



HOUSE OF LORDS

Conduct Committee

7th Report of Session 2019–21

Registration of members' foreign interests

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HL Paper 182

Code of Conduct for Members, Guide to the Code of Conduct and Code of Conduct for Members' Staff

The present Code of Conduct for Members of the House of Lords was agreed on 30 November 2009. Amendments to it were agreed by the House on 30 March 2010, 12 June 2014, 25 February 2016, 9 February 2017, 3 April 2017, 30 April 2019, 18 July 2019, 16 March 2020 and 8 July 2020.

The Guide to the Code of Conduct was proposed by the Committee for Privileges (2nd Report, Session 2009–10, HL Paper 81) and agreed by the House on 16 March 2010. The Guide was amended on 9 November 2011, 6 March 2014, 13 May 2014, 24 March 2015, 25 February 2016, 9 February 2017, 3 April 2017, 30 April 2019, 18 July 2019, 16 March 2020 and 8 July 2020.

The Code of Conduct for House of Lords Members' Staff was agreed on 13 May 2014. Amendments to it were agreed on 24 March 2015, 30 April 2019, 18 July 2019, 16 March 2020 and 8 July 2020.

Review

The Codes and Guide are kept under review by the Conduct Committee. Recommended changes are reported to the House and take effect when agreed by the House.

The members of the Conduct Committee are:

Baroness Anelay of St Johns
Lord Brown of Eaton-under-Heywood
Cindy Butts (lay member)
Mark Castle (lay member)
Andrea Coomber (lay member)
Dr Vanessa Davies (lay member)
Baroness Donaghy
Baroness Hussein-Ece
Lord Mance (Chairman)

Advice

The Registrar of Lords' Interests advises members of the House and their staff on their obligations under the Codes of Conduct.

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Registers of Interests

A list of interests of members and their staff can be found online:

<http://www.parliament.uk/hlregister>

Commissioner for Standards

The independent Commissioner for Standards is responsible for considering any alleged breaches of the Codes of Conduct.

Address: The Commissioner for Standards, House of Lords, London SW1A 0PW

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Registration of members' foreign interests

Introduction

1. This report builds on our 3rd Report of this Session, *Amendments to the rules of conduct* (HL Paper 91), which proposed three additions to the Guide to the Code of Conduct relating to members' dealings with foreign governments. The additions were as follows.
 - (a) Registration requirement on members working for foreign governments through a company, in addition to the existing declaration requirements.
 - (b) Cautionary wording for members dealing with corrupt or repressive regimes.
 - (c) Restrictions on parliamentary activities of members who have recently undertaken overseas visits courtesy of (among others) foreign governments.

The House approved the report on 8 July.¹

The ISC Report

2. Later in July, the Intelligence and Security Committee of Parliament (ISC) published a long-awaited report on Russia.² The relevant paragraph of the Committee's report said:

“54. Several members of the Russian elite who are closely linked to Putin are identified as being involved with charitable and/or political organisations in the UK, having donated to political parties, with a public profile which positions them to assist Russian influence operations. It is notable that a number of Members of the House of Lords have business interests linked to Russia, or work directly for major Russian companies linked to the Russian state – these relationships should be carefully scrutinised, given the potential for the Russian state to exploit them. It is important that the Code of Conduct for Members of the House of Lords, and the Register of Lords' interests, including financial interests, provide the necessary transparency and are enforced. In this respect, we note that the Code of Conduct for Members of Parliament requires that MPs register individual payments of more than £100 which they receive for any employment outside the House – this does not apply to the House of Lords, and consideration should be given to introducing such a requirement. A ‘Foreign Agents Registration Act’ (an issue which is addressed in the section on Legislation) would also be helpful in this respect.”

