limited to):
- assisting Caymanians and Caymanian students in the UK;
 - making advance arrangements for visits by Cayman Islands politicians and senior officials proposing to meet UK Government and EU representatives and to providing support for their mission whilst in the UK;
 - assisting with the implementation of CIG policies of recruitment of suitable civil servants for placement in the Cayman Islands;
 - representing the Cayman Islands at official functions, ceremonial occasions, Commonwealth and Parliamentary gatherings, Foreign & Commonwealth Office (“FCO”) Receptions etc in order to promote the Cayman Islands as a jurisdiction of standing;
 - disseminating information about the Cayman Islands to a wide range of enquirers; and
 - liaising with important organizations in the UK such as the United Kingdom Overseas Territories Association, the All Party Parliamentary Group of the United Kingdom and the Friends of Cayman Group.
- (B) The CIG has recently appointed Mr Charles Parchment as Deputy Representative of the CILO.
- (C) The CIG is of the opinion that in the changing global financial circumstances it is essential that the CILO be expanded with the goals of strengthening the relationship between the UK Government, the FCO, and other important European based organizations, actively promoting the Cayman Islands in the business community in the UK and Europe, enhancing and promoting the Cayman Islands, its financial and tourist industry, and encouraging other opportunities for the development of new industries and Inward investment to diversify the Cayman Islands economy and to increase its indirect revenue collection base.
- (D) To achieve the expended goals of the CILO, CIG has through the Ministry approved the terms of this Agreement with Two Lions which company has experienced and skilled personnel who are able to undertake the proposed expanded role of the CILO and which company is headed by Lord Blencathra.

WHEREAS IT IS AGREED as follows:

1. **Appointment**

The Ministry confirms the appointment of Two Lions to provide consultancy services to the Ministry in respect of the CILO on the terms set out below, and Two Lions agrees to provide such consultancy services.

2. Duration of consultancy

This consultancy will commence on 10th November 2011 and will continue until 1 November 2012 unless terminated earlier in accordance with Clause 7.3 below.

3. Services to be provided by the consultant

- 3.1 Two Lions will provide consultancy services to the Ministry in respect of the CILO in relation to the Primary Functions and will have direct responsibility for the provision and management of the services set out in Annex 1. In addition, Two Lions will act in a supervisory role in relation to the day to day management and control of the CILO and will assist the Deputy Representative with budgets, financial management, and arranging special meetings with representatives and leaders in the banking, hedge fund, insurance, legal, pharmaceutical, technological fields in Europe and the UK (together with Annex 1, the “Consultancy Services”).
- 3.2 Two Lions shall supply a person who will have primary responsibility for performing the Consultancy Services on its behalf under this Agreement (the “Consultant”). The Consultant shall be Lord Blencathra, and shall be permitted to use the title of “Director of the Cayman Islands Government Office in London”.
- 3.3 Notwithstanding Clause 3.1 above, the Consultant shall be permitted to engage other personnel in the performance of the Consultancy Services (the “Consultancy Staff”), including: the co-director of Two Lions, Ms. Tara Mann; the Consultant’s accounting expert; the Consultant’s executive assistant; and Jack Irvine (Media House), and such other individuals as may be agreed between the parties from time to time. This shall be on terms that the Consultancy Staff agree to abide by the duties and obligations set out in this Agreement. The Ministry reserves the right to require Two Lions to cease the involvement of a specific individual in the performance of the Consultancy Services if such individual acts in a manner which is prejudicial to the interests of the Ministry
- 3.4 Without prejudice to clause 3.3 above, neither Two Lions nor the Consultant shall assign, transfer, sub-contract, or in any other manner make over to any third party the benefit and/or burden of this Agreement without the prior written consent of the CIG.
- 3.5 Two Lions shall procure that the Consultant’s executive assistant shall be based from the CILO premises four days per week. Subject to this, it is envisaged that the Consultant and Consultancy Staff will provide the Consultancy Services from the CILO premises, but may also work from time to time from Two Lions’ registered premises. The Consultant will travel throughout the UK and abroad in the provision of the Consultancy Services.
- 3.6 The Chief Officer (Financial Services), currently Dr. Dax Basdeo, shall continue to be responsible for authorizing Two Lions to provide the Consultancy Services, until such time as Two Lions may be notified otherwise by the Ministry. The Chief Officer (Financial Services) will be the principal point of communication for the Consultant.
- 3.7 Two Lions will provide the Consultancy Services on such dates and at such times to be mutually agreed between the parties hereto.

