



association of professional
political consultants

APPC RESPONSE TO THE PUBLIC
ADMINISTRATION SELECT COMMITTEE
REPORT ON LOBBYING

27th February 2009

Summary

The Public Administration Select Committee's report on lobbying was published on 5th January 2009. The Association of Professional Political Consultants (APPC) has considered the report constructively and is responding to each of the recommendations addressed to the lobbying sector:

- We will work with other organisations on the possible establishment of a new umbrella organisation for lobbying
- We will look to our existing use of people from outside our industry to support our work in self-regulating our members
- We will clarify that the APPC exists **only** to promote the self-regulation of the industry. We are not a trade association promoting lobbying
- We will look at further steps to increase scrutiny of our members' compliance with our Code of Conduct
- We will improve the validation of the training that we offer employees of our members
- We will clarify that individuals bringing complaints under our Code will not normally be expected to pay for the costs of that complaint
- We will consider with others whether a single umbrella organisation could manage a register

We welcome the Committee's acknowledgement that "The practice of lobbying in order to influence political decisions is a legitimate and necessary part of the democratic process. Individuals and organisations reasonably want to influence decisions that may affect them, those around them, and their environment. Government in turn needs access to knowledge and views that lobbying bring". We also welcome the Committee's further acknowledgement that "The majority of public affairs staff work in-house for specific organisations rather than for multi-client firms" and that "There are indistinct boundaries within the multi-client field as well, for example where a firm of solicitors might carry out both legal and public affairs work for its clients".

We believe that our response addresses the key concerns of the Committee in so far as they relate to the **multi-client lobbying agency sector**. We would argue that any measures introduced apply to Whitehall and Westminster.

Introduction

The Association of Professional Political Consultants (APPC) regulates some 60 public affairs consultancies, located in England, Northern Ireland, Scotland and Wales, accounting for approximately 85% of the total public affairs consultancy sector. Our membership comprises some 825 lobbyists, advising 1,800 clients. This response to the Select Committee's report is based on widespread consultation among our members, by way of an online survey and at discussions at an open Members' meeting and at a meeting of the APPC Management Committee. Additionally all members were sent this response in draft and, as far as possible, all their comments have been taken into account.

The APPC welcomes the PASC Report. The APPC understands the concern of the Select Committee – and indeed of the wider body politic and the public at large – over the activities of **some** involved in public affairs and lobbying. Indeed the APPC exists precisely to promote and enforce self-regulation of those involved in public affairs consultancies. We note, however, that the Committee concluded that "the regulation of multi-client public affairs consultants... [is] in reality an issue of secondary importance" (paragraph 12). However we do not wish to understate our belief that we need to ensure that our industry conducts itself with probity.

We have regularly strengthened our Code and worked hard to ensure that our members fully understand its implications and follow it in both the spirit and the letter, including thorough training of all employees of all our members. We note the Committee's suggestion that the low level of complaints investigated is a sign that our Code is not working. By contrast, we believe it to be a sign of success. In addition, where members have been in breach of our Code by, for example, failing to register a client, the investigation process allows for members to correct mistakes and make remedies acceptable to the Management Committee. However, we are open-minded to suggestions on how we can increase the enforcement of our Code or for any concrete examples of where it is failing to be drawn to our attention.

We have also played a full part in encouraging high standards by all those involved in lobbying, principally through our work with the Public Relations Consultants Association (PRCA) and the Chartered Institute of Public Relations (CIPR), to devise and promote Guiding Principles for all those involved in lobbying, both directly and indirectly, for gain, either in fees or salary. We are pleased that the Committee sees the principles as a "welcome and noteworthy step towards consistency of approach".

Our Response to the Recommendations for Our Industry

There are a number of recommendations which have been targeted at the lobbying sector and not to the government or Parliament. We have taken careful note of each of these recommendations. Here we list each in turn with our response.

a. **Establish a single umbrella organisation with both corporate and individual membership, in order to be able to cover all those who are involved in lobbying as a substantial part of their work.**

The APPC has been working closely with the PRCA and the CIPR to promote a common approach to self-regulation that we continue to believe is the most appropriate form of regulation for our industry. Through the development of the Guiding Principles, we have also reached out for support to many others involved in lobbying for some or all of their work, including representatives of law firms, charities and management consultancies.

The APPC is now working closely with the PRCA and the CIPR to formalise the joint work we have been doing with the formation of a new body to act as precisely the kind of single umbrella body that the report calls for. We would also strongly encourage others involved in lobbying, including management consultancies and law firms, to participate in that body. We note that the European Commission's Register shows that multi-client agencies make up approximately 10% of those registering.

b. **Ensure that people from outside the lobbying world with a track record in regulation and in business ethics are involved in running the umbrella organisation.**

The APPC is already familiar with the involvement of those from outside our industry contributing to the running of our affairs. The APPC's only employee, our part-time Secretary, is a Chartered Secretary with extensive experience of governance in the voluntary sector, both trade associations and charities, and has never worked as a political consultant. Moreover our Professional Practices Panel – which decides on complaints made against member firms – comprises only people from outside the lobbying world. The last time the Panel met, in the spring of 2008, it consisted of Lord Butler, the former Cabinet Secretary, the Chairman of a leading firm of solicitors, and an extensively experienced FTSE 100 Company Secretary.