3. The Government's response to this recommendation was as follows:

“The Government agrees that the transparency of information about political donations is important. The rules on registration and declaration

1 HL Deb, cols [1124-1127](#)

2 Intelligence and Security Committee of Parliament, *Russia*, (July 2020): <http://isc.independent.gov.uk/committee-reports> [accessed 27 November 2020]

of donations received by Members of the House of Lords are set out in the Code of Conduct for Members of the House of Lords and the Guide to the Code, which also incorporates the rules surrounding bullying, harassment and sexual misconduct. The Code is the responsibility of the House itself. It is kept under regular review by the Conduct Committee; a committee made up of 5 Members of the House of Lords and 4 lay members. The Government is confident that the Conduct Committee will give due consideration to the recommendations.”

4. It is important to emphasise at the outset that members of the House are already obliged to register all paid work, and are barred from exploiting their position by providing paid parliamentary advice or services, such as lobbying. They also must register gifts, benefits and hospitality worth more than £300, including donations. The ISC nonetheless advocates that this House should go further by adopting the Commons rule requiring members to register the value of every payment they receive for all outside work, not just work for foreign governments.
5. There are differences between the two Houses, in that peers are unsalaried, do not have constituents and are actively encouraged to have outside careers. We agree however that the ISC's proposal is worthy of detailed consideration. Knowing the level of remuneration enables others to gauge the magnitude of a member's connection to the employer or client, and therefore what weight to give to the interest.
6. In our view, the case for disclosure of earnings is strongest where members provide paid services to foreign governments and connected organisations and individuals. We therefore propose that members should generally be required to register earnings from such work, whether they do so through a company or on a self-employed basis.
7. In the meantime, we will consider further whether the level of other outside earnings should also be registrable.

Work for foreign governments etc.

Definitions

8. The key challenge in imposing a new registration requirement is identifying definitions broad enough to cover everything we want to capture while also being sufficiently clear and precise that members and others can be sure about when the requirement applies.
9. After considerable discussion, we have concluded that members should be required to register earnings from “governments of foreign states (including departments and agencies), organisations which may be thought by a reasonable member of the public to be foreign state-owned or controlled, and individuals with official status (whether executive, legislative or judicial) in foreign states when acting in that capacity”. Although the Registrar may be consulted, members will be responsible for judging whether an organisation or individual meets this definition, and in case of doubt they should err on the side of registration.

Frequency of disclosure

10. We propose that registrable earnings should be disclosed annually. It would make sense to align the date with the timetable for submitting tax returns.

We therefore propose that members should be required to submit details of their registrable earnings in each financial year no later than 31 January in the following year (the tax return deadline).

11. If the House agrees, this requirement will operate with effect from 1 January 2021. The deadline for disclosing registrable earnings between 1 January 2021 and 5 April 2021 would be 31 January 2022. The deadline for disclosing registrable earnings in financial year 2021/22 would be 31 January 2023.

Banding

12. We propose that members should have the option of disclosing either the precise level of earnings or the band within which they fall. The proposed bands are as follows:
 - £0–5,000
 - £5,000–10,000
 - £10,000–20,000, and in further increments of £10,000 up to £100,000
 - £100,000–200,000 and thereafter in £100,000 increments

Confidentiality

13. We are aware that in a small number of professions there is a duty of confidentiality which would make it difficult for members to disclose the identity of the government, organisation or individual to which/whom services are being provided and/or the level of earnings involved. We propose, therefore, that members in such a position would be able to apply for an exemption from the registration requirement. We also recommend that members with a personal service company (who already have to register all clients) should be able to apply for an exemption from registering clients to which they provide a service which would normally be subject to a duty of confidentiality. Where an exemption is granted, the member would still need to register the type of client involved but without naming the particular client in question.
14. This limited exemption scheme would be administered by the Registrar of Lords' Interests, who would provide advice in line with detailed guidance from the Conduct Committee which would be updated from time to time as necessary. If this report is agreed, we shall consult further on possible guidance and look to have it in place in early 2021.
15. **The House is invited to agree the consequential changes to the Guide to the Code, which are set out in the annex.**

Additional advice for members

16. The following paragraph was recently added to the Guide to the Code following a recommendation from Transparency International:

“35. Members should be especially cautious when coming into contact with representatives of corrupt or repressive regimes, ensuring that they uphold the integrity of the parliamentary process and the reputation of the House of Lords at all times.”