- 3.8 Subject to Two Lions' due compliance with the terms of this Agreement, it shall be free to provide services to any other person, firm, company or other organization provided that such services do not (in the reasonable opinion of the Ministry) conflict or compete with the interests of the CIG. During the period of this Agreement, Two Lions shall not (without the prior written consent of the Ministry) be engaged by or become involved in any capacity with any other governmental body.
- 3.9 The Ministry requires that the Consultancy Services under this Agreement shall be provided by Two Lions at a service level of high standard and in compliance with prevailing high standards of accepted business practices and ethics.
- 3.10 Two Lions warrants that:
- (a) there is no legal or other impediment preventing Two Lions, the Consultant or any Consultancy Staff from providing the Consultancy Services under this Agreement; and
 - (b) the Consultant and Consultancy Staff (whether employed by Two Lions or any other company) possess the relevant skills and experience to provide the Consultancy Services under this Agreement to the standards indicated by the Ministry.

4. Fees and expenses

- 4.1 In consideration for the Consultancy Services, the Ministry shall pay a consulting fee to Two Lions of £12,000.00 per month (plus VAT) payable on a monthly basis with the first payment being made on 3 December 2011 and thereafter on or before the 3rd day of each month, subject to Two Lions being ready and willing to provide the Consultancy Services on the days agreed or specified pursuant to Clause 3.5 above. Subject to Clause 4.2 below, no further fees will be payable unless expressly agreed in writing by the Chief Officer (Financial Services).
- 4.2 Two Lions shall also be reimbursed by the Ministry (against receipts or other satisfactory evidence) for reasonable expenses limited to:
- (a) travel expenses outside London and/or the UK (including flights and accommodation) approved in advance by the Chief Officer (Financial Services);
 - (b) official functions organized by the Consultant at the request of the Ministry; and
 - (c) essential business mobile calls to the Cayman Islands.
- 4.3 Two Lions shall notify the Ministry of its registration for VAT and provide VAT invoices in respect of the Consultancy Services.

5. Relationship between the parties

- 5.1 The relationship of Two Lions to the Ministry shall be that of contractors dealing at arm's length. At no time shall Two Lions hold the Consultant (or any Consultancy Staff) out as being an officer or employee of the Ministry, the CIG or the CILO. Accordingly, Two Lions shall be responsible for and shall indemnify the Ministry for and in respect of any liability for any employment-related claim or any claim based on worker status brought by the Consultant or Consultancy Staff against the

Ministry arising out of or in connection with the provision of the Consultancy Services.

5.2 Save as expressly authorized by the Chief Officer (Financial Services), the Consultant or Consultancy Staff shall not have any authority to enter into any legally binding commitment on behalf of the Ministry.

5.3 Two Lions shall be wholly responsible for all taxes, National Insurance or other contributions which are or may be payable out of, or as a result of the receipt of any fees or other monies paid or payable in connection with this Agreement, including, for the avoidance of doubt, any remuneration, benefits, expenses, PAYE or NI contributions given or payable in respect of the Consultant or Consultancy Staff. Two Lions shall accordingly indemnify and hold the Ministry harmless against all taxes (excluding VAT), national Insurance or other contributions, costs, claims, penalties, interest, expenses or proceedings arising out of or in connection with such taxes and contributions.

6. Confidentiality

6.1 The Ministry and Two Lions shall develop a protocol for the storage and protection of confidential information, which shall include all information in whatsoever form (whether written or electronic) which either party provides to the other and which is not in the public domain, and except in the proper performance of the Consultancy Services or as required by law, neither party shall during the period of this Agreement or at any time after its termination (without limit) directly or indirectly:

(a) use such information for its own purposes or those of any other person, firm company or other organization whatsoever; or

(b) release such information to any third party without the written consent of the party to whom the information belongs or originated.

6.2 On the termination of this agreement, Two Lions shall on request return any confidential information which it obtained in providing the Consultancy Services and shall not retain any copies of any confidential information in any format whatsoever. This does not prejudice the right of the Ministry or the CIG to use confidential information belonging to it in such manner as it deems, in its discretion, to be appropriate.

6.3 No party shall make any press releases in respect of any matters which are not in the public domain without the consent of the party to whom the information relates or affects. The Ministry reserves the right to review any draft press releases and, at its sole discretion, to refuse permission for the information to be released.

6.4 Two Lions shall be responsible for ensuring that Consultancy Staff are provided with a copy of this confidentiality clause. Any breach of confidentiality by Consultancy Staff will be considered to be a breach by Two Lions, and may entitle the Ministry to terminate this Agreement in accordance with Clause 7.1.

