



House of Commons  
Committee on  
Standards and Privileges

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# **Conduct of Mr John Prescott**

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**Thirteenth Report of Session 2005–06**





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*Report and Appendices,  
together with formal minutes*

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## Committee on Standards and Privileges

The Committee on Standards and Privileges is appointed by the House of Commons to oversee the work of the Parliamentary Commissioner for Standards; to examine the arrangements proposed by the Commissioner for the compilation, maintenance and accessibility of the Register of Members' Interests and any other registers of interest established by the House; to review from time to time the form and content of those registers; to consider any specific complaints made in relation to the registering or declaring of interests referred to it by the Commissioner; to consider any matter relating to the conduct of Members, including specific complaints in relation to alleged breaches in the Code of Conduct which have been drawn to the Committee's attention by the Commissioner; and to recommend any modifications to the Code of Conduct as may from time to time appear to be necessary.

### Current membership

Rt Hon Sir George Young Bt MP (*Conservative, North West Hampshire*) (Chairman)  
Rt Hon Kevin Barron MP (*Labour, Rother Valley*)  
Mr David Curry MP (*Conservative, Skipton and Ripon*)  
Mr Andrew Dismore MP (*Labour, Hendon*)  
Nick Harvey MP (*Liberal Democrat, North Devon*)  
Mr Brian Jenkins MP (*Labour, Tamworth*)  
Mr Elfyn Llwyd MP (*Plaid Cymru, Meirionnydd Nant Conwy*)  
Mr Chris Mullin MP (*Labour, Sunderland South*)  
The Hon Nicholas Soames MP (*Conservative, Mid Sussex*)  
Dr Alan Whitehead MP (*Labour, Southampton Test*)

### Powers

The constitution and powers of the Committee are set out in Standing Order No. 149. In particular, the Committee has power to order the attendance of any Member of Parliament before the committee and to require that specific documents or records in the possession of a Member relating to its inquiries, or to the inquiries of the Commissioner, be laid before the Committee. The Committee has power to refuse to allow its public proceedings to be broadcast. The Law Officers, if they are Members of Parliament, may attend and take part in the Committee's proceedings, but may not vote.

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: [www.parliament.uk/sandp](http://www.parliament.uk/sandp). A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Dr Christopher Ward (Clerk), Ms Libby Preston (Second Clerk) and Miss Michelle Owens (Secretary).

### Contacts

All correspondence should be addressed to The Clerk of the Committee on Standards and Privileges, Journal Office, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6615.

# Contents

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<b>Report</b>	<i>Page</i>
<b>Conduct of Mr John Prescott</b>	<b>3</b>
<b>Appendix 1: Memorandum from the Parliamentary Commissioner for Standards</b>	<b>7</b>
<b>Appendix 2: Letter to the Clerk of the Committee from Mr John Prescott, 19 July 2006</b>	<b>38</b>
<b>Formal minutes</b>	<b>39</b>
<b>Reports from the Committee on Standards and Privileges in the current Parliament</b>	<b>41</b>



# Conduct of Mr John Prescott

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1. We have considered a memorandum from the Parliamentary Commissioner for Standards regarding the complaint by Mr Hugo Swire, Member for East Devon, against the Rt Hon John Prescott, Member for Hull East. Mr Swire raised the question of whether a stay from 22-24 July 2005 by Mr Prescott on a ranch owned by Mr Philip Anschutz, owner of a company which is part of the consortium responsible for the redevelopment of the North Greenwich Peninsula, including the Millennium Dome, should have been recorded by him in the Register of Members' Interests. Mr Swire also wrote in similar terms direct to Mr Prescott, and also to the Secretary to the Cabinet. Mr Swire subsequently also raised the question of whether certain gifts alleged to have been received by Mr Prescott in the course of the visit should have been registered. The Commissioner's memorandum is reproduced at Appendix 1.

2. Following receipt of Mr Swire's letter, Mr Prescott took further advice from the Cabinet Secretary in relation to the visit. This advice, Mr Prescott maintains,<sup>1</sup> was different from that given by his then Permanent Secretary before the visit. The Cabinet Secretary indicated that he would not have authorised a charitable donation in relation to the visit, and that it could potentially be deemed 'hospitality'. In the light of this advice, Mr Prescott had decided "for the absolute avoidance of any doubt" to record the stay in the Register of Members' Interests. An appropriate entry was therefore made by him in the Register of Members' Interests the day after Mr Swire had written to him.<sup>2</sup>

3. In his correspondence with the Commissioner, Mr Swire also raised a number of wider issues, including the extent to which Mr Prescott had complied with the requirements of the Ministerial Code in relation to the visit. **These are matters for the Prime Minister, under whose authority the Ministerial Code is issued, rather than for us.**

4. The Commissioner has come to three principal conclusions:

- Mr Prescott acted correctly in registering his visit to Mr Anschutz's ranch, albeit some eleven months late and after a complaint had been made;
- As the gifts were treated by the Department as received by Mr Prescott in his Ministerial capacity, and thus retained by the Department, no question of their inclusion in the Register of Members' Interests arises; and
- There are shortcomings, which require urgent attention, in the arrangements within Mr Prescott's office for recording the receipt of Ministerial gifts.

5. In accordance with our normal practice, we have made available to Mr Prescott a copy of the Commissioner's memorandum. His comments are reproduced at Appendix 2. In these, he indicates that he "fully accepts" the Commissioner's report, and that he and his

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1 WE15, p.36.

2 Appendix 1, para 25.

department also accept the concern expressed about the procedures operated in the department for reporting gifts to the Accounting Officer.<sup>3</sup> **We welcome this.**

**6. Turning first to the question of the gifts received by Mr Prescott in the course of the visit, we agree with the Commissioner that, as these have been treated as Ministerial gifts, no question arises of their inclusion in the Register of Members' Interests.**

**7. We also share the Commissioner's concern about the arrangements within Mr Prescott's department for informing the Permanent Secretary of Ministerial gifts. We are therefore pleased to note that Mr Prescott has asked his department to undertake an urgent review of its procedures, and that it has already begun to implement new procedures.<sup>4</sup>**

**8. We trust that any new procedures will result in the timely reporting of all future gifts: given that Members are required to notify changes in their Register entries within one month of the relevant event, there is in our view no reason why a similar time limit should not apply in Government to the notification to the Permanent Secretary of Ministerial gifts.**

9. In our view, there should be transparent, standardised, and timely procedures across Government for reporting Ministerial gifts to the Permanent Secretary. **We recommend that the newly appointed independent adviser on Ministers' interests, Sir John Bourn, should take steps to ensure that such procedures are introduced as soon as possible.**

10. We now turn to the question of the belated registration of the hospitality. **We agree with the Commissioner that Mr Prescott ultimately made the right decision in deciding to register his stay at Mr Anschutz's ranch in July 2005.** As the Ministerial Code states:<sup>5</sup>

"It is a well established and recognised rule that no Minister.....should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation."

It continues:<sup>6</sup>

"In the event of a Minister accepting hospitality on a scale or from a source which might reasonably be thought likely to influence Ministerial action, it should be declared in the Register of Members' or Peers' Interests..."

11. As the Ministerial Code points out, decisions on whether to accept gifts or hospitality are primarily a matter which must be left to the good sense of the Minister concerned. It is clear from subsequent events that the concerns which led to the Permanent Secretary being consulted before the invitation was accepted were real. She told the Commissioner that "her primary concern had been that there should be no impropriety or perceived conflict

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3 In most Government Departments, the head of the department, usually the Permanent Secretary, is the Accounting Officer.

4 Appendix 2, p. 38.

5 Para. 5.24.

6 Para. 5.28.

of interest in [Mr Prescott] accepting the invitation. She had established that there were no outstanding issues relating to either the Dome or the Greenwich Peninsula which were awaiting Departmental decision. She had therefore felt that, from this point of view, the invitation could be accepted....She had been satisfied that, in accepting the offer of a visit to the ranch, there was no conflict of interest in relation to the deal for the regeneration of the Greenwich Peninsula and the Dome...It then became a matter of judgement whether or not to accept the offer.”<sup>7</sup>

12. We do not know whether the Permanent Secretary offered any advice on the appropriateness of the visit in the light of Mr Prescott’s wider role as Deputy Prime Minister, although the final judgement as to the wisdom of accepting the hospitality was a matter for Mr Prescott himself. He took the view, in the light of the advice he received, that accepting Mr Anschutz’s hospitality would not place him under any obligation.

13. However what Mr Prescott failed to do at that time was also to address, as the Ministerial Code requires, whether the proposed hospitality was *on a scale or from a source which might reasonably be thought likely to influence Ministerial action*. Therein lay the root cause of his failure to recognise the need to record this visit in a timely fashion in the Register of Members’ Interests. **We share the Commissioner’s view, which Mr Prescott came to accept in the light of further advice following Mr Swire’s approach to him, that the nature of his relationship with Mr Anschutz meant that he was accepting hospitality from a source that *might reasonably have been thought likely to influence Ministerial action*, the key test for recording hospitality received in a Ministerial capacity in the Register of Members’ Interests.**

14. Our predecessors have dealt with a number of cases where failure to register one or more interests has been at issue, and some of these have involved acceptance of hospitality.<sup>8</sup> In this case, as the Commissioner points out, Mr Prescott took further advice, and immediately acted on it, as soon as the matter had been raised with him by Mr Swire. On the other hand, he is a very senior Minister, and also a very senior Member of the House. He should therefore be fully conversant with the requirements of both the House and the Ministerial Code.

**15. Having regard to the specific circumstances of this case, including Mr Prescott’s eventual initiative in registering the stay, and his full acceptance of the conclusions reached by the Commissioner, we are not recommending any further action to the House.**

16. This case is nonetheless a cautionary tale to Ministers, and highlights the need for them to think very carefully about the implications of accepting hospitality from those with whom they have an ongoing relationship in their Ministerial capacity. **In this context, we urge upon all Ministers the considerations which the Commissioner suggests may be relevant to any decision to record hospitality in the Register of Members’ Interests,**<sup>9</sup>

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7 WE 9. p. 31.

8 See Third Report, Session 1997-98 (HC 180); Fourteenth Report, Session 1997-98 (HC 634); and Fourth Report, Session 1999-2000 (HC 111).

