House of Commons

Public Accounts Committee

Oral evidence: Whitehall preparations for EU Exit, HC 682

Thursday 8 October 2020

Ordered by the House of Commons to be published on 8 October 2020.

Watch the meeting

Members present: Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Barry Gardiner; Dame Cheryl Gillan; Peter Grant; Sarah Olney; James Wild. Gareth Davies, Comptroller and Auditor General, Leena Mathew, Director, NAO, and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 1 - 115

Witnesses

Alex Chisholm, Permanent Secretary, Cabinet Office; Jess Glover, DirectorGeneral, Transition, Cabinet Office; Emma Churchill, Director-General, Border and Protocol Delivery Group, Cabinet Office; Cat Little, Director-General, Public Spending, HM Treasury.

House of Commons

Report by the Comptroller and Auditor General

Learning for government from EU Exit preparations (HC 578)

Examination of witnesses

Witnesses: Alex Chisholm, Jess Glover, Emma Churchill and Cat Little.

Q1 **Chair:** Welcome to the Public Accounts Committee on Thursday 8 October 2020. We are here today to look at what Government have learned from EU exit preparation. Thanks to the National Audit Office for its report looking into this. As the UK prepared to leave the European Union, the Government spent more than £4 billion on preparations and more than 22,000 civil servants have been involved.

Of course, the Government have now been preparing for the end of the transition period, which again involves multiple Departments and lots of people. There are very big issues here about how Government work, which is something that interests this Committee a great deal, but also particularly relevant is how Government deal with these complex, uncertain and difficult situations in the current situation with Covid. We are hoping today to get really honest answers from our witnesses about how Government have worked, what has gone wrong and what lessons there are for future large projects of this complexity.

I would like to welcome our witnesses. First of all, we have Alex Chisholm in the room with us today, Permanent Secretary at the Cabinet Office. Welcome back to you, Mr Chisholm. Jess Glover is also in the room, director-general for transition at the Cabinet Office. Emma Churchill is the director-general for transition, also, at the Cabinet Office. Can you explain the difference between your roles?

Jess Glover: I am the director-general of what we call the Transition Task Force, which is the body in the Cabinet Office that oversees the whole readiness programme across Government.

Emma Churchill: I am the director-general for the Border and Protocol Delivery Group, which has just moved to the Cabinet Office in a machinery of Government move. It focuses on the border.

Chair: Emma Churchill has given us evidence on that in a different Department before. Then Cat Little is the director-general for public spending at the Treasury, which has been putting out billions of pounds of taxpayers' money, eye-watering sums in any normal times. Obviously that is very relevant to today.

Q2 **Sarah Olney:** Good morning, Mr Chisholm. To start with, can you give us a description of what you expect Departments to do to plan for expected and unexpected events?

Alex Chisholm: I welcome this opportunity to join the Committee to review together the findings from the NAO report, which I must say is a very useful report looking back over the years, now, of EU exit activity. As that report brings out very well, and as the Chair just said, it is complex, uncertain and difficult. Our responsibilities in the Cabinet Office have been to try to co-ordinate effectively across Government, to make sure that all central Government Departments are doing what they need to do, and that they are working closely with their sectors, devolved Administrations, local authorities and, where necessary, international partners. It is essentially a co-ordinating job that we perform.

The Government have been collectively engaged in this for some four years now, so a great deal of preparations have been put in, albeit that the scenarios we are working to have changed over that timeframe. We now have about 85 days to the end of the year, so the vital thing is that all Departments are very focused on making sure that they themselves and the groups they work with are ready for the end of the year, but also looking into next year, because the end of year is not a magic moment. There will be lots of further changes and work over the course of 2021.

Q3 **Sarah Olney:** Can you tell me specifically what the Cabinet Office's responsibility is to make sure that Departments are ready for dealing with unexpected events or unprecedented events?

Alex Chisholm: For the most part, 90% of what we are doing is for expected events. In other words, we have been working through the year on a timeframe that has been fixed to the end of December. Compared to the experiences we had in the previous Administration, where there was a big difference between a no-deal type environment and a possible deal, or possibly even staying in, it has been clearer since we left the EU in January. That provided a great deal of clarity. We have been clear all year that there is no further extension and the end of this calendar year is a hard close, so to speak.

For the most part, it has been very clear what Departments need to do to get ready. Where there is some uncertainty is precisely what will be agreed in the form of an FTA, if there is a free trade agreement in Europe, and when that will be agreed. Linked to that, there are some uncertainties around the precise implementation decisions on the withdrawal agreement in the Joint Committee. Work continues on that too. To your point, there are also unknown effects that may come from the timing of weather events, decisions made by other countries, industrial action and all kinds of things that can happen, but which may have some combinational effects on our own planning for EU transition.

Q4 **Sarah Olney:** Specifically, what does the Cabinet Office do to ensure that it is ready to respond when unexpected events occur? Obviously, since the Brexit decision and all the Brexit talk, we have had another unexpected and unprecedented event, which has affected Departments across Government. What do you think the role of the Cabinet Office should be or, indeed, has been in responding to unexpected and unprecedented events?

Alex Chisholm: It is primarily a two-fold role. One is to co-ordinate across Government and the other, when there are genuine civil contingencies, is to be able to respond to those. There is a wellestablished protocol for doing that. You are familiar with the way in which we both set out the risks and respond to them; the conduct of COBRA meetings and all of that; the way that relates to local resilience fora; the way we work with the devolved Administrations; and the way we work with the whole of public services. That is the response to genuine unexpected events that come and hit the system, and that is how we respond quickly. That is for the exceptional event.

The ordinary, day-to-day work of the Cabinet Office is co-ordinating right across Government the responsibilities of Departments to respond. We do that at the ministerial level through a double structure. We have something called XO, which meets daily now, the executive operations committee on EU transition, and a strategy group, which meets less often, under the chair of the Prime Minister, to look at strategic issues that come up from the operational group, which is chaired by the Chancellor of the Duchy of Lancaster. That is the ministerial group.