7. Intellectual property

7.1 If Two Lions (whether alone or with others (including but not limited to the Consultant and Consultancy Staff)) shall, during the period of this Agreement, create, produce or develop any idea, method, invention, discovery, design or other work in the course of providing the

Consultancy Services (“Works”), it shall promptly disclose full details thereof to the Ministry.

- 7.2 All intellectual property rights in any Works (including but not limited to trade marks, inventions, patents, designs and copyright) wherever in the world enforceable, shall immediately, upon creation, vest in and remain the sole and exclusive property of the CIG and, in consideration of the sum of £1 (receipt of which is hereby acknowledged by Two Lions), Two Lions herewith assigns to the CIG (acting through the Ministry), with full title guarantee, all rights, title and interest in and to the same, and agrees to procure that the Consultant and Consultancy Staff assign the same to the CIG. At the Ministry’s request and cost, Two Lions shall, and shall procure that the Consultant or the Consultancy Staff shall, take such actions and execute any document as is reasonably necessary as the Ministry requires to vest properly all such rights in the CIG and secure all appropriate forms of protection for and defend and enforce such rights. Two Lions shall not, and shall take reasonable steps to ensure that the Consultant and the Consultancy Staff do not, do anything which do anything which might prejudice the CIG’s or the Ministry’s rights under this Clause 7.2.
- 7.3 Two Lions (on its behalf and on behalf of the Consultant and Consultancy Staff) hereby irrevocably and unconditionally waives all rights granted by the Copyright, Designs and Patents Act 1988 (as may be amended) that may vest in it in connection with its authorship of any copyright works in the course of providing the Consultancy Services, wherever in the world enforceable, including (without limitation) the right to be identified as the author of any such works and the right not to have such works altered.
- 7.4 Two Lions will, and shall procure that the Consultant and Consultancy Staff will, take all steps that are lawful and necessary as the Ministry or the CIG shall require to enable it to comply with his obligations under Clauses 7.1, 7.2 and 7.3.
- 7.5 The rights and obligations under this Clause 7 shall continue in full force and effect after the termination of this Agreement in respect of Works made during the continuance of this Agreement under it and shall be binding on Two Lions’ successors.

8. Termination

- 8.1 The Ministry shall be entitled to terminate this Agreement with immediate effect (and without any notice) if Two Lions, the Consultant or any Consultancy Staff:
- (a) commit a serious breach of any of Two Lions’ obligations under this Agreement; or
 - (b) neglect or refuse to provide the Consultancy Services; or
 - (c) act in any way which materially prejudices the interests of the CIG or the Ministry;
 - (d) fail, or continue to fail, to provide the Consultancy Services to the standards or to the timescales reasonably required by the CIG or the Ministry, after having been notified in writing by the Ministry of the relevant standards and timescales; or

- (e) (applicable to Two Lions only) is unable to pay its debts or enters into compulsory or voluntary liquidation (other than for the purpose of effecting a reconstruction or amalgamation in such manner that the company resulting from such reconstruction or amalgamation, if a different legal entity, shall agree to be bound by and assume the obligations of Two Lions under this Agreement) or compounds or convenes a meeting of its creditors or has a receiver or manager or an administrator appointed, or ceases for any reason to carry on business or suffers any similar action which in the opinion of the Ministry means that Two Lions may be unable to pay its debts.
- 8.2 Two Lions shall be entitled to terminate this Agreement with immediate effect (and without any notice) if the Ministry commits a serious breach of any of its obligations under this Agreement.
- 8.3 Without prejudice to Clauses 8.1 and 8.2 above, either party to this Agreement may terminate this Agreement at any time by giving 90 days' prior written notice to the other.
- 8.4 Two Lions agrees that the Ministry may, at its absolute discretion, pay to it on termination of this Agreement compensation in lieu of any notice of termination which the Ministry or Two Lions is required to give.
- 8.5 All records, reports, documents drawings and other papers and all copies and extracts of them made or acquired by the Consultant in the course of providing the Consultancy Services shall be the property of the CIG and be used only for the purposes of providing the Consultancy Services and shall be returned to the Ministry or the CIG on demand at any time and without demand on the termination of this Agreement for any reason.
- 8.6 Termination of this Agreement for whatever reason shall not affect the accrued rights of the parties arising in any way out of this Agreement as at the date of termination and, in particular but without limitation, the right of the Ministry to recover damages against Two Lions, and all provisions which are expressed to survive this Agreement shall remain in force and effect.
- 9. Force majeure**
- 9.1 Neither party shall be in breach of this Agreement if there is any total or partial failure of performance by it of its duties and obligations under this Agreement occasioned by any Act of God, fire, act of government or state, war, civil commotion, insurrection, embargo, prevention from or hindrance in obtaining any raw materials, energy or other supplies, labour disputes of whatever nature and any other reason beyond the control of either party.
- 9.2 If either party is unable to perform its duties and obligations under this Agreement as a direct result of the effect of one of those reasons, that party shall give written notice to the other of the inability which sets out full details of the reason in question. The operation of this Agreement shall be suspended during the period (and only during the period) in which the reason continues. Forthwith upon the reason ceasing to exist, the parties relying on it shall give written notice to the other of this fact. If the reason continues for a period of more than one month, the party not claiming relief under this clause shall have the right to terminate this

Agreement upon giving 14 days' written notice of such termination to the other party.