9 Appendix 1, paras. 68-9.

**and the availability of advice from the Registrar of Members' Interests. The Prime Minister should consider incorporating an appropriate reference in future editions of the Ministerial Code.**

17. Finally, it is in our view difficult for the public to understand the distinctions between the Parliamentary and Ministerial Codes, and who is responsible for the enforcement of each. Whereas the House has well-established arrangements for independent investigation of complaints against Members, there are as yet no corresponding arrangements in relation to complaints of breaches of the Ministerial Code. This makes for difficulties in investigating complaints, like this one, which raise issues under both jurisdictions. **We recommend that the Prime Minister consider introducing an independent element into the investigation of complaints of breaches of the Ministerial Code.**

# Appendix 1: Memorandum from the Parliamentary Commissioner for Standards

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## Contents

	<i>Page</i>
<b>Complaint against Mr John Prescott</b>	<b>8</b>
The Background	8
The Complaint	9
Jurisdiction and the Scope of My Inquiries	10
Relevant Provisions of the Code of Conduct and the Guide to the Rules, and Related Matters.	11
My Inquiries	12
Mr Prescott's Response to Mr Swire	12
Meeting with Mr Prescott	13
Register Entry	14
Evidence of Dame Mavis McDonald	14
Evidence of Private Office Staff	15
Evidence of former Special Adviser	15
Gifts received by Mr Prescott	16
Further Comment by Mr Prescott on the Registration of Hospitality	18
Findings of Fact	18
Conclusions	20
<i>Hospitality</i>	20
<i>Gifts</i>	23
<i>Postscript</i>	23
<b>Written evidence received by the Parliamentary Commissioner for Standards</b>	<b>25</b>
1. Letter to the Commissioner from Mr Hugo Swire MP, 4 July 2006	25
2. Letter to Mr Hugo Swire MP from the Commissioner, 4 July 2006	25
3. Letter to the Commissioner from Mr Hugo Swire, 10 July 2006	26
4. Letter to Mr Hugo Swire MP from the Commissioner, 11 July 2006	26
5. Relevant provisions of the Ministerial Code	26
6. Letter to Mr Hugo Swire from Mr John Prescott, 4 July 2006	27
7. Detailed list of Mr John Prescott's US programme and dates of meetings with Mr Anschutz	28
8. Note of meeting between the Commissioner and Mr John Prescott, 5 July 2006	30
9. Note of a telephone conversation between the Commissioner and Dame Mavis McDonald, 10 July 2006	31
10. Note of Meeting with Principal Private Secretary and Official, 5 July 2006	32
11. Note of telephone conversation with the former Special Adviser, 14 July 2006	33
12. Letter to Mr John Prescott from the Commissioner, 10 July 2006	34
13. Letter to the Commissioner from Mr John Prescott, 14 July 2006	34
14. Letter to Mr John Prescott from the Commissioner, 17 July 2006	35
15. Letter to the Commissioner from Mr John Prescott, 18 July 2006	36

# Complaint against Mr John Prescott

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## The Background

1. On Saturday and Sunday, 1 and 2 July 2006, several newspapers carried stories to the effect that the Deputy Prime Minister, Rt Hon John Prescott (the Member for Kingston upon Hull East) was facing questions about hospitality he had received in July 2005 at the Colorado ranch of Mr Philip Anschutz. Mr Anschutz is the owner of Anschutz Entertainment Group (AEG) which is part of a consortium which, with English Partnerships, took over in 2004 responsibility for the redevelopment of the northern Greenwich peninsula, including the Millenium Dome. AEG, it was said, was lobbying the Government to allow the establishment of a super-casino in the Dome as part of redevelopment plans for the area. Mr Hugo Swire (Member for East Devon), the Shadow Secretary for Culture, Media and Sport, was reported as saying that acceptance of the hospitality raised the possibility of a conflict of interest in relation to Mr Prescott's ministerial responsibilities and was an error of judgement. A number of newspapers noted that Mr Prescott had not registered his stay at the ranch in the Register of Members' Interests.

2. The press also reported that Mr Prescott had denied that there had been any conflict of interest. A statement he issued said:

*"It is not true to suggest that I had any involvement whatsoever in the sale of the Dome.*

*"I played no role with any planning decision relating to the Dome, or in any negotiations for the sale of the Dome.*

*"My contact with Philip Anschutz relates solely to the use of the Dome, post-sale, in terms of regeneration of the area, and Mr Anschutz's interest in William Wilberforce, former Hull MP and abolitionist, about whom Mr Anschutz is making a film, as I am personally involved in the 2007 Abolition Bicentenary."*

Mr Prescott, who had been accompanied by officials during the stay, was reported to have made a donation to charity in lieu of the cost which would otherwise have fallen on his department for the overnight accommodation of his party. Mr Prescott subsequently made clear to me that the donation had in fact been made by his department.

3. The "Independent on Sunday" reported a spokesperson for Mr Prescott as saying that "the stay had not been registered because it had taken place during a departmental trip and there had been no benefit to the department. However, she also said that there was no conflict of interest because Mr Prescott had stayed during 'a day off'." Other papers also quoted a spokesperson for Mr Prescott as describing the stay as a 'day off', although Mr Prescott subsequently told me that he [Mr Prescott] had not used this expression.

## The Complaint

4. Further press coverage of the story on 3 and 4 July referred to the likelihood of a complaint being made to me by Mr Swire in relation to Mr Prescott's alleged failure to register the hospitality he had received in the Register of Members' Interests. On the morning of 4 July, following an inquiry by my office, I received by fax a letter from Mr Swire, the text of which is reproduced at WE1.

5. Mr Swire referred to the recent press reports, continuing:

*"A number of allegations have been made concerning the nature of the trip, and in particular whether it should have been registered as stipulated by the Ministerial Code.*

*"Paragraph 5.24 of the Ministerial Code states that 'no Minister or public servant should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation.'*

*"Clearly given the nature of Mr Prescott's role in relation to the awarding of the casino licenses, the fact that this meeting should take place raises a number of questions.*

*"In addition, the admission that the hospitality was not registered, and that the subsequent donation to a charity appears to have been made by a Government Department appears to raise further questions."*

Mr Swire concluded:

*"I would therefore be grateful if you could examine the circumstances surrounding the visit and the subsequent registering of the gift as a matter of urgency."*

6. It was immediately apparent that Mr Swire's letter raised questions in relation to Mr Prescott's obligations under both the Parliamentary Code of Conduct and associated Rules on the registration and declaration of interests, and the Ministerial Code. In order to be able to establish precisely what matters properly fell within my responsibilities under Standing Order No. 150, and whether there was a case to answer, I needed to make preliminary inquiries of Mr Prescott and his Department to establish the facts surrounding Mr Prescott's stay at Mr Anschutz's ranch. I therefore replied to Mr Swire on the afternoon of 4 July saying that I would be making such inquiries, and pointing out that the matters concerning the interpretation and application of the Ministerial Code to which he had referred in his letter to me were the responsibility of the Prime Minister, advised by the Secretary to the Cabinet. I advised Mr Prescott's office and the Cabinet Office of Mr Swire's complaint and my response. The text of my reply to Mr Swire is at WE2.

7. On Sunday 9 July, further reports appeared in the press alleging that, while staying at Mr Anschutz's ranch, Mr Prescott had received gifts of a pair of tooled leather boots, a Stetson hat and a belt bearing his initials on its silver buckle. On Monday, 10 July, I received a further letter from Mr Swire asking whether, in the inquiries which, as I later describe, I had by then begun, I was "taking into account any other undeclared gifts or undeclared hospitality on this or other occasions" enjoyed by Mr Prescott. The text of this second letter from Mr Swire is at WE3.

8. In reply I told Mr Swire that I had asked Mr Prescott some questions designed to enable me to assess whether or not, if Mr Prescott had indeed received gifts during his stay, these were recordable in the Register of Members' Interests. I was not, however, looking into any matters concerning Mr Prescott other than those linked to his stay at Mr Anschutz's ranch. If Mr Swire was aware of evidence about other matters, in addition to those he had already raised with me, involving the conduct of Mr Prescott in relation to the Parliamentary Code and Rules, he should let me have it immediately. The text of my reply to this second letter from Mr Swire is at WE4.

## Jurisdiction and the Scope of My Inquiries

9. Paragraph 7 of the introduction to the Guide to the Rules says:

*“Ministers of the Crown who are Members of the House of Commons are subject to the rules of registration and declaration in the same way as all other Members (although Ministerial office is not registrable and the restrictions imposed by the ban on lobbying for reward or consideration do not apply to Ministers when acting in the House as Ministers). In addition, Ministers are subject to further guidelines and requirements laid down by successive Prime Ministers in order to ensure that no conflict arises, or appears to arise, between their private interests and their public duties (“The Ministerial Code”). These requirements are not enforced by the House of Commons and so are beyond the scope of this Guide.”*

10. My locus in relation to the issues Mr Swire raised therefore lies in respect of Mr Prescott's obligations *as a Member* under the Code of Conduct and the Guide to the Rules relating to the Conduct of Members approved by the House.<sup>1</sup> These obligations focus in this instance on the question of whether Mr Prescott was obliged to record in the Register of Members' Interests the hospitality he enjoyed at Mr Anschutz's ranch and any gifts he received during his stay there. The other matters raised by Mr Swire—for example, as to whether it was wise for Mr Prescott and his party to accept the hospitality and whether there was any potential conflict of interest as a Minister of the Crown in him doing so—are matters for the Prime Minister, advised by the Cabinet Secretary.

11. It follows that the scope of my inquiries has been limited purely to the registration and receipt of gifts issues. Because of the limitations on my jurisdiction, I have not—contrary to the impression given by some subsequent reports in the media—been empowered to conduct an extensive inquiry into Mr Prescott's relationship and dealings with Mr Anschutz. Rather my inquiries have been limited to establishing the facts necessary to answer the question posed by Mr Swire as to whether Mr Prescott should have registered his stay at Mr Anschutz's ranch in the Register of Members' Interests and his subsequent question as to whether any gifts Mr Prescott received there were recordable in the Register of Members' Interests.

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1 HC 351, Session 2005-06

## Relevant Provisions of the Code of Conduct and the Guide to the Rules, and Related Matters.

12. Paragraph 16 of the Code of Conduct approved by the House on 13 July 2005 states:<sup>2</sup>

*“Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members’ Interests and shall always draw attention to any relevant interest in any proceeding of the House or its Committees, or in any communications with Ministers, Government Departments or Executive Agencies.”*

13. Paragraph 9 of the Guide to the Rules relating to the Conduct of Members describes the purpose of the Register of Members’ Interests as being:

*“To provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament.”*

14. Under Category 6 of the Rules on registering interests, a Member is required to register “Overseas visits made by the Member or the Member’s spouse or partner relating to or in any way arising out of membership of the House where the cost of the visit was not wholly borne by the Member or by United Kingdom public funds.” As Mr Prescott’s visit to the United States was on Government business and the costs arising were met by the Government, there is no issue of registration in relation to this category.

15. Category 7 requires Members to register:

*“Any gift to the Member or the Member’s spouse or partner, or any material advantage, of a value greater than 1 percent of the current parliamentary salary from or on behalf of any company, organisation or person overseas which in any way relates to Membership of the House.”*

The threshold for registration—1% of the current parliamentary salary—was £590 on 22-24 July 2005, the dates of Mr Prescott’s stay at Mr Anschutz’s ranch. If there were to be an obligation on Mr Prescott to register the stay and any gifts he received during it, it would arise under this category.

16. In assessing whether there was such an obligation, it is also relevant to have regard to the general practice in relation to the registration of hospitality received by Members who are Government Ministers. It has never been the practice to record all hospitality received by such Members in the course of their ministerial duties in the Register of Members’ Interests. However the question of registration may arise where hospitality or any other gift or benefit of registrable value has been received, for example, in the course of a private interlude in a ministerial programme. In making this assessment the nature of the occasion

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<sup>2</sup> Although this, the current version of the Code was approved only a few days before Mr Prescott began his visit to the United States, a similar provision had been included in the version previously in force and the relevant Rules on registration had been in force since 14 May 2002.

and the other circumstances involved are highly relevant. I consider below how these matters apply to Mr Prescott's case, in the context of the overall purpose of the Register itself.

17. There is a further relevant consideration to note at this stage. Although matters to do with the interpretation and application of the Ministerial Code are, as I have said, for the Prime Minister, advised by the Secretary to the Cabinet, efforts have been made over the years to ensure that the dual obligations falling on Ministers who are Members of the House are appropriately recognised in both the Parliamentary and the Ministerial documents. In this connection, paragraph 5.28 of the Ministerial Code provides:

*“In the event of a Minister accepting hospitality on a scale or from a source which might reasonably be thought likely to influence Ministerial action, it should be declared in the Register of Members’ or Peers’ Interests.”*

I have appended at WE5 paragraphs 5.24-28 of the Ministerial Code, which contain that Code's relevant provisions relating to gifts and hospitality.