17. In the light of recent developments, we invite the House to agree that the cautionary wording in the Guide should be broadened as follows.

“35. In dealing with foreign governments, and organisations and individuals under their control, members must uphold the integrity of the parliamentary process and do nothing which could reasonably be deemed contrary to the seven general principles of conduct identified by the Committee on Standards in Public Life. Members should be especially cautious when coming into contact with representatives of corrupt or repressive regimes. ensuring that they uphold the integrity of the parliamentary process and the reputation of the House of Lords at all times.”

ANNEX 1: PROPOSED CHANGES TO THE GUIDE TO THE CODE

Guidance on dealing with lobbyists

35. In dealing with foreign governments, and organisations and individuals under their control, members must uphold the integrity of the parliamentary process and do nothing which could reasonably be deemed contrary to the seven general principles of conduct identified by the Committee on Standards in Public Life. Members should be especially cautious when coming into contact with representatives of corrupt or repressive regimes, ensuring that they uphold the integrity of the parliamentary process and the reputation of the House of Lords at all times.

Categories of registrable interest

Category 1: Directorships

Remunerated directorships in public and private companies, including non-executive directorships, and including directorships which are not directly remunerated, but where remuneration is paid through another company in the same group.

53. In this category, and in others, “remuneration” includes not only salaries and fees, but also the receipt of any taxable expenses, allowances or benefits, such as the provision of a company car. Members should register the name of the company in which the directorship is held and give a broad indication of the company’s business, where this is not self-evident from its name. Directly remunerated directorships of companies which are not trading should be registered.

54. In addition to any remunerated directorships, members are required to register under this category any directorships which are themselves unremunerated but where either (a) remuneration is paid through another company in the same group where the companies in question are associated; or (b) the company concerned is a subsidiary of another company in which the member concerned holds remunerated directorships. Other unremunerated directorships should be registered under category 10 (non-financial interests) so that in one category or another all directorships should be registered.

~~55. The amount of remuneration in respect of interests falling within this category is not disclosed. The contract does not need to be deposited with the Registrar. While clients of companies in which members hold a directorship must be declared in relevant circumstances (see paragraph 97), they do not need to be registered except where:~~

(a) the company is the member’s own intermediary (most commonly a limited company that they control);⁵ or

~~(b) the client is a foreign government to which the member personally provides services.~~ **the client is (i) a government of a foreign state (including departments and agencies), (ii) an organisation which may be thought by a reasonable member of the public to be foreign state-owned or controlled, or (iii) an individual with official status (whether executive, legislative or judicial) in a foreign state when acting in that capacity, to which the member personally provides services.**

55A. The level of remuneration in respect of interests falling within this category only needs to be disclosed where it is received from governments of foreign states (including departments and agencies), organisations which may be thought by a reasonable member of the public to be foreign state-owned or controlled, and individuals with official status (whether executive, legislative or judicial) in foreign states when acting in that capacity.

55B. Although members may consult the Registrar on whether an organisation or individual meets the definitions in the two paragraphs above, they must themselves take the final decision and in case of doubt should err on the side of registration. Members who believe that the disclosure of the required information would breach a duty of confidentiality may apply for an exemption. Applications for an exemption should be made to the Registrar well in advance of the reporting deadline. The Registrar will provide advice based on detailed guidance from the Conduct Committee, which may update that guidance from time to time. Any member making use of an exemption must still register the type of client involved but without naming the particular client in question.

55C. Where earnings are registrable they should be disclosed once in respect of each financial year, no later than 31 January following the end of that financial year. Members may disclose the exact amount received from each source, or indicate within which of the following bands their earnings from each source falls: £0–5,000, £5,000–10,000; £10,000–20,000; in further increments of £10,000 up to £100,000; or £100,000–200,000 and thereafter in £100,000 increments.