We also have at official level a programme board, which meets every week under the chairmanship of Jess Glover. Every other week, the EU heads of Department meet under my chairmanship. Those are some of the co-ordinating structures that we have. There is a huge amount of programme management, production of plans, assessment against milestones, independent corroboration against that and a lot of operational data looking at the actual impact and readiness of different parts of the UK for what they need to be ready for at the end of the year.

Q5 **Sarah Olney:** Obviously we have these two big challenges at the moment. Thank you for your description of what the Civil Service is doing. I am just wondering if you think there is more the Civil Service could have done, should have done or can do to make sure that it is ready and prepared to respond to unexpected events.

Alex Chisholm: As a generalised point, you will probably be well aware that the Prime Minister said there will be a review of the response of the Government to Covid. I would be very surprised if some lessons did not come out of that. The risk of a pandemic was identified correctly as one of the most likely risks and a great deal of preparation went in for that, including practice exercises and so on. When we look at what actually happened versus what we had prepared for, there are some important differences, particularly the nature of this pandemic, which is very unlike the one we had prepared for, which was more influenza-like.

Some of the ways in which it has reverberated across different parts of our economy and different parts of the country are probably different than we anticipated in those exercises. I am sure there will be some lessons to be learned from that. We have this year been very focused on trying to manage against these two double priorities of making sure that we responded as effectively as possible to the pandemic, to Covid-19, alongside making sure that we are ready for EU transition at the end of the year.

That has required a huge amount of flexibility from many thousands of civil servants, not just in my Department but right across Government, in some cases to pivot towards being able to deal with the pandemic. In almost all cases they were then working from home during that time as well, adjusting to remote working to deal with a whole new and initially poorly understood set of challenges in relation to the pandemic, without losing sight of the need to be ready for EU transition at the end of the year.

It would be fair to say to the Committee, if it helps, that the middle of March through to the end of June was a very intense period of dealing with the pandemic. It was not possible to put as much focus as we would otherwise have done on EU work during that period. In June, we returned full focus to preparing for transition and those officials who had necessarily been mobilised for response to Covid began to work on EU transition again. We also stepped up the public campaign on that. You will have seen the launch of the UK's new start on 13 July, as part of making sure that not just Government but all businesses and individuals were conscious that they needed to be ready for the end of the year. We have been working flat out on that since that time.

Q6 **Sir Geoffrey Clifton-Brown:** I have a quick question, Mr Chisholm, please. Expected events you are naturally planning for and you have all the machinery to do that. What are the main unexpected events that you are working on, because that is much more difficult?

Alex Chisholm: These are set out in the national risk register and unexpected events there would include things that are very irregular but you know that they happen from time to time. Space weather events would be an example of that. Then there are things that are genuinely very hard to predict because they may not have occurred before, but which you know there is a chance of.

Experience tells you that global events materialise at various points in time. If we look back over the last 10 or 20 years, major things like the Iraq war and the global financial crisis would be examples. Some people would have anticipated them a little ahead of time, but on the whole people did not specifically and both of those made huge impacts on our country. I recognise there is a whole category of things that are unexpected.

Q7 **Sir Geoffrey Clifton-Brown:** It seems to me that probably the worst unexpected event is some form of non-co-operation on one side or other of the straits channel, a strike or some form of Government non-cooperation or customs non-co-operation. What preparation are you making for that?

Alex Chisholm: I would put that in the category of known unknowns, in the sense that, as you say Sir Geoffrey, that it is a critical trade passage for us on the short straits. We hope and expect a new deal to be agreed on the FTA. You probably saw the Chancellor of the Duchy of Lancaster saying he applied a 66% confidence level to that yesterday. We are proceeding with steady optimism. Nevertheless, if there is no FTA, clearly that will make a difference because tariffs et cetera have to be applied. On both the French side of the channel and ours we have been making considerable preparations for that. We would expect and encourage a pragmatic and co-operative attitude.

If it is helpful, I could invite Emma Churchill to say more about the preparations we have taken there.

Emma Churchill: We have published our reasonable worst-case scenario, so you are aware of the work we have been doing to understand that. In fact, I should say that the changes at the border, including at the short straits, and the new requirements that will be put in place by member states including the French are not different for the vast majority whether there is an FTA or no FTA. Because the UK is leaving the single market and the customs union, those new administrative requirements will be there.

It is not actually the way that the French implement those. We fully expect the French to implement those controls. Indeed, they have put in place the systems and infrastructure to do that and they have had those in place for some time. The critical factor is trader readiness. I know we might come to this a bit later, but that is the single key factor as to whether we might see a disruption at the short straits. The operational engagement we have with our French counterparts is very good.

Q8 **Chair:** The risk register is often talked about, but we have picked up, thanks to questioning from James Wild at a previous session, that there was no economic planning for the pandemic. Do you think the risk register is up to scratch, Mr Chisholm?

Alex Chisholm: Yes, it is and the economic planning was part of the assessment. The point that came up in our discussion back in June—and indeed we have written to you since with some more detail on that— made the point that Treasury, BEIS and other Departments were involved in those exercises and did some relevant planning for it.

Some of the things we used at the onset of the crisis, particularly around terms of legislation and the approach to regulatory easements, for example, came out of the exercise that was done in preparation for this pandemic. It would not be fair to say that there was no economic planning, but when you look back at the extent of the economic response it is greater than we anticipated.

Q9 **Chair:** Things like closing schools has an economic impact. Cat Little, do you think the Treasury should be stepping up more to really crawl over the risk register and look at the economic impacts of it?

Cat Little: As Mr Chisholm mentioned, we have been fully involved in both the formulation and the assessment of the risk register. In the last year, we have set up a risk management centre of excellence within the finance function to make sure that we are bringing real, professional, robust risk expertise to all risk discussions.

Q10 **Chair:** What is risk expertise? What does that mean? What sort of people are they?

Cat Little: You may be aware of our recently published guidance in the orange book, which sets out the standard for risk management in Government. We are making sure that we have people who are risk professionals. It is one of those functions that are not well recognised or understood.

Q11 **Chair:** Could you explain what a risk professional is, then? Could you give an example?