## **My Inquiries**

18. Having written to Mr Swire on the afternoon of 4 July as at WE2, I began to prepare a formal letter of inquiry to Mr Prescott in the normal way. It emerged, however, that Mr Swire had written directly to Mr Prescott and to the Secretary to the Cabinet, in similar terms, it appeared, to his letter to me. Mr Prescott replied to Mr Swire on the afternoon of 4 July, responding to the various questions Mr Swire had raised, attaching the outline programme for his visit and detailing the dates on which he had met Mr Anschutz. The text of Mr Prescott's letter of 4 July to Mr Swire is at WE6 and the programme and list of dates at WE7.

## **Mr Prescott's Response to Mr Swire**

19. Mr Prescott said that his official visit to the United States had been to discuss issues around urban and rural sustainability and regeneration. At the request of the Foreign and Commonwealth Office, it had also involved a visit to parts of “Middle America”, and specifically to Colorado. Towards the end of the trip, after engagements in Denver and at a sugar beet farm, he had traveled on to Mr Anschutz's ranch near Denver, accompanied by two civil servants and his media special adviser, where Mr Anschutz had hosted an informal dinner for Mr Prescott's team and some of Mr Anschutz's staff.

20. Mr Prescott said that as a Minister he had played no role in any planning decision related to the Dome or any negotiations for the sale of the Dome. He had met Mr Anschutz on 7 occasions between August 2002 and July 2005, with officials present at all times. These meetings had related to the post-sale use of the Dome and its potential involvement in promoting London's 2012 Olympic bid. Mr Prescott and Mr Anschutz also shared an interest in events to mark the 200<sup>th</sup> anniversary of the abolition of slavery (in relation to which Mr Prescott chairs the Government's 200<sup>th</sup> anniversary Advisory Panel) and in particular the role played by the former MP for Hull, William Wilberforce, about whom Mr Anschutz's production company was planning to make a film.

21. During his stay at the ranch, the only discussions Mr Prescott had had with Mr Anschutz:

*“concerned the running of a large ranch and William Wilberforce and the abolition of slavery, and the production of a film that Mr Anschutz is making on this issue. At no time were any issues regarding the Dome or casinos discussed, and at no time did I hold any private discussions with Mr Anschutz on this or any other issues.”*

Mr Anschutz had left the ranch early on the morning following the dinner, and Mr Prescott had spent the day (Saturday):

*“traveling around the cattle ranch, discussing with ranch staff the issues and problems of running a large scale farming enterprise. We then left early the next morning and spent Sunday traveling to Los Angeles.”*

22. Mr Prescott said that he had sought and accepted the advice of his then Permanent Secretary on all aspects of the visit. The department had offered to meet the cost of the stay on the ranch but this was declined. In lieu of payment, a donation of \$600 had been made by the department to the Red Cross appeal for the victims of the 7 July bombings. On the issues of registration, Mr Prescott concluded:

*“No record of this stay was made in the Register of Members’ Interests, as my visit to the US was entirely on official business and the cost was entirely covered by public funds.”*

### Meeting with Mr Prescott

23. On the morning of 5 July, Mr Prescott invited me to see him to discuss Mr Swire’s complaint. An agreed file note I made of our conversation is at WE8. One of Mr Prescott’s special advisers was also present.

24. As can be seen from WE8, during our conversation and in response to my questions Mr Prescott confirmed the points he had made in his letter to Mr Swire. Mr Prescott said that his main reason for asking me to see him had been to inform me of his decision to register his stay at Mr Anschutz’s ranch in the Register of Members’ Interests. He had originally assumed that, given that his stay had been approved by his then Permanent Secretary as part of his official ministerial programme, and given also the payment made to charity, he was not under any obligation to register it. He continued to feel that he had done nothing improper in accepting the hospitality. However his attention had been drawn to paragraph 5.28 of the Ministerial Code (quoted in paragraph 17 above). In the light of the fact that recent events had illustrated the possibility that his acceptance of the hospitality might be perceived as laying him open to influence (though for all the reasons he had given, in his view it had not), he had decided to register the stay.<sup>3</sup>

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<sup>3</sup> See also paragraph 45 below for an account of Mr Prescott’s reasoning on this matter.

## Register Entry

25. Later on the morning of 5 July, the following entry was accordingly made in the Register of Members' Interests in relation to Mr Prescott:

***PRESCOTT, Rt. Hon. John (Kingston upon Hull East)***

7. *Overseas benefits and gifts*

*22-25 July 2005, while on government business in the United States, I stayed, together with three civil servants, at a ranch near Denver owned by Mr Phil Anschutz. My Department made a contribution to the Red Cross appeal for victims of the London bombings of 7 July in lieu of the cost of this accommodation. (Registered 5 July 2006)*

26. Having had Mr Prescott's account of the circumstances surrounding his stay at the ranch, and in the light of his decision to register it, it seemed to me appropriate to make some inquiries of Mr Prescott's Permanent Secretary at the time of his visit to Colorado, Dame Mavis McDonald, and of officials in his Private Office, to confirm the precise nature of the stay and its relationship to the rest of the programme for Mr Prescott's tour. Mr Prescott (supported by the Cabinet Office) readily agreed to this. I also spoke to the former special adviser who had accompanied Mr Prescott on the tour. My focus, as in my questions to Mr Prescott himself, was on the extent to which the stay at the ranch formed a clear part of Mr Prescott's ministerial programme. It was not within my remit to examine the actions of the civil servants to whom I spoke in relation to the stay. Because I had moved beyond preliminary inquiries of Mr Prescott, I subsequently let it be known in response to inquiries that I had decided to examine the registration issues raised by Mr Swire, and expected to report on the matter to the Committee on Standards and Privileges by the Summer Recess.

## Evidence of Dame Mavis McDonald

27. An agreed file note of a telephone conversation I had with Dame Mavis is at WE9. Dame Mavis confirmed that she had been consulted about whether an invitation from Mr Anschutz to Mr Prescott to stay at his ranch should be accepted. Her primary concern had been that there should be no impropriety or perceived conflict of interest in Mr Prescott's accepting the invitation. She had established that there were no outstanding issues relating either to the Dome or to the regeneration of the Greenwich peninsula awaiting Departmental decision. She had satisfied herself that there was no conflict of interest in relation to these matters and that, from this point of view, the invitation could be accepted. It then became a matter of judgement whether or not to accept the invitation. She had not been asked to advise on whether the visit to the ranch should be recorded in the Register of Members' Interests.

28. Dame Mavis said that the overall programme for Mr Prescott's tour had been fully justified in terms of his concern for regeneration policy and the international profile he enjoyed on such matters. It had also included elements, of which the Denver part of the programme had been one, suggested by the Foreign and Commonwealth Office, which reflected Mr Prescott's wider role as Deputy Prime Minister. In response to my comment that I could not easily see a clear departmental purpose to the visit to the ranch, Dame

Mavis pointed out that Mr Prescott and his party would have needed to be accommodated elsewhere, at departmental expense, if the visit to the ranch had not been accepted.

### **Evidence of Private Office Staff**

29. I met Mr Prescott's Principal Private Secretary, together with one of his officials who had been a Private Secretary in July 2005. This official had had particular responsibility for the Deputy Prime Minister's overseas visits, and had accompanied Mr Prescott on his US tour, including the stay at Mr Anschutz's ranch. An agreed note of our discussion is at WE10.

30. The Private Secretaries confirmed, in its essentials, the account I had been given by Mr Prescott and Dame Mavis of the overall purpose of Mr Prescott's US tour and of the discussions in the Department which had preceded acceptance of Mr Anschutz's invitation to the Deputy Prime Minister to visit his ranch in Colorado. Officials had seen value to the department in such a visit in terms of maintaining the relationship with Mr Anschutz, who was a key player in the regeneration of the Greenwich peninsula. Nonetheless they had been concerned to ensure there would be no conflict of interest from a departmental point of view. The payment of \$600 to a charity of Mr Anschutz's choosing had been envisaged as providing an element of reciprocity for the 2 night stay and as covering all 6 members of Mr Prescott's party (Mr Prescott himself, his special adviser, 2 officials and 2 protection officers). The figure had been that suggested by Mr Anschutz. (ie 6x \$100 per person for the two night stay.)

31. The former Private Secretary who had been one of the two officials accompanying Mr Prescott confirmed that there had been no private conversations between Mr Prescott and Mr Anschutz at the ranch. The party had arrived on the Friday evening in time for an informal dinner hosted by Mr Anschutz. The conversation over dinner had been wide-ranging but because the occasion had been informal and no action points had come out of it: she had not taken a note. She recalled that Mr Prescott had spoken about his tour and discussion had also embraced the events of 7 July and Mr Anschutz's planned films (including one about William Wilberforce). Mr Prescott had also outlined his early thoughts about linking Bristol, Hull and Liverpool to mark the anniversary of the end of slavery. She did not recall any discussion about the Dome or the Government's plans in respect of super-casinos.

32. As to the purpose and nature of the visit to the ranch, the Principal Private Secretary agreed with my suggestion that there had been an element in the arrangement of finding a suitable way in which to occupy Mr Prescott over the weekend in Denver. But the visit had also enabled the relationship with Mr Anschutz to be maintained and, given Mr Prescott's wider role as Deputy Prime Minister, it had a broader, in part educational value, since it had enabled Mr Prescott to learn more about farming (a theme of this part of the trip) and about running a large ranch.

### **Evidence of former Special Adviser**

33. The former Special Adviser who had been one of those accompanying Mr Prescott at the ranch gave me a similar account of the time Mr Prescott and his party had spent there.

The only conversation of substance between Mr Prescott and Mr Anschutz of which he was aware was that which had taken place around the dinner table on the first evening of the party's stay. It had embraced terrorism and the events of 7 July 2005 in London; the nature of the media in Britain; Mr Anschutz's forthcoming film productions, including his planned film about William Wilberforce; the Deputy Prime Minister's initial ideas for marking the 200<sup>th</sup> anniversary of the Abolition of Slavery; and the running of a large ranch. The occasion had been relaxed and informal. There had been no discussion about the Dome or planning or casinos.

34. Mr Anschutz had left the ranch after breakfast the following day. The former Special Adviser had subsequently accompanied Mr Prescott touring the ranch on horseback, talking to an experienced ranch hand about running the ranch, and enjoying the countryside. In response to my question as to whether he would describe the nature and content of the visit to the ranch as primarily ministerial or otherwise, the former special adviser said that it was more difficult to characterize than the rest of the tour. However, if pressed, he would describe it as primarily a ministerial occasion. An agreed note of our conversation is at WE11.

### Gifts received by Mr Prescott

35. I have previously mentioned that press reports on Sunday, 9 July had suggested that, while staying at Mr Anschutz's ranch, Mr Prescott had received gifts of registrable value from Mr Anschutz. In the light of these reports, I wrote to Mr Prescott on 10 July inquiring as to the position.

36. In my letter (the text of which is at WE12), I referred to paragraph 5.26 of the Ministerial Code, which says in relation to gifts:

*"Gifts given to Ministers in their Ministerial capacity become the property of the Government and do not need to be declared in the Register of Members' or Peers' Interests. Gifts given to Ministers as constituency MPs or members of a political Party fall within the rules relating to the Register of Members' and Peers' Interests."*

I continued that if the weekend press allegations that Mr Prescott had received these gifts were correct, there would be no need to register them provided that they had immediately been handled in accordance with paragraph 5.25 of the Ministerial Code, ie

- a) Mr Prescott had reported receipt of the gifts to his then Permanent Secretary immediately on his return to the UK.
- b) Assuming the gifts had a value greater than £140, they had either been retained by the Department or had been purchased by Mr Prescott for their cash value minus £140.<sup>4</sup>

If however, the gifts had not been declared or had been retained by Mr Prescott without any off-setting payment to the Department, they would in my view be registrable under Category 7 of the Rules on the registration of interests.