10. Miscellaneous

- 10.1 The construction, validity and performance of this Agreement and all non-contractual obligations (if any) arising from or connected with this Agreement shall be governed by the laws of England.
- 10.2 Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England over any claim or matter (including any non-contractual claim) arising under or in connection with this Agreement.
- 10.3 This Agreement cancels and is in substitution for all previous arrangements (whether oral or in writing) relating to the subject matter hereof between the Ministry and Two Lions, all of which shall be deemed to have been terminated by mutual consent. This Agreement constitutes the entire terms and conditions of Two Lions' appointment.
- 10.4 This Agreement shall not be amended, modified, varied or supplemented except in writing and signed by both parties.
- 10.5 No failure or delay on the part of either party hereto to exercise any right or remedy under this Agreement shall be construed or operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy as the case may be.
- 10.6 Any notice or other document to be given under this Agreement shall be in writing and shall be deemed to have been duly given if left at or sent by: (i) first class post or express or air mail or other fast postal service; (ii) registered post; or (iii) telex, facsimile or other electronic media to a party at the address or relevant number for such party or such other address as the party may from time to time designate by written notice to the other. Any notice or other document shall be deemed to have been received by the addressee two working days following the date of dispatch of the notice or other document by post or, where the notice or other document is sent by hand or given by any form of electronic media simultaneously with the delivery of transmission. To prove the giving of a notice or other document it shall be sufficient to show that it was dispatched.
- 10.7 The various provisions and sub-provisions of this Agreement are severable and if any provision or sub-provision or identifiable part thereof is held to be invalid or unenforceable by any court of competent jurisdiction then such invalidity or unenforceability shall not affect the validity or enforceability of the remaining provisions or sub provisions or identifiable parts thereof.

SIGNED by the parties on the day and year first before written.

SIGNED by Dax Basdeo for and on behalf of The Cayman Islands Government, Ministry of Finance, Tourism and Development

SIGNED by Lord Blencathra for and on behalf of Two Lions Consultancy Ltd

Annex 1: The Consultancy Services

Two Lions will have direct responsibility for the following services and for the implementation and management of the same:

- (a) Providing experts and assisting with developing a more comprehensive understanding with the FCO and other governmental organizations in the UK of the financial management of the Cayman Islands, its economy and its day to day operations, and making specific recommendations to the Ministry.
- (b) Assisting with various initiatives which arise from time to time through various European governmental and non-governmental organizations which effect tourism, the financial industry and any other industry In the Cayman Islands, providing advice and where necessary, experts to assist the CIG in various negotiations with these organizations.
- (c) Promoting the Cayman Islands' interests in the UK and Europe by liaising with and making representations to UK Ministers, the FCO, Members of Parliament in the House of Commons, and Members of the House of Lords, Members of the European Parliament, European Governments, and the EU Commission, the Commonwealth Countries Association and the Overseas Territories Association.
- (d) Liaising with and promoting the interests of the Cayman Islands in the Overseas Territories Consultative Council and in particular assisting the CIG in developing the new accord for the Overseas Territories with the UK government.
- (e) Promoting the Cayman Islands' interests with The Mayor of the City of London and City of London Institutions and businesses generally.
- (f) Promoting the Cayman Islands' interests to any other bodies or persons whom the Consultant, with the agreement of the Ministry, considers could be helpful to the Cayman Islands.
- (g) Assisting and advising with various media matters with the appointed media representative for CIG.
- (h) Provision to the CIG of information and advice which will enable them to formulate policy approaches to the UK government.
- (i) Presenting the Premier of the Cayman Islands and CIG Ministers to the British Government in the best possible light, and assisting in enhancing relations between the CIG Ministers and the FCO and in developing a more comprehensive understanding of issues between London and the Cayman Islands.
- (j) Advising on the dissemination of information about the Cayman Islands and, where necessary, assisting with the dissemination of the same.
- (k) Supervision of the advance arrangements for representatives of the CIG and various departments of CIG on official visits to the UK, and arranging meetings with important persons in the UK government and/or government department and government organizations.
- (l) Assisting with the identification of qualified and suitable persons to fill any posts for which the CIG deems appropriate to be filled by persons from outside the Cayman Islands.