Cat Little: They are people who live and breathe risk management practices, including how you go about assuring, identifying and mitigating risk. Quite a lot of our chief risk officers across Government are from the private sector and they have come into Government because we recognise that we did not have this sort of expertise over the last few years. There is still much more work to do in this space, because it is not consistent across every single Department, but at least we now have the standards, a proper profession and the people embedded in Departments who are working with us to make it better.

Q12 **Chair:** One of the problems of a risk register and planning for these sorts of risks, particularly unknown ones, is that there is a lot of potentially nugatory spending, which from your time in defence you are experienced at. You spend for things you hope will never happen. What is the Treasury's attitude to that? How do you grapple with that at a Civil Service level, given that Ministers will have views on it as well?

Cat Little: The first thing I would emphasise is that our accounting officer framework, *Managing Public Money* and all the standards that we put in place for public spending operate as intended for both the EU and Covid expenditure. In any situation where you have uncertainty and great levels of complexity, you have to work very quickly to respond. We have had to be very agile in how we have exercised our control procedures.

If I can give you a recent Covid example, such as PPE, there were two main phases to it. In the first phase, we recognised that we were not prepared for the massive demand that was necessary at the front line, so we established with the Department of Health daily sessions to go through all the requirements, the demand and supply considerations. We worked very closely with the Cabinet Office, with the Government commercial office and with the IPA. On a daily basis, we were stress testing what was needed at the front line and how much money was necessary. We went through assurance processes over commercial, financial and legal risk.

At the end of each of those approval phases, we set very tight conditions for how we expected the Department of Health to manage, in particular, quality risk, supply chain risk and the financial risk of value for money throughout the process. In the early days, we had to learn a lot. We stipulated that the Department of Health had to have within 25% of unit price for any new purchases, based on what we have bought before. As we have got more units price data and as we have seen what the global supply chain is doing, we have been able to refine the conditions that we have put in place.

For the phase we are in at the moment, we have given a funding envelope to the Department of Health with very strict parameters about how it escalates control to the Treasury. We have live reporting every single month on how that money has been spent, jointly with the Department of Health.

Q13 **Chair:** That is one thing that will come out in the review of how Covid has happened. Do you have any idea of dates for that, Mr Chisholm? Is anyone in the Cabinet Office beginning to work on scoping that at this point?

Alex Chisholm: Some consideration is being given to it but, as the Prime Minister and others have been very clear about in public, we are too much in the thick of it at the moment to focus exclusively on that.

Q14 **Chair:** Consideration is being given to it. Does that mean you have some people doing some work on it and, if so, how many and what level?

Alex Chisholm: It would not be a team of people. I have heard some initial discussions, but it would not be as much as saying that there is a group of people devoted to that, because the focus has to be on dealing with the pandemic in front of us at the moment.

Chair: It is good to get that on the record.

Q15 **James Wild:** I declare an interest. I was a special adviser in No. 10 until November and before that in the Cabinet Office. At paragraph 11, it sets out that Ministers told the Civil Service not to do any contingency planning ahead of the referendum for a vote in favour of leaving the European Union. Mr Chisholm, do you think that was appropriate? Do you think it was appropriate that the Civil Service did not prepare?

Alex Chisholm: I think it was appropriate that that was the decision from Ministers.

Q16 **James Wild:** Given the gravity and the consequences that have flowed from that in terms of the lack of preparation, should the Civil Service have sought a formal written direction, directing them not to carry that out, and made that public at the time?

Alex Chisholm: I find it really hard to assess. We are looking back four years. I was not involved in those discussions and thoughts at that time. I can certainly recognise what is said in the report that the speed of response after the referendum was critical. It took a while to get fully up to speed. As part of that, the Government had to formulate what their policy was and what type of agreement they wanted to have with the EU. As you will recall, that took a while to get straight. Within that, there were not two but three different deadlines set at various points. That added a great deal of complexity to the efforts of the Civil Service to be ready. I am very pleased and it is well recognised in the NAO report that those efforts were sustained successfully over that long four-year period.

Q17 **James Wild:** Are there any other policy areas where the Civil Service has been told not to do any contingency planning that you are aware of? If there were, would you make those public?

Alex Chisholm: I am not aware of any areas where the Civil Service is saying, "Can we please do this work?" and is being told that it cannot.

Chair: It is never quite as neat as that, is it?

Q18 **James Wild:** Since you took over in April, Mr Chisholm, what do you see as the biggest risks in how the preparations were being managed from the centre?

Alex Chisholm: Going back to April, it was clear, if you remember at that time, that we were absolutely in the thick of dealing with the pandemic. Like anybody else at that time, I had some concerns about our ability to mobilise sufficient resources to deal with that successfully without interrupting too much our preparations for the end of the year on EU transition.

As I have described, it was particularly intense during that first period of April, May and June. We have been able to find a way to manage these two demands in unison, so that risk in my mind has gone down, notwithstanding the fact that, as we know, even with events over the last 24 hours, there are still a rising number of Covid cases. The pandemic is still very much around us.

The second risk that I remember feeling strongly then, which is still present in all our minds, is whether people will be ready enough. You may say, as I said at the outset, that it has been plain that we need to leave at the end of the year. However, when we have done polling, we have seen that a number of small businesses, 43% at the last count, still believed that there was going to be an extension at the end of the transition period. I can understand why they might think that because of the learned behaviour from the previous Administration, but perhaps I can use this opportunity to say that there is not going to be an extension and they really need to be ready for the end of the calendar year by December.

We have been trying to get that message out very clearly through our public communications, through our engagement with small business groups, through statements from political leaders and through our information campaigns. We have got that figure down actually, even in the last month, from 43% to 36%. We want to get it right down, because it is really important that small businesses are not thinking they can just postpone their preparations. They need to get ready now.

Q19 **James Wild:** In terms of the structures that you inherited, you are confident; you did not make any changes to those; you felt that they gave you sufficient information and implementation ability to drive the big changes that are required, whether at the border or elsewhere.

Alex Chisholm: On the structures that I inherited, at the ministerial level I described that two-tier structure of XS and XO. That was developed last summer. It has worked extremely well and, indeed, we have now replicated that in a couple of other areas, notably in response to Covid. The climate work again is on a two-tier structure. That has stood the passage of time extremely well, recognising from the NAO report that it is very important to have a clear co-ordinating structure at official level as well.