55D. Contracts under this category do not need to be deposited with the Registrar.

Category 2: Remunerated employment etc.

Employment, office, trade, profession or vocation which is remunerated or in which the member has any pecuniary interest.

56. All provision of services outside the House in return for payment should be registered here. When making an entry in this category, members must register the name of the employer or source of the payment, the nature of its business (where this is not self-evident) and the type of work carried out. Partners in partnerships and limited liability partnerships (LLPs) should also register their position in this category.

57. While clients of companies for which members work must be declared in relevant circumstances (see paragraph 97), they do not need to be registered except where:

- (a) the company is the member's own intermediary (most commonly a limited company that they control);⁵ or
- (b) ~~the client is a foreign government to which the member personally provides services.~~ **the client is (i) a government of a foreign state (including departments and agencies), (ii) an organisation which may be thought by a reasonable member of the public to be foreign state-owned or controlled, or (iii) an individual with official status**

(whether executive, legislative or judicial) in a foreign state when acting in that capacity, to which the member personally provides services.

58. Members who have paid posts as consultants or advisers should indicate the nature of the consultancy or advice given, for example “management consultant”, “legal adviser” or “public affairs consultant”. They should, in the case of public affairs consultancies, give careful consideration to paragraph 8(d) of the Code and paragraphs 15 to 23 of the Guide (especially paragraph 19).

59. Occasional income or benefits from speeches, lecturing, broadcasting, royalties or journalism which exceeds £1,000 in the course of a calendar year from a single source should be registered under this category and the source should be identified. Fees which are donated to another person, or to a charitable or community organisation, must still be registered but the donation may be noted in the Register entry.

60. Membership of Lloyd’s should be registered under this category. Members who have resigned from Lloyd’s should continue to register their interest as long as syndicates in which they have participated continue to have years of account which are open or in run-off. Members of Lloyd’s are also required to disclose the categories of insurance business which they are underwriting.

61. Members who have previously practised a profession may register that profession under this category with a bracketed remark such as “[nonpractising]” after the entry.

62. Members are not required to register pension arrangements (save for certain investments in self-invested personal pensions—see paragraph 72), unless conditions are attached to the continuing receipt of the pension that a reasonable member of the public might regard as likely to influence their conduct as parliamentarians. Such conditions attaching to pensions from European Union institutions do not normally require the pension to be registered or declared in proceedings in the House.

63. Membership of the House is not to be registered under this category.

64. ~~The amount of remuneration in respect of interests falling within this category is not disclosed. The contract does not need to be deposited with the Registrar.~~ **The level of remuneration in respect of interests falling within this category only needs to be disclosed where it is received from governments of foreign states (including departments and agencies), organisations which may be thought by a reasonable member of the public to be foreign state-owned or controlled, and individuals with official status (whether executive, legislative or judicial) in foreign states when acting in that capacity.**

64A. Although members may consult the Registrar on whether an organisation or individual meets the definitions in paragraphs 57 and 64, they must themselves take the final decision and in case of doubt should err on the side of registration. Members who believe that the disclosure of the required information would breach a duty of confidentiality may apply for an exemption. Applications for an exemption should be made to the Registrar well in advance of the reporting deadline. The Registrar will provide advice based on

detailed guidance from the Conduct Committee, which may update that guidance from time to time. Any member making use of an exemption must still register the type of client involved but without naming the particular client in question.

64B. Where earnings are registrable they should be disclosed once in respect of each financial year, no later than 31 January following the end of that financial year. Members may disclose the exact amount received from each source, or indicate within which of the following bands their earnings from each source falls: £0–5,000, £5,000–10,000; £10,000–20,000; in further increments of £10,000 up to £100,000; or £100,000–200,000 and thereafter in £100,000 increments.

64C. Contracts under this category do not need to be deposited with the Registrar.

5. Also known as a personal service company.