- (m) Preparing financial and detailed reports as required by the CIG and making reports on an agreed basis to the Premier and various CIG Ministers and/or Ministries for any matters of which specific assistance has been required from the CILO.
- (n) General advice and information to the CIG on developments which may have a positive or adverse effect on the government and/or people and/or private sector business of the Cayman Islands.

Appendix E: Letter from the Commissioner to Lord Blencathra, 26 March 2014

I am writing to acknowledge receipt of your email to my office of 24 March 2014, in which you requested that I initiate an investigation into your conduct as documented in an article in that day's *Independent* newspaper. In accordance with paragraph 103 of the Guide to the Code of Conduct, I sought the agreement of the Sub-Committee on Lords' Conduct to proceed to investigate your self-referral. I have now received their agreement.

I have also received a formal letter of complaint from Paul Flynn MP requesting that I conduct an investigation based on the *Independent* article. Mr Flynn's letter is enclosed. My investigation is proceeding on the basis of your self-referral and Mr Flynn's complaint.

The following provisions of the 2010 Code of Conduct appear to be relevant:

“7. In the conduct of their parliamentary duties, Members of the House shall base their actions on consideration of the public interest, and shall resolve any conflict between their personal interest and the public interest at once, and in favour of the public interest.

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.”

I also draw your attention to paragraphs 15 to 30 of the Guide to the Code of Conduct:

I 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.

It would be helpful if you would review the evidence you submitted to me in July 2012 and either confirm that you stand by it, or amend it as you see fit in the light of the allegations contained in *The Independent* article.

Enclosed is a copy of *The Independent* article, together with a chain of emails and contracts between Two Lions Consultancy Ltd and the Government of the Caymans Islands.

I invite you to respond in writing with a full and accurate account of the matters in question. A response by 16 April 2014 would greatly assist me in investigating this matter in a timely fashion.

I also enclose for ease of reference a copy of the Code of Conduct for Members of the House of Lords and Guide to the Code of Conduct (second edition: November 2011).

Appendix F: Letter from Lord Blencathra to the Commissioner, 7 April 2014

1. Following the article in the *Independent* on the 24th March 2014 I referred myself to you for investigation. I am sorry that this issue has arisen again when I believe that there has been no impropriety then or since.

2. With this submission I shall reaffirm that I have never provided Parliamentary Services to the Cayman Islands Government by way of lobbying MPs, Peers or Parliament. As you know I did draw a distinction between Parliament and Government and that anomaly was removed last month in the revised Lords' Code

3. I shall also affirm that I have not broken the new Code we have just approved and I shall produce evidence to show you what my role entailed as far as interaction with the UK Government was concerned up until last month. I appreciate that this information is not germane to the current complaint but I want you to see that I was undertaking a wide range of work in the "mini ambassador" role which did not involve lobbying the UK Government.

4. In 2012 Mr. Flynn made specific allegations that I had lobbied MPs and Parliament. I gave you all the facts about those allegations then and I stand by them as accurate. I have looked at my files since then and there are three letters only to Members of Parliament sent by me since your last report. I attach them.²⁰ One is in reply to a Member who had written to me on behalf of a constituent complaining about the Cayman Turtle Farm. Another is to a Member who is the Chairman of the BVI Parliamentary Group and he was seeking feedback from all Overseas Territories on the idea that they should send an MP or Peer to represent them in Parliament. The third is to an MP (who is a member of the Cayman APPG) asking him to consider a possible intern. None of them are lobbying for the Cayman Government nor making representations to Parliament, nor providing parliamentary services. I have not contacted the three Members about releasing my responses and I would be grateful if your office would undertake that please and delete any personal information.

5. You asked me to answer discrepancies between the evidence given before and what was contained in the contract. The first contract I signed, of November 2011 was the first time that the completely new role of Director was being established with the appointment of someone other than a Cayman civil servant which was the

²⁰ The letters and other documents attached to Lord Blencathra's response are not printed with this report.

norm in the past. The role and tasks I undertook in late 2011 have changed considerably during the time I have been in post. I will elaborate further later. These changes meant that the need for some of the items listed in the first contract, and indeed the second contract, fell away as unnecessary.