The changes that were made before my time were the wrapping up of DExEU, the Department for Exiting the EU, which occurred at the end of January when we left the EU, and the establishment of three new central teams. First, the one led by Jess Glover, the Transition Task Force, has been very effective in co-ordinating the work of Government. Secondly, Task Force Europe leads the negotiations directly with Lord Frost and the Prime Minister's Europe adviser. Thirdly, the former Border Delivery Group has morphed into the Border and Protocol Delivery Group, to reflect the Northern Ireland situation with GB.

Those three co-ordinating structures have worked extremely well. They have been smaller and lighter than the size of DExEU and the total effort the Cabinet Office was putting in before. Remember, there was a Europe unit as well. That reflects the evolution of our approach, with more responsibilities devolved to Departments and with the centre playing a key role in the negotiation and then co-ordinating, shaping and directing.

Q20 **James Wild:** How do you strike the right balance with the control from the centre, while enabling Departments to be empowered to get on and deliver any implementation they need to without having to report back, but you having the assurance that things are happening?

Alex Chisholm: That is a great question. That is constantly on our minds. We recognise that most of the resource is in Departments and that is where the responsibilities lie. That is also the structure of accountability through the accounting officers and ministerial responsibility through Secretaries of State. The way in which we try to reconcile that is, first, making sure that the resources are in place in Departments to do what they need to do, both human resources of some 15,000 people, but also financial resources. We work hand in hand with the Treasury to make sure of that.

Secondly, I have described already the process of using this ministerial committee meeting on a daily basis to achieve consensus about the way forward, to resolve any issues or impediments and to make sure that the rate of decision-making on policy and legislation is as it needs to be. That is working extremely well.

We also recognise that there are risks for Departments simply selfassessing their readiness for things. We apply a lot of external testing to that. Some of that comes from the Transition Task Force, through the portfolio board that Jess Glover chairs. We also apply external tests through the IPA, with some 30 different external review exercises this year alone, and in previous years as well, as documented in the NAO report. We use the commercial teams and the digital teams to assess the readiness of those plans. The central functions are not just doing a coordinating role. They are also using their professional ability to make sure these plans are really real and ready.

Lastly, we are focused at this stage on readiness for the real world. Success is not just completing your project on time. It is making sure that the intended effects and outcomes in the country as a whole are as they need to be. We have been very focused on operational readiness detail, in terms of the actions that businesses and individuals take, but also central Government, local government and devolved Administrations.

Jess Glover: As you would expect, part of the role of the Cabinet Office is to have complete oversight of the whole readiness programme across Government. For the vast majority of that readiness programme, our role is not to dig in and interfere. Where we have confidence and assurance that the Departments are on top of the delivery of their elements of the programme, we let Departments get on with that.

Of course, we provide an assurance function there. Our role is to understand across that whole programme where the highest risk elements of the programme are and in particular where those risk elements cut across the responsibilities of several Departments. We bring that together, either through the official chaired meetings, chaired by me or Alex, or through XO, where we bring to Ministers and to that Cabinet committee the issues that require particular ministerial decision-making or direction to make sure that the problems we identify are unlocked.

Q21 **James Wild:** Does the famous dashboard still exist and is that being used to drive decision points, as it was previously?

Alex Chisholm: Yes, we make great use of dashboards. We are very driven by data and we have developed some new ones, not only for coordinating the impact of the transitional work overall, but specifically for monitoring border flows. That data will be critical towards the end of this year and moving into January.

Q22 **Sir Geoffrey Clifton-Brown:** Ms Glover, I am going to ask you, while you are metaphorically on your feet, to pick up on a figure that the Permanent Secretary gave us just now. This is the bit on the readiness of small businesses. You may be aware that when your boss, the Chancellor, made his last statement I asked in the Commons about this readiness of small businesses. At that point, it was 40% to 60%. Now you have worked hard and got it down to 31%, but that is still quite high, almost a third of small businesses not being ready for this great event. Given that it is only two and a half months to us leaving, what more can you do to get that figure down? Are there enough intermediaries out there to help these small businesses?

Jess Glover: It is a critical question. An awful lot of my personal time is spent focusing on this question of ensuring not just that the Government are ready but that businesses and individuals understand and are ready for the changes at the end of the year.

The figures that you mentioned, which Alex referred to, were based on a survey of small businesses where we understood that 43% of businesses thought that the transition period would be extended. Therefore they have no motivation or incentive to do anything about getting ready. We recognise also, naturally, that small businesses are very preoccupied with Covid impacts for themselves and are thinking more about that than the end of the transition period. As Alex said, that number is down to 36% now, so 36% of businesses think that the transition period will be extended.

Step one in getting ready is the understanding that you need to get ready. Right now, as you say, a third of businesses do not even understand that they need to get ready. What are we doing about that? We launched the communications campaign in July, which Alex referred to, and that will go through different phases of greater intensity as we approach the end of the year and more targeted messaging as the month progresses. You will see that in a few weeks. We also have targeted outreach to small businesses through a range of departmental contacts with their sectors and central contacts through those business representative organisations, which are a good way of reaching those small businesses.

We are also working with intermediaries like lawyers, accountants, banks and private sector intermediaries; small businesses might interact with Amazon, for example, to sell or buy their stuff that they need. There is a whole range of activity that we are carrying out. Emma might want to say something about trade readiness for the border for those small businesses, but that is a very important area of targeted activity, both from the centre and for every Government Department that owns the relationship with a particular sector, to understand exactly what those businesses need to do, by when, and to be communicating that.

Q23 **Sir Geoffrey Clifton-Brown:** Are you going to have a contingency if a small business, through its own fault, has not got ready but says, "I want to export this very high-value product next week, but I am not ready"? How will you actually deal with that?