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4 Gifts below £140 may be retained by the recipient.

37. The principle I had in mind is that, in the interests of transparency and accountability, gifts of the appropriate value received by a Member who is a Minister should appear either in the list of gifts valued at more than £140 received by Ministers in the course of their official duties<sup>5</sup> which is published annually by the Cabinet Office<sup>6</sup> or if of registrable value,<sup>7</sup> in the Register of Members' Interests, unless, of course, they were not received in any capacity related to their membership of the House. They should not simply be able to drop from sight.

38. I accordingly asked Mr Prescott:

*(1) Did you receive any gifts from Mr Philip Anschutz during your stay at his ranch in July 2005?*

*(2) If so, what was their nature and the estimated cash value of each of them?*

*(3) Were they declared on your return to the UK to your then Permanent Secretary? When were they declared?*

*(4) Were they retained by the Department or purchased by you in accordance with paragraph 5.25 of the Ministerial Code?*

39. Mr Prescott replied as in the letter at WE13. He had initially been provided with various items—viz a stetson hat, a pair of calf length boots, a belt and buckle, a pair of spurs and a pair of jeans—to enable him to spend a day touring Mr Anschutz's ranch. Subsequently all but the last of these items had been sent on by Mr Anschutz to Mr Prescott's departmental office. He had also received a leather-bound notebook. Following considerable effort, his office had valued these gifts (excluding the notebook) at about £600 in total. This broadly coincided with the value the American press reported a spokesman for Mr Anschutz to have put on the gifts.<sup>8</sup>

40. The gifts Mr Prescott had received had been retained by his Department and would be included in the annual list of gifts received by Ministers, to be published by the Cabinet Office shortly.

41. Mr Prescott's letter of 14 July<sup>9</sup> - conveying both his initial response to my questions about gifts and his comments on the draft of the factual sections of this report—did not respond in terms to the third of the questions listed in paragraph 38 above. I accordingly wrote to Mr Prescott on 17 July enclosing a revised draft and inviting his response to this particular question (WE14).

42. Mr Prescott replied on 18 July. His letter (the text of which is at WE15) included a more specific response to the four questions in paragraph 38, and commented on one other point of substance relating to the registration of hospitality which I set out below.

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5 Ministerial Code, paragraphs 5.24 to 5.28 and 10.19

6 See paragraph 5.27 of the Ministerial Code

7 For the purposes of registration in Category 7, the threshold value in July 2005 was £590 per gift (or in aggregate in the case of gifts received from the same source.)

8 Los Angeles Times, 13 July 2006. See also WE 13.

9 WE13

43. On gifts, Mr Prescott confirmed that those he had received had been given to him in his ministerial capacity. He confirmed that he had understood at the time of his visit that the Stetson hat and other items he had used during his tour of Mr Anschutz's ranch were intended as gifts and would be posted to his office in the UK after he had used them. The gifts had been noted by the civil servants present with him at the ranch and, on return to the UK, recorded in the official file kept in his Private Office. He had himself played no part in this process, nor had he sought at any time to purchase the gifts.

44. In response to my question as to when the gifts had been declared to his Permanent Secretary, Mr Prescott wrote:

*"You seek the assurance that [the gifts] were declared to the Permanent Secretary immediately on their receipt into my office. The record of gifts kept in my Private Office is always available for inspection by my Permanent Secretary, and in accordance with my department's procedures, there was no correspondence between my Private Office and my Permanent Secretary about these gifts—though she did see at least some of the Anschutz gifts when they were displayed in the office on their arrival.*

*The practice adopted by my department is in line with section 5.25 of the Ministerial Code, which I have an obligation to adhere to at all times. It states that "receipt of gifts should be reported to the Permanent Secretary". The Code does not state that this must be done "immediately", though, as I have explained, this "requirement" was, in practice, achieved on this occasion.*

### Further Comment by Mr Prescott on the Registration of Hospitality

45. Commenting, in his letter at WE15, on a first draft of the factual sections of this report, Mr Prescott clarified further his reasons for deciding to register the hospitality he had received from Mr Anschutz once the matter had been raised with him by Mr Swire. His motivation had not been that acceptance of Mr Anschutz's invitation might possibly be perceived as laying him open to influence. Rather, he wrote:

*"I received clear advice before the visit by my then Permanent Secretary that I could stay at the ranch. I subsequently sought advice from the Cabinet Secretary when this whole matter came to light. His advice was that he would not have authorised a charitable donation for this purpose and that the visit could potentially be deemed as hospitality.*

*On hearing this I decided for the absolute avoidance of any doubt to record the stay in the Register of Members' Interests.*

*As the statement issued at the time said, for the avoidance of "any doubt" that I acted "at all times with integrity", I therefore decided to register the stay by me and my civil servants in the Register of Members' Interests."*

### Findings of Fact

46. Between 18 and 26 July 2005, the Deputy Prime Minister, Rt Hon John Prescott made an official visit to the USA. The primary purpose of the tour was to discuss matters to do

with urban regeneration but the visit also touched on issues of rural sustainability and, at the suggestion of the Foreign and Commonwealth Office, included, among other things, a visit to Denver, Colorado.

47. Mr Philip Anschutz, with whom Mr Prescott had had a total of 6 meetings, in each case together with officials, prior to July 2005, suggested to Mr Prescott that when he was in the area of Denver he should visit Mr Anschutz's Colorado ranch. This invitation was subsequently discussed in Mr Prescott's department and the then Permanent Secretary was consulted. She satisfied herself that there would be no conflict of interest from a departmental point of view in accepting the invitation and approved a payment of \$600 by the Department to a July 7, 2005 charity nominated by Mr Anschutz, thus providing some element of reciprocity in the arrangement. The invitation was then accepted.

48. Mr Prescott—accompanied by a special adviser, two officials and two protection officers—arrived at Mr Anschutz's ranch in time for an informal dinner hosted by Mr Anschutz on the evening of Friday, 22 July 2005. According to Mr Prescott, his former special adviser and one of the other officials accompanying him, the conversation over dinner included discussion of a film on William Wilberforce which Mr Anschutz's production company was planning. Mr Prescott described his early thoughts about marking the 200<sup>th</sup> anniversary of the end of slavery. Mr Prescott says that there was no discussion of the Dome or the Government's plans in respect of super-casinos. Both the former special adviser and the official present whom I interviewed also do not recall any such discussion.

49. Mr Prescott says that his visit to the ranch was part of his official programme and consistent with one of its themes—rural sustainability, farming and international trade. From his department's point of view, the visit was a means of maintaining contact with Mr Anschutz, a key player in the regeneration of the Greenwich peninsula. Officials say that the visit also had to be seen in terms of Mr Prescott's wider role as Deputy Prime Minister. They accept that there was an element in the arrangement of finding a suitable way in which to occupy Mr Prescott and his party in Denver over a weekend, the expense of which would in any event have fallen on the department.

50. Mr Prescott originally saw no need to register his stay at Mr Anschutz's ranch in the Register of Members' Interests, as his visit to the USA was on official business, he was advised by his then Permanent Secretary that he could stay at the ranch, and a donation had been made to a charity in partial offset of the cost of his stay. He continues to feel that he has done nothing improper in accepting Mr Anschutz's invitation. However, in the light of subsequent advice from the Secretary to the Cabinet<sup>10</sup> that he would not have authorised a charitable donation for this purpose and that the visit could potentially be deemed as hospitality, he decided, to avoid any doubt that he had acted with integrity, to register the stay. An appropriate entry was accordingly made in the Register of Members' Interests on 5 July 2006.

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10 The current Cabinet Secretary, Sir Gus O'Donnell, was appointed with effect from 1 August 2005.

51. After his stay, Mr Prescott was sent by Mr Anschutz a number of items which he had used during his day touring the ranch on horse back. These were a Stetson hat, a pair of calf length boots, a belt and buckle and a pair of spurs, which Mr Prescott's department has subsequently valued at around £600 in total. Mr Anschutz's spokesman is reported to have put a broadly similar value on the gifts. Mr Prescott also received a leather-bound notebook (not valued). Mr Prescott has assured me that all of these gifts were, on his return to the UK, duly recorded in the official file kept in his Private Office, which was available for inspection by his then Permanent Secretary. The gifts have all been retained by his department and will be included in the annual list of gifts received by Ministers which the Cabinet Office will publish shortly.

## Conclusions

52. As I have previously explained (paragraphs 9-11 above), the primary issue raised by Mr Swire in his letter to me of 3 July which clearly falls within my terms of reference is whether Mr Prescott should have registered the hospitality he received during his two-night stay at Mr Anschutz's ranch in the Register of Members' Interests. A secondary issue, raised by Mr Swire in his letter of 10 July, is whether Mr Prescott should have registered any gifts he received related to that stay.

## Hospitality

53. As the "Guide to the Rules"<sup>11</sup> makes clear, Members are responsible for making a full disclosure of their interests.<sup>12</sup> They are required to notify changes in their registrable interests within 4 weeks of each change occurring.<sup>13</sup> There is no doubt that the overall nature of Mr Prescott's visit to the United States was Ministerial in character and related not only to his departmental responsibilities, but also to his wider role as Deputy Prime Minister.<sup>14</sup> In registering, almost a year after the event, the hospitality he received from Mr Anschutz under Category 7 (Overseas Benefits and Gifts), Mr Prescott has implicitly acknowledged both that this hospitality was on a scale or from a source that might reasonably be thought likely to influence Ministerial action, and that in his opinion its value exceeded the registration threshold set by the House.<sup>15</sup>

54. Mr Prescott was right, I believe, to accept the advice of the Cabinet Secretary that his visit to Mr Anschutz's ranch could be regarded as hospitality and thus to register, albeit belatedly, his stay at the ranch. In believing that he was right to do this, I have the following considerations in mind.

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11 See The Code of Conduct together with the Guide to the Rules relating to the Conduct of Members, HC 351 (2005-06)

12 Paragraph 13

13 Guide, paragraph 11

14 See the evidence from officials in WE9-11

15 Ministerial Code, para 5.28. From inquiries I have made about the cost of commercially-available accommodation and horse-riding facilities in Colorado, I am satisfied that Mr Prescott was correct in his assessment of the potential value of the hospitality he received.

55. First, in order to decide whether such hospitality would be recordable in the Register of Members' Interests, an assessment is necessary as to whether the stay at the ranch was entirely ministerial in character or whether there were other elements which would have rendered the stay potentially registrable.

56. The stay at the ranch was certainly part of Mr Prescott's official tour. He was accompanied by a special adviser and two officials, and the Department made a payment to a charity in partial off-set of the costs which would otherwise have fallen on it for accommodating Mr Prescott and his party in Denver over the weekend in question.

57. What was the ministerial content of the stay at the ranch? Mr Prescott says that the visit was consistent with one of the themes of his overall tour—rural sustainability, farming and international trade. He has shared interests with Mr Anschutz, not only in relation to regeneration but to William Wilberforce and the marking of the 200<sup>th</sup> anniversary of the abolition of slavery. Officials have confirmed that these were among the topics discussed at the informal dinner Mr Anschutz hosted for Mr Prescott and his party on the evening of their arrival at the ranch.<sup>16</sup>

58. Mr Prescott's officials point out that there was a departmental purpose in maintaining the relationship with Mr Anschutz, a key player in the regeneration of the Greenwich peninsula. The visit also had to be seen in the wider context of Mr Prescott's role as Deputy Prime Minister. In that it enabled Mr Prescott to learn more about farming and running a large ranch, it had a broader, in part educational value. They accept, however, that there was also an element of finding a suitable way in which to occupy Mr Prescott and his party over the weekend when they were in the Denver area, given that they could hardly be flown home and back out again to complete the final part of Mr Prescott's programme for his tour in Los Angeles.