6. Although I made clear in statements that I could not and would not lobby MPs and Parliament, with hindsight I regret that I did not press for the reference in item (c) which could be construed as lobbying by some, to be deleted from that first trial contract of November 2011. Because I knew I would not be making representations to MPs and Parliament, I did not consider their inclusion to be important. I accept that was probably a mistake and that it might have caused the wrong perception and I am very sorry about that. That contract was for one year and when it came up for renewal in November 2012 it was amended and all references to MPs and Parliament were deleted. This was the first available opportunity to delete those references to MPs and Parliament. It should be noted that in both contracts I was appointed as the “Director” of the office and not the Representative, which was the title my predecessors had.

There were other things in that contract which I would not be doing either;

7. One example of an activity I did not do was item (l) in that first contract. That was a reference to conducting interviews for staff but that role had finished about a year earlier.

8. Nor did I do item (m), preparing financial reports and running the financial side of the London office. Nevertheless these items were included even though I would not be doing them. I refer to these items, (l) and (m) as further proof that I was not expected to do everything in Annex I of that contract.

9. Thus even though that initial contract mentioned making “representations to MPs and Parliament,” I did not do it in reality. You saw all the evidence of my activities in that regard; I have not asked a single question nor made a speech in Parliament for the Cayman Islands; I have not lobbied MPs nor Peers. I have not sought to influence legislation. In short, I did not provide parliamentary services nor did I put my private interest before the public one. Therefore it never crossed my mind to send you that contract when you looked at this in 2012 since it was irrelevant to the specific allegations made by the *Independent* and Mr. Flynn. We were looking at what I actually did and not at what I might theoretically do based on the terms of the contract.

10. I also refer you to my letter to you of 5th September 2012 where I pointed out that I was facing hostile questioning from one Cayman media person about what I would do for Cayman. As you know from the transcript, I limited my response to saying that I would feed in views to the UK Government and Ministers. However the answer which would have impressed the local media more, would have been to say that I was going to make representations to MPs and Parliament. That would have been my “get out of jail free” card for the local Cayman media. However I did not say that because I knew that it was wrong and I would not be lobbying MPs, Peers and Parliament.

11. With regard to the point in the article about “guaranteeing access” the journalist is misrepresenting what I was saying here. The CIG asked me for advice on what title I should have if I were to be appointed as head of the London Office. I said that some of the key organisations I would have to deal with, namely the FCO, EU OCTA (Overseas and Countries Territories Association) and UKOTA (United Kingdom Overseas Territories Association) are formal organisations, which have strict rules requiring those who attend their meetings to be designated

with a formal title. The only designations which were acceptable to them, were Representative or Director. Indeed in the e-mail to Dr. Basdeo I pointed out that the title “Lord” carried no weight for gaining access to these organisations. That comment reinforces the point I made to you earlier that I was not appointed to this role because I was a Lord. These organisations needed to know that one was the “Director” or designated “Representative” and then one could attend meetings. I was designated the Director and the post of “Representative” of the CIG was never officially filled.

12. I want now to set out some of the detail relating to the work I have been doing since November 2012 since it gives a more accurate picture than simplistic accusations of lobbying the government.

13. As I attempted to explain to the journalist, work with the UK Government or Ministers is a tiny part of my role. She has the erroneous concept that the role is all about lobbying Ministers and civil servants but nothing could be further from the truth. In actual fact a great deal of my work with the FCO is working with colleagues in UKOTA and arranging briefing meetings for Cayman civil servants, usually at the request of the FCO.

14. To try to put my contacts with the FCO and Other Government Departments into context, I have looked at my mail “inbox” for January and February this year. I have received over 240 messages from UKOTA and other Territory Representatives, 206 from the CIG, 52 from EU OCTA, about 12 from the FCO and OGDs and over 100 miscellaneous ones. Nearly all of these required action or a response. They were not spam. Most of those FCO and OGD ones were about finalising the logistical arrangements at the request of the FCO for meetings already agreed in principle or arranging fact finding and briefing meetings for Cayman civil servants, again at the request of the FCO.

15. I attach at Annex A some relevant e-mails for a study visit I was working on for the Chief Officer of the Cayman Department of Tourism. Note that the FCO Governor’s Office approved it and then it was passed to me to make the arrangements and schedule the meetings. Note that there is no lobbying involved—indeed you could say the reverse—that the UK Government has the chance to “lobby” Cayman on issues.

16. Annex B is information for a study visit I arranged in January for the Cayman Education and Employment Minister and her officials. This came about because the Joint Communiqué signed by all the UK Overseas Territories and the UK Government in November 2013 had four bullet points stating that the UK and UK OTs would share best practice on education and employment issues. This was an intensive study visit, learning from UK education and employment experts, most of whom were private sector and not government. All my work here was administrative and there was not one single word of lobbying by anyone to the UK Minister or officials, or anyone else. Note that the request to me to arrange the study came from the FCO.