Jess Glover: It is a very good question and, again, some of Emma's contingency measures are relevant. If I am a small business and I want to export a good to the EU, I will not be able to do that unless I have filled in the import requirements that the EU has in place. We have, as you will have seen, decided not to introduce the full import requirements into the UK on the very first day, 1 January, precisely to give people a bit more time. As that small business, I will not be able to do the thing that I want to do. I will then learn that I have not been able to do it and I will then learn that there is something I need to do, to be able to export my business, but I will have to face that frustration.

Emma Churchill: We are reaching out to those businesses that export and import, but exporting, as Jess was just saying, is the critical thing for the end of the year. HMRC knows of 200,000 VAT-registered businesses that trade with the EU and is directly writing to those businesses. It is also able to identify the value of the trade that is done.

There are approximately 11,250 businesses that are high-value traders that currently trade only with the EU, because we are making a not-unreasonable assumption that those business that also trade with the rest of the world are very familiar with the customs and other processes, and are likely already to have a customs agent, which I think is what you were referring to when you mentioned intermediaries. We are focusing on that group and HMRC has started a campaign of phone calls to those businesses over the summer. That is continuing.

Those businesses that either were unsure during the conversation with HMRC or would value and benefit from further one-on-one advice are being referred to the export advisers that the Department for International Trade has, so that they can get one-on-one advice on their particular situation and what they need to do.

Since I have the floor, I should just say this about the steps they need to take. First, if people do not have an EORI number, an economic operator registration and identification number, they must get one. It is a very simple thing. You can go online and do it, and HMRC will make sure that you have that number. Secondly, it is absolutely worth, if you are an exporter or importer, thinking about whether you are going to complete those customs formalities yourself or whether you want to start looking for a customs agent. Really, that is a decision people should be starting to think about now in preparation for the end of the year.

Finally, the point that Jess makes is really important, because obviously, for every exporter, there is an EU importer on the other side of the channel.

They have formalities that they must complete for the member state. That is the critical thing that will get your goods stopped at the border if that EU importer has not done what it needs to. Our absolute advice is to start talking now to the people with whom you trade in the EU, because it is just as important that they are taking the steps as we are.

Q24 **Sir Geoffrey Clifton-Brown:** I do not want to prolong this, but it is an important point. In your contingency planning, do you have a team of people ready so that if, at the critical time or even just afterwards, a key business is not ready, through its own fault or whatever, those people can give urgent advice? I have a product. It is a high-value product. I have not managed to do everything I need to do. Is there somebody there who will give me key advice quite quickly to enable me to get the paperwork in order?

Emma Churchill: HMRC already has helplines open and it will absolutely have that in place so that, if you are approaching the end of December and you suddenly realise that you have not done the thing you need to do, you will have someone at the end of the phone. If you have already been in touch with one of these international trade export advisers, you will already have that relationship, so hopefully you will already have done the thing you need to. However, the helpline and the advice will be there.

Chair: We will come back to some of this a little later.

Q25 **Peter Grant:** Permanent Secretary, first, in answer to an earlier question you said the Cabinet Office was asking other Government Departments to engage with the stakeholders. Who is ultimately responsible for making sure, for example, that these 36% of businesses are prepared for Brexit when quite clearly they do not think they are going to be?

Alex Chisholm: The communications campaign is led out of the Cabinet Office. We co-ordinate that centrally. It is a central campaign, rather than one that every other Department does its own thing on. There would be, as you would expect, national broadcasting and advertising campaigns. However, a lot of the actions that need to be taken will be different in different sectors.

Although we have been talking in the exchange with Sir Geoffrey about the standard requirements around import and export, if you are a regulated business, you might have different requirements there. Different sectors of the economy are present in different parts of the country and have different Departments responsible for them. There are going to be rules, for example, about the workforce affected by the Home Office's plans for immigration. I do not want to pretend that the central Government messaging about getting ready is all that there is to do. All Departments have responsibilities for their own legislation, their own regimes and their own sectors.

Q26 **Peter Grant:** The budget for the Brexit preparedness campaign last year was £100 million. What is the budget for the campaign you have going on just now?

Alex Chisholm: It is £70 million through to the end of March 2021.

Q27 **Peter Grant:** At the moment, what is the level of public awareness of that campaign?

Alex Chisholm: I do not have that figure right in front of me, but the awareness of the campaign is high. We have been concerned less about people's awareness of the fact that EU exit is an ongoing process and more about what actions they need to take. That is the shift that we have tried to make since July. The "check, change, go" has been driving individual responses by businesses and individuals to get ready. You have heard about some of the responses that we want businesses to take about getting a customs intermediary, checking whether they have EU nationals working for them, any changes to regulations, the data adequacy rules and so on.

For individuals, again, there is a big campaign, which is much more about if you are travelling to the EU. Do you have six months on your passport? Do you have the relevant health and travel insurance? If you are driving, do you need an international driving licence? If you want to bring a pet with you, have you checked the rules there? That is the shift that we have made from a generalised awareness campaign to something that is much more driving individual actions.

Q28 **Peter Grant:** Can I ask you to write to the Chair with the current figures on what percentage of the population is aware of it? We had that kind of information from the campaign last year. The lesson of last year's campaign that was picked up by the National Audit Office and this Committee was that the public being aware of it is not enough. Until they start to change their behaviours, the campaign has not worked. As far as business preparedness is concerned, your campaign is not working, is it?

Alex Chisholm: I agree with you that the necessary thing is not just to create awareness but to drive action. That is the focus that we have. I would be delighted to write to you with further details about the impacts we have achieved so far.

Q29 **Chair:** Can you give us any specific examples of what you have achieved? You have seen 43% to 31% of businesses not believing it is going to happen. You could count that as some progress.

Alex Chisholm: That is a good example. There has also been a big campaign around the EU settlement scheme, to make sure that EU nationals here are aware that they have to register with that. That has caused 3.91 million people to undertake those applications. That has been extremely successful.

Q30 **Chair:** Can you give us an example of something where you can measure awareness? The EU settlement scheme is pretty fundamental if you are an EU citizen living in the UK. It matters to your day-to-day existence. What about awareness of things like pet travel and driving licences, the sort of things that will not be apparent to people until the moment that they engage with an EU member state?