59. Weighing the evidence available, my own assessment is that the ministerial content of the stay at the ranch was limited. It contained elements - in nurturing the relationship with Mr Anschutz and in some of the conversation over the dinner table—of official business. However, it involved the receipt of significant hospitality by Mr Prescott and his party, the benefit of which was not greatly offset by the relatively modest payment suggested by Mr Anschutz and made by the Department to a charity of Mr Anschutz's choosing. The conversation about William Wilberforce and the 200<sup>th</sup> anniversary of the abolition of slavery reflected a constituency as well as a ministerial interest of Mr Prescott. And the stay taken as a whole, while no doubt broadly educational, was also a pleasant and necessary interlude in an otherwise busy and no doubt tiring ministerial programme. It is therefore to be seen as involving an offer, and the acceptance, of significant hospitality, and the Cabinet Secretary was right so to advise Mr Prescott.

60. A question in this case is whether accepting Mr Anschutz's invitation to stay at his ranch was an appropriate way in which both to nurture the relationship with Mr Anschutz and to occupy Mr Prescott and his party over their weekend in Denver or whether there were other, more appropriate, ways in which to achieve these ends. Mr Prescott's then

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16 See WE10 & WE11

Permanent Secretary satisfied herself that there would be no impropriety or conflict of departmental interest if the invitation were to be accepted. As she noted, “It then became a matter of judgement whether or not to accept the offer.” As paragraph 5.25 of the Ministerial Code makes clear, “this is primarily a matter which must be left to the good sense of Ministers”, taking advice as necessary and seeking the Prime Minister’s guidance if in doubt. The judgement made in this case is not one on which, given my terms of reference, it is for me to comment.

61. A judgement was also required as to whether, the invitation having been accepted, the receipt of Mr Anschutz’s hospitality should be recorded in the Register of Members’ Interests. Central to that judgement, as I have already indicated, was an assessment of the content of the stay at the ranch. A second key consideration is an understanding of the purpose of the Register as set out in paragraph 9 of the Guide and already quoted in paragraph 13 above. This makes clear that registration does not depend on whether or not a material benefit received by a Member has in fact influenced them in their actions as a Member, but whether the benefit “might reasonably be thought by others” to do so.

62. In other words, the issue of how the receipt of a benefit might be perceived is crucial. It is this issue of *perception* which is also reflected in the terms of paragraph 5.28 of the Ministerial Code:

*“In the event of a Minister accepting hospitality on a scale or from a source which might reasonably be thought likely to influence Ministerial action, it should be declared in the Register of Members’ or Peers’ Interests.” (emphasis added)*

63. Might Mr Prescott’s acceptance of Mr Anschutz’s invitation reasonably be thought likely to influence his actions in the capacity of both a Member and a Minister? In my submission, yes. Mr Anschutz is a private citizen with substantial business interests, someone with whom Mr Prescott has had official dealings reflecting both his responsibilities and interests as a Minister and as a Member of Parliament for Hull. Given that Mr Prescott had both departmental Ministerial responsibilities relating directly to the interests of Mr Anschutz and a wider role as Deputy Prime Minister going beyond matters specifically relating to those of his own department, there was in my view a real risk that his acceptance of Mr Anschutz’s hospitality could create a perception that Ministerial action could be influenced, not only departmentally but more widely, as a result. The payment made to a charity by Mr Prescott’s department, whilst it established an element of reciprocity in the arrangement, in no way offset this risk.

**64. To sum up on this point, in his letter of 3 July Mr Swire asked me to consider whether Mr Prescott’s visit to Mr Anschutz’s ranch should have been registered in the Register of Members’ Interests. For the reasons I have given, my answer to this question is ‘yes’. Mr Prescott was some 11 months late in registering Mr Anschutz’s hospitality. The Committee will wish to take into account when considering this matter both that fact and the fact that once the matter had been raised with him by Mr Swire, Mr Prescott took advice from the Cabinet Secretary, accepted that advice and registered the stay on his own initiative. He was, in my view, right to do so.**

## Gifts

65. In his letter of 10 July, Mr Swire raised with me the question of any gifts received by Mr Prescott during or in connection with his visit. I have described the factual position, as explained to me by Mr Prescott, at paragraphs 39-40 above. It appears that the value of the gifts was significantly less than the press has suggested, although large enough in aggregate to bring them above the threshold for registration under Category 7.<sup>17</sup>

66. As I explained in paragraph 36, the gifts Mr Prescott confirms he received from Mr Anschutz, though of registrable value, would only require to be registered in the Register of Members' Interests if they were not immediately handled in accordance with paragraph 5.25 of the Ministerial Code. Mr Prescott has stated that, on his return to the UK, the gifts were duly recorded in the official file kept by his Private Office. The gifts have been retained by his Department and their receipt will be recorded in the annual list of gifts received by Ministers which is shortly to be published by the Cabinet Office. **On the basis of this evidence, no issue as to the inclusion of these gifts in the Register of Members' Interests arises.**

67. That said, paragraph 5.25 (a) of the Ministerial Code provides that:

*“Receipt of gifts should be reported to the Permanent Secretary.”*

I do not find Mr Prescott's account of the procedures in his Department reassuring on this point, in that they seem to have relied on the fact that the Permanent Secretary had access to a file in the Private Office in which gifts received by Ministers were recorded.<sup>18</sup> I believe that the public interest requires a system to be in place which would actively alert the Permanent Secretary to such matters, not require him or her to remember to consult the file. Moreover, the Permanent Secretary must be alerted to such matters within a reasonable time frame. This is essential if he or she is to be able to advise a Minister on any possible conflict of interest issues which may arise from the receipt of such gifts. **This is a matter to which, I suggest, Mr Prescott and his department should pay urgent attention.**

## Postscript

68. In the light of this case, it may assist Ministers and those advising them if I set out the questions additional to the considerations set out in the *Guide to the Rules* which I suggest should be addressed in deciding whether or not to record in the Register of Members' Interests hospitality or other material benefits received in the course of their Ministerial duties:

- a) Did the value of the benefit, alone or aggregated with other benefits from the same source in the current calendar year, exceed the registration threshold?

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<sup>17</sup> £590 in July 2005

<sup>18</sup> WE15

- b) Was the occasion on which the hospitality was received purely Ministerial or Governmental in character, or did it include, for example, a significant constituency, party or personal element?
- c) Was the hospitality received from official (eg overseas government) or from private sources?
- d) Could the receipt of the hospitality reasonably be thought, by the Minister, or by others, to have the potential to influence his or her actions, either in a Ministerial capacity, or as a Member?

69. The Registrar of Members' Interests is always available to advise Members, including Ministers, on meeting their obligations under the Parliamentary Code and Guide to the Rules, just as the Cabinet Office is available to advise Ministers and their Departments in relation to the requirements of the Ministerial Code.

*18 July 2006*

*Sir Philip Mawer*

# Written evidence received by the Parliamentary Commissioner for Standards

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## 1. Letter to the Commissioner from Mr Hugo Swire MP, 4 July 2006

You will be aware of recent newspaper reports concerning a visit by the Deputy Prime Minister John Prescott to the Colorado home of Philip Anschutz.

A number of allegations have been made concerning the nature of the trip, and in particular whether it should have been registered as stipulated by the Ministerial Code.

Paragraph 5.24 of the Ministerial Code states that “no Minister or public servant should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation.”

Clearly given the nature of Mr Prescott’s role in relation to the awarding of the casino licenses, the fact that this meeting should take place raises a number of questions.

In addition, the admission that the hospitality was not registered, and that the subsequent donation to a charity appears to have been made by a Government Department appears to raise further questions.

I would therefore be grateful if you could examine the circumstances surrounding the visit and the subsequent registering of the gift as a matter of urgency.

## 2. Letter to Mr Hugo Swire MP from the Commissioner, 4 July 2006

Thank you for your letter (of which I received a faxed copy earlier today) about a visit by Mr Prescott to the home of Mr Philip Anschutz. You ask whether the visit should have been registered in the Register of Members’ Interests, and also raise other questions relating to the position under the Ministerial Code.

As you know, my responsibilities under Standing Order No. 150 of the House relate to the interpretation and application of the Code of Conduct and associated Rules approved by the House. Broadly, Ministers of the Crown who are Members of the House are subject to the rules on registration and declaration of interests in the same way as all other Members (see paragraph 7 of the Guide to the Rules relating to the Conduct of Members).

In addition, Ministers are subject to further guidelines and requirements laid down in the Ministerial Code promulgated by the Prime Minister. The interpretation and application of that Code is ultimately the responsibility of the Prime Minister advised by the Secretary to the Cabinet.

The questions you raise appear to span both Mr Prescott’s obligations under the Parliamentary Code and his obligations under the Ministerial Code. Accordingly some may be outside my terms of reference, while others fall within them.

As a first step I am therefore contacting Mr Prescott and his Department to establish the facts surrounding the visit. Once I have the outcome of these preliminary inquiries, I will let you know how I intend to proceed.

In the meantime I enclose a copy of a note I send all complainants setting out the procedures I follow when considering a complaint under the House’s Code. May I draw your attention in particular to paragraph 14 of the note?

I will write again as soon as I have been able to consider the outcome of my preliminary inquiries.

### 3. Letter to the Commissioner from Mr Hugo Swire, 10 July 2006

Thank you for your recent acknowledgement of my letter concerning a visit by the Deputy Prime Minister, John Prescott to the Colorado home of Philip Anschutz.

You will be aware of the further allegations made against the Deputy Prime Minister in recent days.

I would be grateful therefore if you could lay out fully the scope and remit of your investigation.

In particular, whether you will be taking into account any other undeclared gifts or undeclared hospitality on this or other occasions enjoyed by the Deputy Prime Minister? Will you also examine whether duty should have been paid on the importation of any gifts?

### 4. Letter to Mr Hugo Swire MP from the Commissioner, 11 July 2006

Thank you for your letter of 10 July.

The principal matter into which I am inquiring is the question you raised in your letter to me of 3 July as to whether Mr Prescott's stay at the ranch of Mr Philip Anschutz in July 2005 should have been registered in the Register of Members' Interests. As I said to you in my letter of 4 July in reply, the other matters you raised in relation to the Ministerial Code are a matter for the Prime Minister, advised by the Secretary to the Cabinet.

In the light of newspaper reports over the weekend alleging that Mr Prescott received gifts from Mr Anschutz during his stay at the ranch, I have asked some questions of Mr Prescott designed to enable me to assess whether or not, if any gifts were indeed received, they were also registrable in the Register of Members' Interests.

I envisage reporting on both matters to the Committee on Standards and Privileges before the Summer Recess.

You ask whether I will be taking into account any undeclared gifts or hospitality which may, on other occasions, have been enjoyed by Mr Prescott. I remind you that (a) I am not empowered to consider possible breaches of the Ministerial Code; and (b) under the procedures relating to the Parliamentary Code I am not normally expected to investigate a matter purely on the basis of newspaper reports but following the submission to me of a complaint, in writing, supported by evidence.

If you are aware of evidence about other matters, in addition to that you have already referred to me, involving the conduct of Mr Prescott in relation to the Parliamentary Code and Rules, I urge you to let me have it immediately.

I am not responsible for the question whether duty should have been paid on any gifts imported into the UK. That is a matter for HM Revenue and Customs and those responsible for policing paragraph 5.25 (d) of the Ministerial Code.

