

Blind Trusts: integrity silver bullet or transparency blackhole?

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Last month the Prime Minister's Independent Adviser on Ministers' Interests published the latest version of the [list of ministers' interests](#), a full 11 months after the previous iteration of what is on paper a bi-annual declaration. Despite the wait, the list does not give a complete picture of ministers' interests - and the [PM's spokesperson admitted](#) that it only includes what has been deemed in the public interest to be published by the PM's Independent Adviser.

Another revelation contained in the updated list is the return in numbers of ministers' declaring a blind trust arrangement as the vehicle of choice to manage conflicts of interest. In David Cameron's cabinet a total of 16 [blind trusts were disclosed](#), a number which dropped to [eight under Theresa May](#), [five under Boris Johnson](#), but which has now increased to a total of 10, [including the Prime Minister](#), who have the arrangement in place or are in the process of setting one up.

[As recognised by the OECD in 2003 guidance on managing conflicts of interest](#), blind trusts are a widely used tool to help politicians balance the responsibilities of public office without having to dispose of their private interests. In this briefing, Spotlight on Corruption revisits [our previous analysis from 2020](#) on blind trusts in light of recent developments, and looks again at just how effective these arrangements are at preventing conflicts of interest. We propose recommendations outlining what needs to change in order to improve the system and ensure high standards at the heart of government.

What are blind trusts?

A blind trust arrangement is a type of trust (or fiduciary agreement) whereby an individual (the beneficiary) hands over control of their assets to a trustee empowered to make investment decisions on their behalf. The beneficiary continues to profit from the financial interests such as through receiving dividend payments and retains full ownership rights, but is no longer involved in the day-to-day running of the investments. Decisions relating to the management, acquisition or disposal of interests are taken exclusively by the trustee without the beneficiary's knowledge.

In theory, as the beneficiary has no control over the assets or knowledge of their status, the individual becomes insulated from any accusation of a conflict of interest when undertaking public duties. In this sense, the beneficiary is 'blind' to their assets, and would have no grasp of the impact of a decision taken in their professional role on their personal financial interests.

The arrangement is most effective when trusts are truly blind. This happens when trustees manage a diverse asset portfolio which is actively traded. This turnover means that the portfolio becomes sufficiently 'shuffled' over time for the beneficiary to be genuinely unaware of the names of individual companies or sectors in which interests are held. A trustee may engage in dozens of transactions, leading to an effective barrier being created between the beneficiary's knowledge and its contents.

What are the conflict of interest risks of using blind trusts?

If managed properly, blind trusts can help to mitigate conflict of interest risks but they are not a silver bullet and do not remove all risks entirely:

1. When blind trusts are established the beneficiary is fully aware of the assets placed under the trustee's control.

On handing over control of their assets to a trustee, it is unsurprising that individuals will have a deep understanding of their financial interests, the sectors in which they invest, jurisdictions, and expected income weighted against potential risks. On establishing a blind trust, the beneficiary may give the trustee general investment guidance, such as instructing the trustee to avoid specific sectors (e.g. fossil fuels or crypto) or to prioritise short-term gain over long-term growth. It is also possible that beneficiaries will instruct trustees to retain the portfolio more or less in its current form. This may be desirable where beneficiaries have shares in a family business from which they do not want to divest, or if they have a small number of highly valuable shares in a single entity. If trustees are given instructions to hold, then the beneficiaries will continue to have an accurate view of their interests during their time in office, thereby undermining the claim that the arrangement prevents conflicts between private interests and public responsibilities. In practice, whereas before the interest was declared on a public register, it is now hidden from public scrutiny.

2. No oversight mechanism to police the barrier between beneficiaries and trustees.

Under the blind trust arrangement, beneficiaries may still receive general updates on the trust's performance, but there is no monitoring mechanism in place to ensure that information-sharing is appropriate and is kept to reports on the trust's overall performance. Trustees may provide beneficiaries with details of trust income and gains for the purposes of submitting tax returns to HMRC, but there is no proper oversight mechanism to ensure that trustees do not provide details of the assets, or that beneficiaries receive updates from other sources such as family members and other related parties.

In the absence of a cast-iron barrier between beneficiary and the assets, it is perhaps useful to consider blind trusts as a tool to encourage the public perception that steps have been taken to manage conflicts of interests. However, in practice – as these two examples demonstrate – the arrangement may even work to further obfuscate the relationship between a beneficiary and their assets, in the process increasing the risk of a conflict of interest instead of mitigating it.

Are current parliamentary rules on blind trusts enough to guard against conflicts of interest?