Alex Chisholm: We are tracking people's response to those activities and driving licences would be a good example. Human nature being what it is, people will often only make the decision to do the necessary thing for their pet to be able to travel just before they are going. Obviously, given the overall situation with the pandemic, people's plans for taking a car or pet to Europe have been considerably interrupted, so I would not expect us to get 100% preparedness.

Q31 **Chair:** Is that perhaps part of the message then: "Think ahead. Plan ahead"?

Alex Chisholm: "Think ahead" is exactly the message, yes. I could not agree more.

Chair: Have I unwittingly used a Government slogan there?

Alex Chisholm: You have not yet.

Chair: Maybe you have got a cheap slogan writer today, then.

Q32 **Peter Grant:** Is the campaign that is running just now run entirely by the Cabinet Office in the devolved nations? Is it being run as a joint campaign with the devolved Administrations?

Alex Chisholm: It is a UK Government campaign, but we certainly make sure that we share the details of that and discuss it with our partners in the devolved Administrations, who are engaged in all the co-ordinating machinery that I have described already. We recognise that there is no point being ready in England without being ready in Scotland, Wales and Northern Ireland. That is a collective responsibility and endeavour.

Q33 **Peter Grant:** All current surveys indicate that the people of Scotland have far greater trust in the Scottish Government than the UK Government. I have not seen similar figures in Wales over the last month or two, but certainly during the summer the people of Wales trusted the Welsh Government a great deal more than they trusted the UK Government. Why did you not arrange for these campaigns to be run by Governments that the public trust?

Alex Chisholm: It is open to all devolved Administrations to augment and supplement what we are doing for the UK Government at the national level with their own schemes locally. Many of them have been doing so. Many of the matters that we are talking about are devolved. For example, in relation to business support, that is a devolved matter. I know the Scottish Government have been very active in working with their business communities to help them prepare. I would not want to underestimate the amount of successful effort that has been put into the devolved Administrations as well as the UK Government.

Q34 **Peter Grant:** Do you have a date in mind for when you have to tell Ministers and the public, "This is going to get bad. There are going to be huge traffic jams at Dover. There are going to be food shortages coming up soon. There is going to be some kind of really severe detrimental effect"? How much notice would the public expect to get or would the public be getting if something as severe as that was going to happen?

Alex Chisholm: In our view, the public has been on notice since we completed EU exit about what our plans are and that at the end of this year we will have completed our transition from the EU. Whether you are an individual or a business, you have had a lot of warning and notice. Most of the steps you need to take have been the same going back to 2018, with the publication of all those technical notices and other information and guidance. Nearly all the steps that businesses need to take are consequential on the fact that we have left the EU, the single market and the customs union.

I do not want people to feel they are waiting for the outcome of the negotiations, because that will make a difference to some areas but mostly not. Most of what people need to do has been absolutely plain throughout the year, so there is not a wait-for moment. In terms of the impacts, we have been very careful not to introduce any element of fear or panic. We want people to be realistic, to get ready, to think ahead and to understand the realities of the situation.

We did judge it necessary to share with people, particularly the borders group, the reasonable worst case in relation to disruption at the border, which we did on 23 September. We did that particularly with a view not to say that we predict those results to occur, but to say, "If action is not taken, you can expect those types of things to occur". It is with a view to driving action in the remaining 85 days.

Q35 **Peter Grant:** Permanent Secretary, you said that people in businesses should be preparing just now. Should people be preparing for food shortages early in January?

Alex Chisholm: We have an extremely resilient food supply chain, so I would not want people to be concerned on that account, no.

Q36 **Dame Cheryl Gillan:** Mr Chisholm, we need to understand a little better how you are going to evaluate all your activities. I would like to understand how you are learning from all the preparations that have been made right across Government. Are you conducting a formal review at all?

Alex Chisholm: The mode that we try to take is one of continuous improvement and, because we have been in the EU exit process in its various forms over four years, we have learnt a lot.

Q37 **Chair:** So the answer is no: there is not a formal review.

Alex Chisholm: We are not proposing to do a formal review of everything we have done for EU exit, but I am very grateful to the NAO for having conducted that for us.

Chair: It has been done for you.

Q38 **Dame Cheryl Gillan:** Do you not think that is a bit complacent?

Alex Chisholm: To be in a mode of continuous improvement, no, that is exactly the right mode to have. We are learning and applying lessons every week and every month. I would not want to be in a mode of saying, “We are going to learn nothing until we get an independent review”.

Q39 **Dame Cheryl Gillan:** If you are in a process of continuous review, can you identify practically where you feel you have failed and where you have taken immediate action to remedy the situation? For example, you have just said that 36% of small businesses are not ready yet. That is a failure. How rapidly are you acting to remedy that?

Alex Chisholm: That is exactly the mode we are in of trying to drive changes week by week and month by month, not to sit back and wait. One of the reasons why we gather that new set of data that comes every month is to be able to say, "Are we getting that number down quickly enough? If not, what additional actions can we take?" Similarly, something else we focused on was getting enough businesses to have the EORI number that you heard about from Emma Churchill. We have made sure that more than 90% have the necessary registrations. In relation to EU settlements, we had a target of where we wanted to get to. We have satisfied that target, so we are very pleased. We got up to 3.91 million.

All of our monitoring of data is not just with a view to saying, "That is very good" and how clever we have been. It is about, where we fall short of that, what we need to do to get it to where it needs to be. That is the mode we have been in.

Could I also highlight from a learning point of view, since you asked, what we have done differently as a consequence over the course of this long-drawn-out process? One of the interesting points that came out from the NAO report is the balance between secrecy, as it called it, and transparency. The report fairly recognises that there is an interest in secrecy when you are trying to hide your negotiating position or at least not reveal it in plain sight. Plus, to the question from Peter Grant, we do not want to create an atmosphere of fear or concern.

However, if you are trying to co-ordinate activity right across Government and to do that with devolved Administrations, local authorities, business groups and individuals, you need to be highly transparent. We have, over the course of the four years, increased our amount of information sharing and transparency every year. That has reached a zenith at this point.