I hope this clarifies the position helpfully, and am copying my letter to Mr Prescott to ensure that he too has the same understanding of it.

### 5. Relevant provisions of the Ministerial Code

5.24 It is a well established and recognised rule that no Minister or public servant should accept gifts, hospitality or services from anyone which would, or might appear to, place him or her under an obligation. The same principle applies if gifts etc are offered to a member of their family.

5.25 This is primarily a matter which must be left to the good sense of Ministers. But any Minister in doubt or difficulty over this should seek the Prime Minister's guidance. The same rules apply to the acceptance of gifts from donors with whom a Minister has official dealings in this country as to those from overseas (paragraph 10.19), that is:

- a. Receipt of gifts should be reported to the Permanent Secretary;

- b. Gifts of small value (currently this is set at up to £140) may be retained by the recipient;
- c. Gifts of a higher value should be handed over to the Department for disposal, except that:
  - i. the recipient may purchase the gift at its cash value (abated by £140);
  - ii. if the Department judges that it would be of interest, the gift may be displayed or used in the Department;
  - iii. if the disposal of the gift would cause offence or if it might be appropriate for the recipient to use or display the gift on some future occasion as a mark of politeness, then the gift should be retained in the Department for this purpose for a period of up to five years;
- d. Gifts received overseas worth more than the normal travellers' allowances should be declared at importation to Customs and Excise who will advise on any duty and tax liability. In general, if a Minister wishes to retain a gift he or she will be liable for any tax or duty it may attract.

5.26 Gifts given to Ministers in their Ministerial capacity become the property of the Government and do not need to be declared in the Register of Members' or Peers' Interests. Gifts given to Ministers as constituency MPs or members of a political Party fall within the rules relating to the Registers of Members' and Peers' Interests.

### Annual List of Gifts

5.27 The Government publishes an annual list of gifts received by Ministers valued at more than £140. The list provides details of the value of the gifts and whether they were retained by the department or purchased by the Minister. Departments must ensure that they maintain records of gifts received in such a way as to be able to provide this information on an annual basis to the Cabinet Office.

5.28 In the event of a Minister accepting hospitality on a scale or from a source which might reasonably be thought likely to influence Ministerial action, it should be declared in Register of Members' or Peers' Interests. Registration of hospitality would normally be required for hospitality over £550 in value for the Commons and £1000 for the Lords.<sup>19</sup>

## 6. Letter to Mr Hugo Swire from Mr John Prescott, 4 July 2006

You wrote regarding my official trip to the United States in July of last year, which I undertook to discuss issues around urban and rural sustainability and regeneration, and to specifically visit, at the request of the Foreign Office, parts of "Middle America".

The trip included many official visits and meetings, with local, regional and national politicians, business leaders and workers involved in farming and agricultural industries in Colorado, and visits and keynote speeches in Texas and Los Angeles.

I totally reject the allegations that have been made in the press, and that you repeat, that draw into question the transparency and independence of the decisions made in respect of the Dome or an application for a regional Casino.

As has been made clear in the statement I put out over the weekend, I played no role with any planning decision relating to the Dome, or in any negotiations with Philip Anschutz for the sale of the Dome, which were carried out by Lord Falconer at the Department for Transport, Local Government and the Regions and which were completed in May 2002.

Planning permission for the Dome, was granted in February 2004. Again, I played no part in this, as was made clear to Parliament.

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<sup>19</sup> These figures will be updated from time to time by the Houses.

I have met Philip Anschutz on 7 occasions, between August 2002 and July 2005, with officials present at all times.

These meetings related to the post-sale use of the Dome, and potential involvement of the Dome in promoting London's 2012 Olympic Bid. They also included wide-ranging discussion on a shared interest in the abolition of slavery and the role the former Hull MP and Abolitionist, William Wilberforce, played in this.

Indeed, Mr Anschutz's production company is making a film to commemorate the 200<sup>th</sup> Anniversary of the Abolition of Slavery. I chair the Government's 200th Anniversary Slavery Advisory Panel. We discussed his film and plans Hull has to commemorate the 200th Anniversary.

I can categorically confirm that no discussion took place about the sale of the Dome (indeed contracts had been signed 3 years earlier), nor about the awarding of regional casino licences.

Towards the end of the US trip, I visited farmers to discuss agricultural subsidies in the sugar beet industry and the impact of the Doha international trade negotiations on their holdings.

I then travelled on to Mr Anschutz's ranch, arriving later that evening. I was accompanied by 2 civil servants and my media special adviser. Mr Anschutz hosted an informal dinner for my team and several members of his staff.

The only discussions concerned the running of a large ranch and William Wilberforce and the abolition of slavery, and the production of a film that Mr Anschutz is making on this issue. At no time were any issues regarding the Dome or casinos discussed, and at no time did I hold any private discussions with Mr Anschutz on these or any other issues.

Mr Anschutz left very early the next morning and I spent the day travelling around the large cattle ranch, discussing with ranch staff the issues and problems of running a large scale farming enterprise. We then left early the next morning and spent Sunday travelling to Los Angeles.

I sought and accepted the advice of my then Permanent Secretary on all details of this visit. Prior to the visit, the department offered to meet the cost of the stay on the ranch for myself and my party. This was declined, and therefore in lieu of payment and on the advice of my Permanent Secretary, the department offered to make a donation to a charity of Mr Anschutz's choice, equivalent to the cost of the stay. A donation of \$600 was therefore agreed before the visit and subsequently made by the department to the Red Cross appeal for victims of the London bombings of 7 July.

No record of this stay was made in the Register of Members' Interests, as my visit to the US was entirely on official business and the cost was entirely covered by public funds.

I also include, as requested, a copy of the itinerary for the visit.

## **7. Detailed list of Mr John Prescott's US programme and dates of meetings with Mr Anschutz**

### **ITINERARY**

#### **Monday 18 July (Washington)**

Lunch hosted by the Ambassador at the Residence with Senator Mel Martinez.

Meeting with Alphonso Jackson, Secretary for Housing and Urban Development.

#### **Tuesday 19 July (Arrive Austin)**

Discussions with Secretary of State, Roger Williams, Texas Capitol building.

Discussions with Mayor of Austin, Will Wynn, Austin City Hall.

Discussions with Michael Dell - Chairman and Founder of Dell, Round Rock.

Dinner with Texas politicians and business leaders, Austin.

### **Wednesday 20 July (Austin)**

Discussions with Carole Keeton Strayhorn, Texas Comptroller.

Keynote address "UK and Texas: Partners for the 21<sup>st</sup> Century", Austin. Speech to local politicians and business leaders.

Meeting with Dr Henry Cisneros - Chairman and founder of American CityVista.

Meeting with Mayor of San Antonio Phil Hardberger.

### **Thursday 21 July (Arrive Denver)**

Meeting with Andrew Romanoff, Speaker of the House, Colorado State Assembly.

Drinks reception for local business leaders hosted by the British Consulate.

### **Friday 22 July (Denver)**

Discussions with Mayor of Denver, John Hickenlooper, and his staff.

Visit and meetings with American farmers/agricultural workers.

Dinner at Phil Anschutz's ranch.

### **Saturday 23 July**

Phil Anschutz has left ranch - tour of ranch, discussions on agricultural issues.

### **Sunday 24 July**

Travel to Los Angeles

### **Monday 25 July (Los Angeles)**

Speech at Los Angeles World Affairs Council.

Discussions with Mayor of Los Angeles, Antonio Villaraigosa.

Drinks reception hosted by Tim Leiweke (AEG) and Bernadette Leiweke in celebration of London's successful 2012 Olympic bid.

### **Tuesday 26 July**

Depart for London.

### **Dates of Meetings between the DPM and Philip Anschutz**

15 August 2002 - London

18 June 2003 - London

14 January 2004 - London

22 June 2004 - London

4 July 2004 - Los Angeles

23 June 2005 - London

22 July 2005 - Denver

## 8. Note of meeting between the Commissioner and Mr John Prescott, 5 July 2006

I saw Mr Prescott this morning, at his invitation, about the issues raised by Mr Hugo Swire's letter of 3 July. . . one of Mr Prescott's special advisers, was also present. (I have incorporated into the account given by Mr Prescott which follows his responses to the questions I put to him.)

Mr Prescott (JP) said that he had met Philip Anschutz (PA) on 7 occasions between August 2002 and July 2005. The meetings had begun after PA's company had acquired the Dome. JP had played no part in negotiations for the sale of the Dome nor in any planning decision related to it. The meetings had been suggested by PA as a means of keeping JP in touch with the progress of the Dome following its sale. Officials had been present on all occasions.

PA had also told JP that he was producing a film on William Wilberforce. This was of considerable interest to JP both in his capacity as a Hull MP and as Chair of the Government's Advisory Panel on the 200<sup>th</sup> Anniversary of the Abolition of Slavery.

At one of these meetings PA had suggested that, if JP were to visit the States he would be welcome at his ranch near Denver. When JP's visit to the US had been in the planning stage, JP's staff (. . .) had checked with the then Permanent Secretary at ODPM that it would be acceptable for a stay at the ranch to be included in the trip. The Permanent Secretary had approved the visit and a payment of \$600 to a charity nominated by PA in lieu of payment for the hospitality received.

JP had visited the ranch as part of his official programme. He had been accompanied by 3 officials. He had had no private meeting with PA. The main discussion had been over an informal dinner, at which 14 guests had been present, although no record of it had been taken. Topics had included Wilberforce and the proposed film. Neither the Dome nor casinos had been discussed.

JP had no ministerial responsibility in relation to planning decisions about casinos. Decisions on their siting were to be taken through an independent process laid down by Parliament.

Farming and international trade had been one of the themes of the ministerial trip and discussion over the dinner table had also included the running of a large ranch. This had been the focus of the following day, during which JP had toured the ranch. PA had not been present.

JP said that he had assumed that given that his stay at the ranch had been approved by his then Permanent Secretary as part of his official ministerial programme, and given also the payment made to charity, he was not under any obligation to register his stay at the ranch. He continued to feel that he had done nothing improper in accepting the hospitality.

However his attention had been drawn to the provision in paragraph 5.28 of the Ministerial Code which reads:

*"In the event of a Minister accepting hospitality on a scale or from a source which might reasonably be thought likely to influence Ministerial action, it should be declared in the Register of Members' or Peers' Interests."*

In the light of the fact that recent events had illustrated the possibility that his acceptance of PA's hospitality might be perceived as laying him open to influence (though for all the reasons he had given, in his view it had not), he had decided to register the stay in the Register of Members' Interests.

I thanked JP for his account of what had happened. My jurisdiction was, as he realised, limited to the Parliamentary Code and the question raised by Mr Swire as to whether he (JP) should have registered the

hospitality received in the Members' Register. The other matters raised by Mr Swire, relating to the Ministerial Code, were for the Prime Minister, advised by the Secretary to the Cabinet.

The key question in relation to the issue of registration was whether the stay at the ranch had been an official part of JP's ministerial programme for his tour or whether it had been largely personal, an unofficial interlude or "time off during" that programme. The position was complicated because JP had a clear constituency as well as a ministerial interest in any discussions with PA about Wilberforce. In all the circumstances, his decision now to register the stay seemed wise.

I intended to make some further inquiries (eg of his former Permanent Secretary) to corroborate the account JP had given me. I would then report to the Committee on Standards and Privileges. In view of the approach of the recess, I would aim to do this as quickly as possible and would, of course, be in touch with him again before any report went to the Committee.