The present rules across the House of Lords, House of Commons and for Ministers (*see table below*) do not offer consistent, specific and sufficiently detailed guidance on the establishment and use of blind trusts, meaning that the current landscape for dealing with the arrangement is a hotch-potch of different rules.

This lack of harmonisation runs the risk that disclosures relating to individuals' financial interests and their use of blind trusts may differ depending on where the disclosure is made, and could further muddy the waters relating to specific potential conflict of interest risks.

Government Ministers

The latest version of the [list of ministers' interests](#) reveals that 10 ministers including the Prime Minister have established a blind trust or are in the process of doing so;

Blind trust in place:

- Rishi Sunak MP, Prime Minister
- Jeremy Hunt MP, Chancellor of the Exchequer
- Grant Shapps MP, Secretary of State for the Department for Energy Security and Net Zero
- Baroness Neville-Rolfe, Minister of State
- Andrew Mitchell MP, Minister of State at the Foreign, Commonwealth & Development Office (FCDO)
- Lord Goldsmith of Richmond Park, Minister of State at the FCDO
- Lord True, Leader of the House of Lords and Lord Privy Seal
- Earl Howe, Deputy Leader of the House of Lords

Blind trust in the process of being set up:

- Lord Markham, Parliamentary Under Secretary of State
- Tom Tugendhat, Minister of State at the Home Office

The use of blind trusts as a mechanism for avoiding conflicts is not referred to explicitly in the [Ministerial Code](#) (unlike the [Code of Conduct for MPs](#) – see section below). Instead it is left to the “*personal responsibility of each Minister to decide whether and what action is needed to avoid a conflict or the perception of a conflict.*” Given that the majority of ministers are also MPs, this discrepancy between the two codes is a source of ambiguity.

The most recent version of the [list of ministers' interests](#) states that the issue of blind trusts was one of the two main points on which ministers sought advice from the Independent Adviser (the other was in relation to ministers continuing in non-executive directorships of private companies) and provides some limited information on how blind trusts are intended to counter conflicts of interest.

Advice given to the former Prime Minister Boris Johnson by his [Independent Adviser](#) in relation to Rishi Sunak's financial interests during his time as Chancellor suggests that the threshold for ministers to prove that the blind trust arrangement does mitigate conflicts of interest effectively is when it can be demonstrated that ministers do not have “*live knowledge*” of the contents of the trust or any influence over its management.

However there are several ambiguities. The first is more general and relates to which interests must be made public. The [Independent Adviser's current terms of reference](#) state that “*relevant interests*” should be published in the list of ministers' interests - and that it “*...must set out such information about those relevant interests as the Independent Adviser considers appropriate*”. Public remarks made by the

Prime Minister's spokesperson after the latest April 2023 list of Ministers' interests was published suggested that only interests "*deemed in the public interest*" should be published.

The filtering of which interests are 'relevant' and therefore made public, including in relation to the Prime Minister's own interests, is left to an Adviser who is appointed personally by the Prime Minister and whose role is not truly independent in several respects. This creates an unhealthy tension which risks undermining public confidence in the whole list.

The second is that disparities between the ministerial list and the Commons register give rise to real confusion. For instance, according to the latest [House of Commons register](#), Grant Shapps, the Secretary of State for Energy Security and Net Zero, declares a shareholding in a design and printing company which is not declared on the [ministerial list](#), which lists only a blind trust. It is not clear whether this shareholding has been subsequently transferred into the blind trust, in which case it isn't clear why it is still listed on the Commons register.

This additionally points to the risk of newly appointed ministers transferring their interests into a blind trust, with the outward objective of mitigating against conflicts of interest, but with the practical result of obscuring their financial interests from the public during their time in office, while potentially retaining full knowledge of their assets themselves. If this were the case, it would clearly contravene the entire purpose of having a blind trust in place.

House of Commons

MPs are exempt from registering blind trusts but the [code of conduct for MPs](#) stipulates that if MPs do hold blind trusts, then they should be prevented from receiving information on how the shares in the trust are invested. According to the code, MPs may "*give general directions about the nature of investments when the trust is established, may receive reports on its overall performance and may realise some or all of its assets,*" but they "*must not know details of how their assets are invested or give trustees instructions about specific investments.*"

According to the latest [House of Commons register of members' interests](#), only one MP (Jonathan Djanogly) proactively declares the existence of a blind trust arrangement, although the number of individuals who have the arrangement in place without declaring it on the register could be higher. The Chancellor Jeremy Hunt, for example, declares a controlling interest in a property company on both the House of Commons and Ministerial lists, but only declares the blind trust arrangement on the ministerial list. Despite the House of Commons rules providing more detail on how blind trusts should be run compared to information published by the Independent Adviser, the fact that they do not need to be registered in the first place means the rules are effectively meaningless.