17. The Cayman Premier was in London two weeks ago. He was meeting Ministers and officials in the FCO—all requested by his office in Cayman. The meetings had been agreed in principle and an FCO official and I were tasked with sorting out the timetable.

18. Sometimes in the past the request from the Premier’s office to meet the UK Minister would come to me first and then the FCO Governor’s staff would be copied in. On the occasion above the request went through the Governor’s office first and then I was copied in. I believe that all Chief Ministers and Premiers of

UK Overseas Territories will usually meet the FCO Minister when they come to London. That is routine administrative diplomacy and has nothing to do with either, seeking unique access, nor providing parliamentary services.

19. When you make your report on the specific allegations of the Independent and Mr. Flynn, I would be grateful for your opinion on the above examples also. As far as I know no-one has made a complaint about them, yet, and I maintain that they are not parliamentary services; they have nothing to do with lobbying or seeking to influence Parliament, Government or Ministers. A large part of what the London Office of the CIG does is unglamorous administration, as Annex 1 in my contract showed.

20. These examples above give a flavour of the work I do in arranging meetings with UK Government officials. I have more examples of this sort of work above where I do a lot of arranging meetings and often at the request of the British Government. That is because of the partnership agreements between the UK Government and all the British Overseas Territories announced in the White Paper and implemented in the Communiqués.

21. I also attach other documents, which show the relationship between the Government and Representatives of the Overseas Territories. Since the Government White Paper of June 2012 and the innovation of action plan Communiqués at the end of the Joint Ministerial Council meetings in November there has been a big drive by the FCO to include the London Representatives, and myself as Director, in discussions and use us as conduits on a whole range of issues.

22. The UK Government published a White Paper in June 2012 on the UK Overseas Territories and a key part of it was to increase the dialogue, interaction and support between all UK Government Departments and the UK OTs. On most occasions the FCO and OGDs come to the London Representatives, or in my case Director, first or simultaneously approach the UK Territory Governments and us. We are regularly used as a channel to pass messages between the UK Territory Government and FCO/UK Government. These may be “double banked” with an identical message via the Governor. However the Territories all have democratic governments and it is an important principle that they are consulted via their own channels rather than every message transmitted only through the British Governor, which could give the wrong impression of colonialism.

23. On the official UK GOV website there is an official policy page called “Supporting the Overseas Territories” and it begins “we have a broad responsibility to support the Overseas territories ...” I attach the summary of it with this letter, Annex C. It makes the point that the Communiqué is a plan of action for the UK Government and UK OTs to work on jointly.

24. In the White Paper William Hague said, “We plan to upgrade engagement between UK Ministers and Territory Governments into a Joint Ministerial Council tasked with monitoring and driving forward work to realise our vision.”

25. There is therefore no need for me to “lobby” the UK Government for help or support for the Cayman Islands as working in partnership on a range of agreed issues is now an established policy of the UK Government. This has been the case since the creation of the Joint Ministerial Council of November 2012 and the resultant Communiqués.

26. I also attach a copy of the Communiqué (Annex D) from the meeting of November 2013 and that sets out all the areas in which we will be working in partnership with the UK Government. All of the London Representatives of the UK OTs, and myself as Director are usually consulted and invited to briefing meetings on any initiatives, which the FCO or OGDs may wish to take with regard to items in the Communiqué. Last Monday, for example, we were invited to a LIFE meeting and briefed by UK Government experts on how we could draft bids to apply for EU funding from the LIFE fund.

27. Because 90% of the biodiversity of the UK is not in Great Britain but in the British Overseas Territories we are regularly consulted by DEFRA and asked to briefing meetings organised by the Department or one of their partners such as the RSPB.

28. Annex E is just one of many examples of those FCO messages we all receive.

29. I attach at Annex F, part of the Government's response to the Environmental Audit Committee which was published two weeks on 25th March 2014. Note in this official UK Government reply that the Government stresses how it involves the Territory Representatives and "sherpas" in drawing up the agenda of the JMC and taking forward the preparations for the Joint Ministerial Council. I am designated as the London "Sherpa" for Cayman and all my colleagues from the other Overseas Territories perform an identical role.

30. It has been an enormous amount of administrative work and organising jointly with the FCO the physical running of events during the JMC week. I recall that we were asked whether we wanted the Business Event at the JMC to be on Wednesday or Thursday and I made strong representations that it should be Thursday. I also suggested that a session have a different title. I would hope that those "representations" cannot be classed as improper "lobbying."