## 9. Note of a telephone conversation between the Commissioner and Dame Mavis McDonald, 10 July 2006

1. I telephoned Dame Mavis McDonald (Permanent Secretary, Office of the Deputy Prime Minister, 2002-05) on 5 July about the complaint I had received from Mr Hugo Swire that the Deputy Prime Minister, Rt Hon John Prescott (JP) had failed to register in the Register of Members' Interests hospitality he had received in July 2005 from Mr Philip Anschutz.

2. I explained to Dame Mavis the focus of my inquiry, which was on the registration issue only, matters concerning the Ministerial Code being entirely for the Prime Minister, advised by the Cabinet Secretary. Dame Mavis readily understood, of course, the position.

3. I reported to Dame Mavis (MM) the explanation I had received from Mr Prescott and, separately, from officials in his private office about the circumstances in which JP had stayed at Mr Anschutz's ranch. MM said that she was happy to respond to my questions on the matter, although she would be relying on memory to do so.

4. MM said that she recalled that when the programme for JP's visit to the USA in July 2005 was being drawn up, there had been a discussion about whether Mr Anschutz's invitation to JP to stay at his ranch should be accepted. She had been consulted. Her primary concern had been that there should be no impropriety or perceived conflict of interest in JP accepting the invitation. She had established that there were no outstanding issues relating to either the Dome or the Greenwich Peninsula which were awaiting Departmental decision. She had therefore felt that, from this point of view, the invitation could be accepted.

5. She had also approved a payment to a charity, for which there were precedents, to provide an element of reciprocity in relation to the stay. The charity had been nominated by Mr Anschutz. The payment was intended to cover JP and his party.

6. MM added that she had been satisfied that, in accepting the offer of a visit to the ranch, there was no conflict of interest in relation to the deal for the regeneration of the Greenwich Peninsula and the Dome, the details of which had been scrutinised at a PAC hearing earlier in the year. It then became a matter of judgement whether or not to accept the offer. She had not been asked to advise on whether the visit should be registered in the Parliamentary register.

7. MM pointed out that although as Secretary of State JP had general responsibility for planning and for regeneration issues, he was not the Minister responsible for any planning decisions on the Dome. This was a matter of public record.. Nor had JP been involved in negotiations with PA for the sale of the Dome, which had been carried out by Lord Falconer and had preceded the establishment of the ODPM. English Partnerships had handled the sale and the setting up of a joint venture company with a consortium of private sector companies, including that owned by Mr Anschutz (AEG). As for AEG's interest in the possible location of one of the proposed super-casinos at the Dome, the establishment of a casino in the Dome had never been part of the original deal to sell the Dome, as she had made clear to the PAC (indeed it was expressly not part of the business case for the deal). JP as Secretary of State did not lead on casino policy: this rested with the DCMS.

8. MM said that JP's overall programme for his US tour had been fully justified in terms of his concern for regeneration policy and the international profile he enjoyed on such matters. It had also included elements suggested by the Foreign and Commonwealth Office, reflecting his wider role as Deputy Prime Minister, which had taken JP to Denver. In response to my comment that I could not easily see a clear departmental purpose to JP's visit to the ranch, MM repeated her earlier point. JP and his party would have needed to be accommodated (at Departmental expense) if the visit to the ranch had not been accepted.

## 10. Note of Meeting with Principal Private Secretary and Official, 5 July 2006

Following a request I made of the Deputy Prime Minister (JP) at my meeting with him on the morning of 5 July, I met Mr A, Principal Private Secretary and Ms B, Grade 7 in the Office of the Deputy Prime Minister on the afternoon of 5 July.

Mr A said that he had become JP's Principal Private Secretary in mid-June 2005. Ms B had been a Private Secretary in July 2005, with a particular responsibility for JP's overseas visits, and had accompanied JP on his tour of the USA which had included the stay at Philip Anschutz's (PA's) ranch.

I explained the locus of my interest, which lay in JP's obligations under the Parliamentary Code. This meant that I was required to address Mr Hugo Swire's question whether or not JP should have registered the hospitality he had received from PA in the Register of Members' Interests. The other matters Mr Swire had raised concerned the Ministerial Code, and were therefore for the Prime Minister, advised by the Cabinet Secretary, not for me.

My concern was the conduct of JP. It was not for me to inquire into the actions of civil servants or others advising him, nor would I do so.

I was particularly concerned to understand the circumstances in which JP and his party had come to stay at PA's ranch and to what extent the stay had formed an official part of JP's ministerial tour programme. Broadly speaking, Ministers were not required to register hospitality they had received purely in their ministerial capacity. However hospitality received in, for example, an unofficial interlude in a ministerial programme and/or with some other parliamentary (eg constituency) connection might be registrable. The provisions of section 5.28 of the Ministerial Code were also clearly relevant.

Mr A described the origins of the US tour. JP had been keen to visit regeneration projects in the USA. This was a matter within his departmental responsibilities and an area in which his interest is internationally recognised. The FCO had been consulted in the usual way and had suggested that the tour take in a visit to the Mountain States as they thought that it would be valuable for someone as senior as the DPM to visit this part of the USA. This suggestion had been welcomed locally. The tour as a whole was due to end with a major speech in Los Angeles on Monday 25 July, which meant that JP would be in Denver over the weekend.

JP had met PA first in August 2002, through the involvement of PA's company (AEG) in the Greenwich peninsula regeneration project (the largest regeneration project in Western Europe). PA had suggested that he and JP keep in touch and they had subsequently met at roughly 6 monthly intervals. At a later point, PA had also mentioned his planned film on William Wilberforce, in whom JP and PA had a shared interest. JP had visited the Staples Centre in Los Angeles in July 2004, an example of a project by AEG contributing to regeneration which PA regarded as something of a model for his plans for the Dome.

PA had suggested that, when in the US, JP should visit his ranch outside Denver. There would be value to the Department in maintaining the relationship with PA but officials nonetheless discussed the invitation with the then Permanent Secretary, Dame Mavis McDonald, who had been satisfied that the visit would entail no conflict of interest from a Departmental point of view. She had suggested that the Department pay an accommodation cost in respect of the stay for JP and his accompanying officials. PA had declined to accept any payment and it had subsequently been agreed that a payment would be made to a charity of PA's choosing. PA had suggested a figure of \$600 (ie 6 x \$100, there being 6 members in JP's party). The details of this arrangement had been settled by officials.

JP had arrived at the ranch on the Friday evening accompanied by 3 officials and 2 protection officers, having previously called in on a local sugar beet farm. (This particular visit had not been in the original programme but had been added at a later stage.)

Ms B said that the stay at the ranch had begun with an informal dinner on the Friday evening. Present had been JP and his party, PA, PA's son and various staff including the ranch manager. The conversation over dinner had been wide-ranging but because the occasion had been informal and no action points had come out of it, she had not taken a note. She recalled that JP had spoken about his tour and discussion had also embraced the events of 7 July and PA's planned films (including one on William Wilberforce), as well as JP's early thoughts about linking Bristol, Hull and Liverpool to mark the anniversary of the end of slavery. She did not recall any discussion about the Dome or the Government's plans in respect of super-casinos.

She was confident that there had been no separate, private conversations between JP and PA. PA had left the ranch at breakfast time the following morning (Saturday). JP had spent the day touring the ranch, accompanied by his special adviser (not Ms B). JP and his party had left the ranch after breakfast on Sunday.

As to the purpose and nature of the visit to the ranch, Mr A agreed with my suggestion that there had been an element in the arrangement of finding a suitable way in which to occupy JP over the weekend in Denver. But the visit had also enabled the relationship with PA to be maintained and, given JP's wider role as Deputy Prime Minister, it had a broader, in part educational, value, since it had enabled JP to learn more about farming and running a large ranch. JP had made very clear in all official meetings with PA that he had no ministerial involvement in decisions about the Dome or casinos and PA would therefore have known there was no point in raising such matters with JP.

## **11. Note of telephone conversation with the former Special Adviser, 14 July 2006**

I spoke on the telephone on Friday, 14 July to Mr C, Mr John Prescott's (JP's) former press secretary and subsequently special adviser and media adviser. Mr C had worked for JP between December 2002 and the end of April 2006 and had accompanied JP on his tour of the USA in July 2005.

Mr C confirmed that he had been present during JP's visit to the ranch of Mr Philip Anschutz (PA) in Colorado. As far as he was aware there had been no conversation between JP and PA during that visit other than that which had taken place around the dinner table on the evening of the arrival of JP and his party at the ranch. PA had hosted what was a relaxed and informal occasion attended by PA's son and some ranch staff as well as all of JP's party. He had taken care to involve all present in the conversation.

Among topics discussed had been terrorism and the events of 7 July 2005 in London; PA's forthcoming film production, "The Lion, the Witch and the Wardrobe", as well as his planned film about William Wilberforce; and JP's initial ideas for marking the 200<sup>th</sup> anniversary of the Abolition of Slavery. There had also been discussion about ranching and running a large ranch. It had been a convivial evening. There had been no discussion about the Dome or planning or casinos.

PA had left the ranch after breakfast the following morning. JP, accompanied by Mr C, had spent the day touring the ranch on horseback, talking to an experienced ranch hand about running the ranch, and enjoying the countryside.

Mr C confirmed press reports that JP had been presented during the visit with gifts of a Stetson hat, leather riding boots and an engraved silver belt buckle by PA. No return gift had been made.

The gifts had been posted on to the UK. Mr C did not know whether their receipt had been declared to the Permanent Secretary immediately on the party's return to the UK: this was not his responsibility. He was aware, however, that the private secretary present had taken a note of them at the time.

When asked whether he would describe the nature and content of the visit to the ranch as essentially ministerial or otherwise, Mr C said that there was no doubt that the programme for JP's US tour as a whole had been firmly ministerial in character. The visit to the ranch was more difficult to characterise. It was partly leisure in content, but JP would have needed to be provided for over the weekend if he had not visited the

ranch. It had also been an opportunity to keep up contact with PA, who was a key player in the regeneration of the Greenwich peninsula. If pushed, he would describe the visit as primarily a ministerial occasion.

## 12. Letter to Mr John Prescott from the Commissioner, 10 July 2006

You will be aware of recent allegations in the press that, while staying at the ranch of Mr Philip Anschutz in Colorado last July, you received gifts from Mr Anschutz of a pair of tooled leather boots, a Stetson hat and a belt bearing your initials on its silver buckle.

Paragraph 5.26 of the Ministerial Code says in relation to gifts:

*“Gifts given to Ministers in their Ministerial capacity become the property of the Government and do not need to be declared in the Register of Members’ or Peers’ Interests. Gifts given to Ministers as constituency MPs or members of a political Party fall within the rules relating to the Register of Members’ and Peers’ Interests.”*

If the weekend press allegations are correct, I am clear that there would be no need for you to register the gifts received from Mr Anschutz in the Register of Members’ Interests provided that they were immediately handled in accordance with paragraph 5.25 of the Ministerial Code, ie

- You reported receipt of the gifts to your then Permanent Secretary immediately on your return to the UK;
- Assuming the value of the gifts was greater than £140, they were either retained by the Department or purchased by you for their cash value minus £140.

If, however, the gifts were not declared or were retained by you without any off-setting payment to the Department, they would, in my view, be registrable under Category 7 of the Guide to the Rules relating to the Conduct of Members. (The threshold for registration under that category was, in July 2005, £590 and the articles would be registrable if their cumulative value exceeded that amount.)

In order for me to establish whether or not any issue of registration under the Parliamentary Code and Rules does arise, I should be grateful if you would respond to the following questions:

1. Did you receive any gifts from Mr Philip Anschutz during your stay at his ranch in July 2005?
2. If so, what was their nature and the estimated cash value of each of them?
3. Were they declared on your return to the UK to your then Permanent Secretary? When were they declared?
4. Were they retained by the Department or purchased by you in accordance with paragraph 5.25 of the Ministerial Code?