Q40 **Dame Cheryl Gillan:** Isn't the truth of the matter that you are at the 11th hour? You are very keen to remind us that it is only 85 days or 84 days. That includes Christmas, half term and lots of weekends. Yet you have 36% of small businesses that actually are not ready.

Q41 **Chair:** Can we just be clear? It is 31% of small businesses.

Alex Chisholm: No, 36% is correct.

Chair: Forgive me. We have different figures. No, sorry, it is not that they are not ready, but that in the survey they think there could be an extension to the transition.

Alex Chisholm: That is correct.

Chair: I am just making sure we are talking about the same numbers. That is right. I am sorry, Dame Cheryl.

Q42 **Dame Cheryl Gillan:** It is no problem. It just implies they are not ready, if they think there is going to be an extension.

Jess Glover: Can I interrupt?

Chair: Can we perhaps come back at the end of Dame Cheryl's question? Dame Cheryl, carry on, please. You have the floor. We are interrupting you too much.

Q43 **Dame Cheryl Gillan:** If you are having this process of continuous review, at what stage will you look back at the whole picture? Who are you going to talk to? Are you going to make sure that you have feedback from Departments, from industry, from stakeholders? Are you going to talk to the EU side?

Alex Chisholm: It is continuous improvement, as I was describing, but there have been a number of review points where we tried to look at the overall picture. One of those was during the election period. We were then working off the manifestos of the different parties, before knowing what the result would be. A stocktake went on, to ask, "Looking back at the previous period and looking forward, how would we be ready against those different scenarios?"

Part of that reflection went into the reorganisation that occurred in January with DExEU's responsibilities at the centre being effectively parcelled up between, as I described, Task Force Europe, the Transition Task Force and the Border and Protocol Delivery Group. The rest of it was repatriated to Departments, with the officials, who in many cases came in on secondment from other Departments, going back to their Departments. That reset around accountabilities and structures was part of a reflection that went on over the course of December and January.

I do not want to give you the sense that we do not look back and take stock, because we do a lot of that. At the same time, I am trying to give you a sense that we try to fix fast, because time is not our friend. We do not want to be working too leisurely in our review processes.

Q44 **Dame Cheryl Gillan:** You have said you are very grateful to the NAO for the work that it is doing. What are your priorities from the NAO recommendations?

Alex Chisholm: It is a reflective piece, so in a way I have been going through and using it. They talk about having an effective co-ordination technique and making sure decision-making is as expedited as it needs to be. I compare that with what we are doing and, yes, I feel quite satisfied that we have daily meetings of the relevant Ministers. We are absolutely cracking through there. They also talked about innovations, being willing to take well-judged risks, expedited processes of looking at business cases, for example. The Treasury has been willing to do that, which has been great. We have been able to respond to identified needs, for example in relation to additional funding for the borders.

They talked about more sharing of information. As an example of that, I spoke already about the sharing of the reasonable worst-case scenarios in relation to the short straits, the border impacts there and what it would mean in Kent. Also we have taken their approach of trying to be driven by evidence and data to put in place some of these operational dashboards that were already discussed. We are using it as a reference point for saying, "That is what they recommend. Are we really doing that?" I am also trying to look forward, in the way that it advises, to ask, "What are the new scenarios? What are the multiple scenarios that could develop over the period ahead?"

The particular thing that we have begun to focus on there, with winter approaching, is the combination of EU transition, what looks like a growing number of Covid cases and all the economic and social consequences of that, alongside the weather-related effects that, statistically, you always get—flooding, energy shortages and suchlike— plus some unknown global effects and some big changes in the geostrategic situation, the US presidential election et cetera.

From a nerve centre point of view, what is all the information you need to do that? What are the structures? How would you flow resources around? We have begun to do that exercise, partly in response to the NAO report.

Q45 **Dame Cheryl Gillan:** You have set up a very complex structure, with everything from the XO to the strategy group under the Prime Minister, the programme board, the EU heads of Departments and all the departmental involvements. Has that structure been fit for purpose and where does the buck actually stop? Does it stop with the Cabinet Office and with you as the Permanent Secretary?

Alex Chisholm: I do not regard that as a particularly complicated structure for what is an enormous programme of work, involving the coordination of 15,000 civil servants across the system, but also affecting effectively every individual and every business in the country. We have nearly 6 million businesses. It is actually quite a simple structure, I would say, compared to some others that might have been put in place. It represents a concentration and simplification that we have put in place over time.

To the question we had earlier, I have tried to describe how accountabilities for expenditure and for delivering on the nearly 200 vital workstreams lie with the relevant senior responsible officers. In each case they come under different ministerial responsibilities. Our responsibility in the Cabinet Office is for holding the ring, co-ordinating and making sure that decisions are taken in an appropriate way, that the centre joins up between Departments and nothing falls into the gap, and that the things we try to direct centrally, particularly on the communications campaign and the border, are well delivered.

Q46 **Dame Cheryl Gillan:** You are painting a very rosy picture. I presume that you think everything is bang on target and you have covered every eventuality. You now have new risk professionals in place. You sound as if this is all going to go like clockwork, but let us face it: if you look at the NAO report, there has been very high staff turnover at the highest levels. DExEU has had three Permanent Secretaries, the Border Delivery Group has had three Director-Generals, and there have been lots of Perm Sec changes in really key Departments like Defra and HMRC.

Are you really telling this Committee that you think you have covered all the bases? If you are not telling that to this Committee, where are you expecting there to be problems and issues?

Alex Chisholm: I hope what I am presenting is realistic, not either too rosy or too gloomy a picture. You would expect us to be very well prepared after four years of work. It is fair to say that we are well prepared as a Government. Having said that, I recognise that not only are there the uncertain events we talked about earlier, the known unknowns and the unknown unknowns, but that not all of this is within our own power and responsibility. We are central Government Departments. There are nearly 6 million businesses out there. There are huge numbers of individuals and households. A lot of people have to take steps to be ready.

Furthermore, we are very conscious, as I hope I have brought out, that, working with devolved Administrations and local authorities, a number of our partners in Government, as well as central Government, have been affected by the pandemic work. It has put a huge amount of pressure on the system and indeed, as was said before, on businesses getting ready.