House of Lords

According to the [2022 version of the Code of Conduct](#), members of the House of Lords are not required to register blind trust arrangements and therefore they are not commonly declared on the register of members' financial interests. One peer, Lord Keen of Elie, does proactively declare a blind trust for 'category A' shareholdings – i.e. those that amount to a controlling interest, or exceed £50,000 in value.

Where sitting Lords have taken up positions in government and have [declared blind trust arrangements on their ministerial submission](#), it is not immediately clear which of their declared assets on the [House of](#)

[Lords registry](#) are included in the blind trust arrangement. For example, Lord Goldsmith's declaration to the [House of Lords register](#) discloses an interest in two Spanish property companies, but his ministerial declaration does not refer to these companies but to a blind trust. As with the Commons Register, this inconsistency means it is unclear whether these shareholdings are included in the blind trust, and if so, why they continue to be disclosed on the House of Lords register.

What should happen now?

Conflicts of interest (both real and perceived) need to be managed proactively by the government to promote integrity and prevent private interests from influencing decision making. The use of blind trust arrangements can offset conflicts, but the current system is heavily reliant on self-disclosure and operates without meaningful monitoring or enforcement mechanisms.

Spotlight on Corruption recommends:

1. **Harmonising the rules on blind trust arrangements across the House of Lords, House of Commons and at Ministerial level.**

The House of Commons' and House of Lords' registers should include information on whether individuals have blind trust arrangements in place in line with the list of Ministerial interests. At present when Lords enter government and put in place a blind trust arrangement it is not clear which of the shareholdings reported to the House of Lords are included or fall outside the arrangement listed on the register of Ministers' interests, meaning conflicts of interest are more difficult to monitor.

2. **Disposal of financial interests such as divestment from shares should be more routinely considered where there is a risk of a conflict - or a perception of conflict - between ministers' public duties and private financial interests. Guidance to that effect should be provided to ministers by the Independent Adviser.**

Rather than relying on blind trusts to resolve conflicts of interest, divestment should be more routinely considered. To ensure this is being proactively done, ministers should supply Permanent Secretaries in their department with a full list of financial interests transferred into a blind trust when they take office or when the trust is set up. This list should contain all registrable and non-registrable assets as well as a copy of instructions given to the trustee for its management, and the trustee's contact details. If a blind trust arrangement is already in place, then ministers should supply the Permanent Secretary with a list of assets placed under the control of the trustee when the trust was established.

3. **The Independent Adviser on Ministers' Interests should publish detailed guidance on the use of blind trusts.**

Such guidance, which could be informed by existing guidance used in other countries such as [Canada](#), should include information on the types of instructions beneficiaries can give to trustees during the establishment of the trust, and set out the types of restrictions for inappropriate information-sharing, and place limits on the amount of information that can be disclosed by trustees to beneficiaries for the purpose of submitting a tax return to HMRC. The Independent Adviser should monitor compliance with the guidance, investigate potential breaches and recommend sanctions to the Prime Minister where breaches are identified.

4. **The Independent Adviser on Ministers' Interests should be accountable to the Public Administration and Constitutional Affairs Committee (PACAC) for his management of all**

ministerial interests, as well as of blind trusts.

The Independent Adviser should provide PACAC with a confidential list of interests that have been excluded from publication so that the Committee can establish whether the test of relevance is being applied correctly. Additionally, PACAC should review whether the blind trust arrangement is working effectively to address potential conflicts of interest.

Set of rules	How are blind trusts defined?	Is there a requirement to register blind trusts?	Are blind trusts published on the register of members' interests?
House of Lords Code of Conduct and accompanying guidance	No definition.	No.	One peer currently declares a blind trust.
House of Commons Code of Conduct and accompanying guidance	For a trust to be considered blind: <ul style="list-style-type: none"> · Members must not have any knowledge on the details of how assets in the trust are managed. · Members are not allowed to give direct instructions to the trustee in charge of running the trust. 	Yes – when blind trusts meet the test of relevance, i.e. when legislation is discussed that could potentially affect the trusts.	No – although some MPs proactively include details of blind trusts on the register of members' interests.
Ministerial Code	Blind trusts are not referenced in the Ministerial code. However, the latest List of Ministers' Interests provides an overview of how they are intended to circumvent conflicts of interest.	No reference is made to blind trusts in the Ministerial code. The requirement to submit information on "directly relevant interests held by a Minister including blind trusts" is referenced in the introduction to the List of Ministers' Interests.	Yes. Ten ministers declare they have the arrangement in place, or are in the process of setting one up.