I am aware that the Cabinet Office is likely to publish shortly its annual list of gifts received by Ministers valued at more than £140. If you did receive any gifts from Mr Anschutz of relevant value, I assume that they will be recorded there if they do not need to be recorded in the Parliamentary Register.

I am copying this letter to Ms D in the Cabinet Office in relation to the Ministerial Code. I should be grateful for a swift reply to this letter in order that I can cover the matter in the report I shall be making to the Committee on Standards and Privileges, a draft of the factual sections of which I hope to be able to send you shortly.

## 13. Letter to the Commissioner from Mr John Prescott, 14 July 2006

Thank you for your letter of 10 July about allegations that I received gifts from Philip Anschutz during my stay at his ranch in July 2005, and for your letter of 11 July, enclosing an initial draft of the factual part of your report. I apologise for the delay in replying because of my official visit to Turkey.

I attach a revised version of your draft report, clearly showing my suggested amendments, which I hope you will be happy to accept. I assume you will produce a further draft for me to consider once you have completed your interview with [...], and your enquiries about the gifts I received.

Turning to your questions about gifts, there is, as you observe, no need to register these in the Register of Member's Interests if they are retained by my department. I am happy to confirm that the gifts I received from Mr Anschutz have been retained by my department and included in the annual list due to be published shortly.

I was initially provided with many of these items to enable me to participate in a tour of Mr Anschutz's ranch. Sometime after my departure from the ranch they were sent on by Mr Anschutz to my departmental office. Press speculation that these gifts were worth £20,000 is grossly exaggerated. My office has gone to considerable effort to value them by comparing them with similar items in publicly available catalogues from which I attach relevant extracts.<sup>20</sup> On the basis of these, I estimate that the value of the items was:

- A Stetson hat - £97
- A pair of calf length boots - £120
- A belt and buckle - £207
- A pair of spurs - £185

The total value of these gifts is around £600 - just 3% of the figure being quoted in some parts of the press. I should also record that I received a leather bound notebook. As I have indicated, all of these will be included in the list of Ministerial gifts to be published shortly.

I am also aware of reports in the American press that a spokesman for Mr Anschutz has issued a statement to an American newspaper stating that the total cost of the gifts I received was \$1354 (just over £700 at today's exchange rates), though those reports include the cost of a pair of jeans that I did not receive

I hope that this clarifies the position. Please feel free to contact me again if you would like further clarification, or wish to discuss further.

## 14. Letter to Mr John Prescott from the Commissioner, 17 July 2006

Thank you for your letter of 14 July, conveying your comments on the initial draft factual sections of my report and your response to my letter of 11 July about gifts you received from Mr Anschutz. Perhaps I may deal with each of these in turn.

### Draft Factual Sections of Report

As I understand it, the only amendments you wish to suggest to the draft I sent you on 11 July are to paragraphs 2 and 3 respectively. I am content in principle to accept both of these.

You will see from the enclosed revised version of the draft that I have suggested a slightly different wording for the amendment at the end of paragraph 2, although the effect is the same. Are you content with this? [Question 1]

As regards your suggested amendment to the end of paragraph 3, I assume that the 'he' you refer to in it is yourself, (as the spokesperson quoted in the press was reported to be female). It would be helpful if you would confirm that my assumption is correct. [Question 2]

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<sup>20</sup> Not appended to the Commissioner's report

You will notice that there are a number of other amendments marked on the revised text. Most of these simply correct small infelicities or typing errors in the earlier draft. However, I draw your attention in particular to paragraphs 33-34, 39-40 and 46, which are new.

The first two of these summarise my conversation with Mr C, the draft file note of which I am also sending you. I have e-mailed the draft file note to Mr C, requesting his urgent comments. If he comes back with any, I shall adjust the text of both the file note and the draft report as necessary.

The other paragraphs are intended to reflect the contents of your letter of 14 July about gifts, on which I comment separately below.

I shall be grateful if you will let me know as soon as possible (preferably by noon on Tuesday, 18 July if you have any comments on these additional paragraphs, [Question 3], and also let me have by then your response to the other points I raise in this letter.

### Gifts

In my letter of 10 July I said that, in my view, there would be no need for you to register the gifts you received from Mr Anschutz in the Register of Members' Interests provided that they were immediately handled in accordance with paragraph 5.25 of the Ministerial Code. I therefore included in the questions I put to you in that letter whether the gifts were declared on your return to the UK to your then Permanent Secretary and when they were so declared (question 3 in my letter of 10 July).

You have assured me that the gifts have been retained by your Department and will be included in the annual list to be published shortly. I am grateful for that. However, your letter does not respond in terms to question 3 in my letter of 10 July. I should be grateful if, when you write again, you would let me have your response on those outstanding points. If, as appears from your letter, you were not aware that Mr Anschutz had given you the gifts of the hat, boots, belt and buckle and spurs until some time after your return to the UK, then what I seek is an assurance that they were declared to the Permanent Secretary immediately on their receipt in your office. Am I also correct in assuming that the leather-bound notebook was received during your visit and notified to the Department immediately on your return to the UK? [Question 4].

I look forward to hearing from you on each of the four matters (identified as Questions 1-4) I have raised in this letter. You will understand that I am anxious to be clear about the precise position on all of them before I finalise my report.

I am copying this letter as before.

## **15. Letter to the Commissioner from Mr John Prescott, 18 July 2006**

Thank you for your letter of 17 July. You pose a series of questions, which I am happy to answer:

Question 1: I am happy with your treatment of my revision to para 2 of your earlier draft;

Question 2: You are correct that my suggested amendment to para 3 was to make the point that I had never described my stay on Mr Anschutz's ranch as a "day off".

Question 3: I am happy with the new paragraphs you have added to your report, though I raise one issue below about para 45.

Question 4: You seek clarification on my understanding of the gifts I received from Mr Anschutz and the process for the declaration of Ministerial gifts under the Ministerial Code.

I apologise if my letter was not clear on the first point. I was always aware that the items I received from Mr Anschutz were Ministerial gifts. Indeed, as my letter states: "I am happy to confirm that the gifts I received from Mr Anschutz have been retained by my department and included in the annual list due to be published shortly."

You request further responses to the questions you posed to me, as identified by paragraph 38 of your report.

*Question 1—Did you receive any gifts from Mr Philip Anschutz during your stay in his ranch in July 2005?*

Yes, I did receive gifts and I fully understood that they were gifts at the time. Indeed I was informed at the time I used them that they would be posted to my office in the UK.

*Question 2—If so, what was their nature and the estimated cash value of each of them?*

As I explained in my letter of 14 July, the nature of the gifts I received were designed to allow me to carry out a working day on Mr Anschutz's ranch, and, as you know, in the usual way their value has been estimated at:

A Stetson hat—£97

A pair of calf length boots—£120

A belt and buckle—£207

A pair of spurs - £185

A leather bound notebook (not valued)

*Question 3—Were they declared on your return to the UK to your then Permanent Secretary? When were they declared?*

The gifts were first noted by the civil servants present with me at the ranch and, on return to the UK, duly recorded on to the official file kept in my Private Office.

As has been the practice throughout my period in office, I play no part in the recording, or valuing of such gifts and have at no time sought to purchase any of the gifts received in this time.

You seek the assurance that they were declared to the Permanent Secretary immediately on their receipt into my office. The record of gifts kept in my Private Office is always available for inspection by my Permanent Secretary, and in accordance with my department's procedures, there was no correspondence between my Private Office and my Permanent Secretary about these gifts - though she did see at least some of the Anschutz gifts when they were displayed in the office on their arrival.

The practice adopted by my department is in line with section 5.25 of the Ministerial Code, which I have an obligation to adhere to at all times. It states that "receipt of gifts should be reported to the Permanent Secretary". The code does not state that this must be done "immediately", though, as I have explained, this "requirement" was, in practice, achieved on this occasion.

Turning to paragraph 45 of your draft report, could I make it clear that my justification for registering under paragraph 5.28 of the Ministerial Code, was not motivated by my acceptance of Mr Anschutz's invitation possibly being perceived as laying me open to influence.

I received clear advice before the visit by my then Permanent Secretary that I could stay at the ranch. I subsequently sought advice from the Cabinet Secretary when this whole matter came to light. His advice was that he would not have authorised a charitable donation for this purpose and that the visit could potentially be deemed as hospitality.

On hearing this I decided for the absolute avoidance of any doubt to record the stay in the Register of Members' Interests.

As the statement issued at the time said, for the avoidance of "any doubt" that I acted "at all times with integrity", I therefore decided to register the stay by me and my civil servants in the Register of Members' Interests.

## Appendix 2: Letter to the Clerk of the Committee from Mr John Prescott, 19 July 2006

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I am very grateful to you for allowing me to see a copy of the report prepared by Sir Philip Mawer following the complaint and allegations made against me by Hugo Swire MP. I should like to thank Sir Philip for the courteous and careful way that he has prepared his report, which I fully accept.

I, and my department, also accept Sir Philip's concern about the procedures operated within my department for reporting gifts to my Accounting Officer. I have asked my department to undertake an urgent review of its procedures, and we have already begun to implement new procedures.

# Formal minutes

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**Thursday 20 July 2006**

Members present:

Sir George Young, in the Chair

Mr Kevin Barron	Mr Elfyn Llwyd
Mr David Curry	Mr Chris Mullin
Mr Andrew Dismore	The Hon Nicholas Soames
Nick Harvey	Dr Alan Whitehead
Mr Brian Jenkins	

The Committee deliberated.

Draft Report [Conduct of Mr John Prescott], proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 3 read and agreed to.

Paragraph 4 read, amended and agreed to.

Paragraphs 5 and 6 read and agreed to.

Paragraph 7 read, amended and agreed to.

Paragraph 8 read and agreed to.

A paragraph—(*The Chairman*)—brought up, read the first and second time and inserted (now paragraph 9).

Paragraph 9 read, amended and agreed to (now paragraph 10).

Paragraph 10 read, amended, divided and agreed to (now paragraphs 11 and 12).

Paragraphs 11 to 14 read, amended and agreed to (now paragraphs 13 to 16).

Another paragraph—(*The Chairman*)—brought up, read the first and second time, amended and added (now paragraph 17).

*Resolved*, That the Report, as amended, be the Thirteenth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

Several Papers were ordered to be appended to the Report.

*Ordered*, That the Appendices to the Report be reported to the House.—(*The Chairman.*)

[Adjourned till Monday 24 July at 7.30 pm.]

## Reports from the Committee on Standards and Privileges in the current Parliament

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### Session 2005–06

First Report	Conduct of Mr Jonathan Sayeed	HC 419
Second Report	Conduct of Mr John Horam	HC 420
Third Report	Conduct of Mr Tony Baldry	HC 421
Fourth Report	Pay for Standing Committee Chairmen	HC 568
Fifth Report	Electoral Administration Bill: Simplification of Reporting Requirements	HC 807
Sixth Report	Mr Stephen Byers (Matter referred on 19 October 2005)	HC 854
Seventh Report	Conduct of Mr George Galloway	HC 1067
Eighth Report	Conduct of Mr Mark Lancaster	HC 1144
Ninth Report	Lobbying and All Party Groups	HC 1145
Tenth	Conduct of Mr Michael Foster (Worcester)	HC 1223
Eleventh	Conduct of Ms Emily Thornberry	HC 1367
Twelfth	Conduct of Nadine Dorries	HC 1368
Thirteenth	Conduct of Mr John Prescott	HC 1553