Furthermore, we are in the process of establishing a pool of independent adjudicators to undertake the preliminary part of our new Complaints & Disciplinary Procedures. As well as the

Panel members mentioned above, a former Clerk to the House of Commons – with experience of working with the Committee on Standards in Public Life – and a solicitor specializing in dispute resolution have agreed in principle to join this team of independent adjudicators.

c. Establish a clear separation between promoting and representing those involved in lobbying activity, and regulating that activity.

The APPC itself has only ever acted as a self-regulatory body, promoting, overseeing and enforcing its Code, representing our members only with respect to our Code and its enforcement. The APPC does not promote the lobbying industry or offer services to consultancies in the manner of a traditional trade association and it has no intention so to do. The organisation is purely a self-regulatory body and neither has, assumes, nor wishes to possess, any additional roles of the nature described.

Similarly we believe that the role of a single umbrella organisation should also be only to promote the self-regulation of **all** lobbyists, whether from the consultancy sector or not.

d. Subject the standards of the members of the organisation to more rigorous scrutiny, including external validation.

The APPC's compliance procedures require a quarterly declaration of clients and consultants, together with an annual declaration of compliance with the requirements of our Code. The declaration requires members to explain their day-to-day Code compliance procedures and to confirm

- That the APPC Code forms part of the members' contracts of employment
- That the APPC Code forms part of the members' contracts with all freelance consultants
- That the APPC Code is included in the members' staff handbook or equivalent
- That all advice, proposals and presentations to clients and to the institutions of government are authorised at an appropriate level proportionate to their nature
- That all clients have been notified that the member is bound by the Code, a copy of which can be sent on request
- That APPC Register entries have been accurately completed and filed at the end of each quarter

Full compliance, as stated in the Code, requires:

"It is a condition of membership of APPC that the member firm, its staff and non-executive political consultants should accept and agree to abide by this Code for itself and that members will be jointly and severally liable for the actions of their staff in relation to the Code. Regulated political consultants are required to endorse the Code and to adopt and observe the principles and duties set out in it in relation to their business dealings with clients and with institutions of government".

Other conditions of membership of APPC include:

- **"Undertaking an annual compliance procedure in respect of the Code**
- **Being bound by the terms of the APPC Complaints & Disciplinary Procedure**
- **Providing four times a year to APPC the names of all fee-paying clients and consultancy staff during the previous three months for publication in the APPC Register".**

We support a similar compliance model for a single umbrella organisation and are working with the other bodies – including the PRCA and CIPR – to this end. We intend our new Independent Adjudicator to be responsible for overseeing the quarterly and annual returns and satisfying himself

that they are credible. Additionally we will in future publish details of the annual returns of compliance.

- e. **The public affairs industry should institute an externally assessed and validated standard - a kind of kite mark - which its members should be required to meet. The standard should integrate ethical issues, structural issues and service quality issues, all of which are interdependent.**

We believe that the APPC and the proposed new umbrella body should focus exclusively on ethical issues. We do of course understand that structural issues and service quality issues may have a bearing on other behavioural issues; but we remain of the view that it would not be proper for the APPC, or the new umbrella body, to stray beyond the regulation of behaviour.

However we do intend to improve the way that we validate the training of the employees of our member companies. In future, we will expect all our members to ensure that all their consultancy staff takes part in Code training and that successful completion of the training should be properly recorded and recognised through a certificate.

- f. **The APPC's policy of expecting complainants to be prepared to bear the costs of an investigation, including the legal fees of the member complained against, is unacceptable.**

The Committee's report based its conclusion on one case that has recently been considered by the Professional Practices Panel. In that case, the complaint was unreservedly withdrawn and the independent PPP determined that costs should be awarded against the complainant on the basis of precedent in similar circumstances.

We do not "expect complainants to be prepared to bear the costs" other than in the most unusual of circumstances.

The APPC's procedures were designed to protect innocent members from the costs incurred in defending themselves against untrue allegations. However, in the light of the Committee's report, we have decided to make it clear that the Professional Practices Panel "will not normally award costs except in the case of vexatious or flippant complaints, or unreasonable or spoiling activity by any of the parties that added to the costs of the procedure or that sought to frustrate its progress or ability to reach a conclusion. In the absence of any award of costs, each party shall bear his or her own" (quoted from our new proposed procedures for handling complaints).

In the event that each party bears its own costs, APPC will bear the cost of the Panel members' fees. In addition, APPC will bear the cost of the Independent Adjudicator.

- g. **There should be a register of lobbying activity independently managed and enforced**

The APPC's register of consultants and clients is a core part of our commitment to transparency: we believe that it meets the main elements proposed by the Committee and would be willing to consider extending its scope to the extent that it did not. We endorse the Committee's view that the declaration of fees or costs adds nothing of value to transparency. We do not feel, however, that the Committee makes the case for a mandatory register, believing rather that the issue of a register should be considered the responsibility of the single umbrella organisation.

If a Government mandated register were considered, we believe it should: (i) meet the standards of the APPC's register and those proposed by the Committee; (ii) apply to **all lobbyists** – including in-house, trade associations, lawyers, charities, etc – with no de minimis exemptions (other than resident-constituency MP links); and (iii) be limited to the names of lobbyists and clients only.