31. I enclose at Annex G another of those FCO messages I received in January of this year. It is asking for feedback on one of their officials. Last year I was able to provide a full and fulsome report on another official but on this occasion I was not able to respond in time. However this and the earlier requests also help to give a flavour to the work I and the other UKOTA Reps do in London. The Government would never ask me to give an opinion about one of their officials if I were a "lobbyist." Nor were they seeking my opinion because I am a Peer.

32. I do not get unique access to the FCO Minister or officials because I am a Peer. I am treated exactly the same as all the other Representatives of the other UK Overseas Territories in London. I have never sought to get unique access for myself nor Cayman Ministers nor officials.

33. The thrust of the journalist's article in the *Independent* is that there was an item in my original trial contract, which is in direct conflict with the Code and therefore I must be in breach of the Code, per se. However I assert that what I actually did, and as investigated by you, showed that I did not breach the old Code, either by way of advocacy or lobbying Members or Parliament, irrespective of what words were in the contract. That contract was changed 16 months ago but the journalist is endeavouring to insinuate that I am in breach for activities, which were legitimate then, but not under the new Code.

34. The journalist seems to have an obsession that all my contacts with the UK Government are improper. I cannot believe that a British Government request to me to arrange a study programme for Cayman officials is against the Code, nor finalising what day and time the Premier can meet a Minister who has agreed to

see him. Nor do I think that forwarding briefing notes to an official who has asked for them for a meeting agreed and approved by the FCO is in breach either.

35. I am sorry to include so much paperwork but I believe that the documents I have provided show a completely different interaction with the FCO, OGDs and Ministers rather than the crude accusation in the *Independent* that I am a “lobbyist” or providing parliamentary services. I appreciate that the points I have made about the work I was doing with the FCO and Government generally has not been the subject of a complaint but I do not want to leave unanswered the innuendo of improper lobbying of the UK Government. I have not contacted any of the civil servants whose names appear on the e-mails I have enclosed. If you wish to publish them than I would be grateful if you would redact their names and contact details.

36. As you can see from the newspaper headline, this article was politically motivated and is as much an attack against the Cayman Islands, which the *Independent* clearly detests as well as an attack on me. The Prime Minister stated in the House of Commons last year that Cayman and other UK OTs were no longer “Tax Havens”. The *Independent* does not accept that reality. They have distorted the truth about Cayman referring to this UK Overseas Territory in derogatory and emotive language in an attempt to blacken their reputation and what I do.

37. When I wrote to you last time I described my role as a sort of mini ambassador. Many people, including some Members of Parliament and journalists dislike Cayman so much that they will seek to denigrate anyone who defends this UK Territory. This is not the place to make an issue of it but I find the hostile comments about Cayman and its people to be quite despicable. The vast majority have British nationality, have been totally loyal to the Crown for the last 300 years and they do not deserve to be denigrated as if they were criminals.

38. The British Overseas Territories are not like some ruthless multinational companies seeking to put one over on the UK Government. They should not be kept at arm’s length and treated with suspicion. They are not pariah states like North Korea. They are part of the UK family and that is why the FCO works closely with the Overseas Territories and the London based Representatives. We are treated as mini ambassadors and we act merely as conduits between the UK Government and Territory Governments in addition to all the other EU and international issues with which we deal. I do not claim that this role is completely unique but it is fairly unique.

39. Turning to the present situation, the Cayman Government and I have agreed that the new contract of November 2012 cannot continue, although it could be easily amended to guarantee compliance with the new Lords’ Code. As you can see from the Annex 1 of my current contract the vast majority of things I do are nothing to do with the UK Government, Ministers and civil servants.

40. We could have amended items (c), (i) and (k) to remove all references to the UK Government and made an addendum that nothing in the contract would require one to make representations to any MPs, Peers, Parliament, Ministers and civil servants. However some critics will not stop their attacks on Cayman and myself so long as the framework of this contract exists even if we clearly and specifically ruled out any contact whatsoever with the UK Government.

41. However the Cayman Premier and I jointly agreed to terminate the contract on 31st March rather than seek to amend it piecemeal.

42. I conclude as I began; specific allegations were made against me in 2012. I told you then and produced evidence that I had not lobbied MPs nor Parliament. That was true then and remains true today. I drew a distinction between MPs and Government Ministers. That anomaly has now been removed and I shall naturally comply with the new Code. I have also provided additional information in this submission to show the correct nature of my work with the FCO and OGDs between November 2012 and today. I appreciate that that does not form part of this complaint but I believe that it paints a truer all round picture of what I was actually doing in my role rather than the distortion in the newspaper article.

43. Naturally I will endeavour to supply any more information if I have it.