To the questions we had from Sir Geoffrey at the beginning, one of the uncertainties we have to recognise is what the attitude of neighbouring countries will be. The attitude of the French authorities on the short straits if there is not a free trade agreement is something we cannot know for sure. We need to work very closely with Ireland in relation, for example, to the single electricity market, which is an all-Ireland undertaking. There are lots of things where we recognise that we may feel ready, but exactly how it plays out will depend on the actions of others and the context in which we find ourselves. We have put a lot of effort into that preparation and readiness.

Chair: I am going to bring in Ms Glover to clarify that figure from earlier.

Jess Glover: Forgive my interruption. I wanted to make sure the Committee was clear about what that figure represents for us and what we understand from it. The figure from the survey is that currently 36% of SMEs believe that the transition period will be extended. This is hugely concerning for us, because one of the things the Government have been 100% clear about is that it will not.

Q47 **Chair:** Yes, we know. We do not need that. We just needed the figure clarifying.

Jess Glover: That is the figure. I also wanted to say that, of those two-thirds of SMEs that are aware that the transition period will end at the end of the year, we are not assuming that they are all taking the action to be ready.

Chair: Thank you. That is very helpful. The following questions are less philosophical, so we can have shorter answers and I know Sarah Olney will set the example with a good tight question.

Q48 **Sarah Olney:** Indeed, I will. Mr Chisholm, I want to pick up on what you were saying about unpredictability. In terms of managing both the response to Covid and the preparations for EU exit, there is a lot of unpredictability in both of those. Can you perhaps identify for me what other common challenges both of these events have had for the Civil Service?

Alex Chisholm: They represent quite different challenges in some respects. The most obvious is that EU transition is something that we have been planning for in detail and working on for many years. We have had tens of thousands of people engaged in that. As discussed, we were not as prepared for the pandemic to the same extent. It came upon the world at the beginning of this year, so there is an obvious difference there.

You are right that there are some interesting comparisons and similarities to be drawn. One is that it has required a whole-of-Government effort. No Department has been unaffected by either EU transition or pandemic. Some Departments have been super-affected because they have been right in the thick of it. We should recognise that DHSC was working very hard already on EU transition. It effects lots of changes there, for example around medical registrations and supplies. Then it is right at the centre of the storm for the pandemic, so it has been hugely affected. Defra would be another one and my old Department, BEIS, too. It has required a terrific amount of co-ordination across Government, with local authorities and with devolved Administrations as well.

Secondly, I would highlight that communication has been hugely important in public communication campaigns. I am sure the Committee will have its own views about the successfulness of those. On a daily basis, the Government have been called to try to describe what the situation is and what they want people to do as a consequence. I am sure we have learned a lot about that, but it has meant that people have looked to Government for guidance.

Q49 **Sarah Olney:** I am sorry to interrupt. I want to ask specifically what you learned from the EU exit campaign about communications that you were able to usefully put into practice when dealing with Covid.

Alex Chisholm: There are a couple of things. One is the point we were discussing earlier about whether you want people to be broadly aware or to know what it means for them and what action they need to take, so boiling down the actions needed from individuals. That has been a great feature of the Government campaign, even just two-word examples of actions that people need to be taking. It is also trying to make sure people understand the rationale and justification for that, so it is not just waving the finger, so to speak, or prescribing action but understanding why it is necessary. The rationale was very carefully brought out about protecting the NHS and avoiding overwhelming the capacity of the NHS, as a reason why people needed to take those steps on Covid. That was very strongly communicated.

Q50

Sarah Olney: More briefly about working cross-Department, which is the other thing you talked about being in common between the two different issues, what did you learn from your experience of managing EU exit and working with every Government Department? What learnings did you get from that that you were able to implement with the response to Covid?

Alex Chisholm: There are a couple I would highlight. The first one is that, going back over the last five years—and I promise I will not be philosophical, Chair—the development of the professional functions has been a great feature of Government.

Chair: We are well versed in that on this Committee.

Alex Chisholm: That was critical to making sure that the individual departmental efforts to be ready for something were then assured, strengthened and tested by these cross-cutting functions, commercial, digital, IPA, et cetera. That was definitely a really critical point that we have learned and applied.

The other one I would highlight is on the governance structure that evolved in relation to EU exit towards this much simplified, two-tier structure of XO and XS. We decided, after trying a couple of different versions, that it worked best in the Covid situation as well. That was a direct copy and lift.

Q51 **Sarah Olney:** When DExEU was dissolved at the beginning of this year and the responsibility for EU exit was transferred to the Cabinet Office, what impact on preparations do you think that change had?

Alex Chisholm: It moved to a different phase. It would not be fair to say that the role of DExEU would have continued in the same mode, because it was a Department that was focused on leaving the EU, which we did at the end of January. We are in a new phase anyway. We would have certainly had to make some changes. The approach of apportioning some clear things that needed to be done at the centre, as I described, with Task Force Europe, Transition Task Force, BPDG—Emma's outfit—and the rest being devolved to Departments with clear responsibilities and people being returned, was right and has made a lot of sense. I have not noticed any disruption-type effects or loss of momentum from doing that. It has made sure that accountabilities and resources are aligned and where they have needed to be.

Q52 **Sarah Olney:** In your view, you think that both the decision-making and the co-ordination across Government has been streamlined, improved and strengthened as a result of the change.

Alex Chisholm: Yes, and made more appropriate for the new context we are in, having left the EU in January, just focusing on getting ready for the transition period completion.

Q53 **Sarah Olney:** Dame Cheryl mentioned earlier the large turnover of staff in DExEU. What have you done to try to retain some of the expertise that was built up in DExEU over the years from a large number of staff, since they were so many people who passed through at one stage or another? What have you done to try to retain some of that learned knowledge?

Alex Chisholm: I have a couple of things to highlight there. Because DExEU was a new Department, it relied on a lot of people coming very quickly into it. Many of those, I think about two-thirds, came on secondment from other Departments. They brought with them some detailed knowledge about European or domestic regimes that were then applied to the work of DExEU. The fact that they then rolled back to their parent Departments, so to speak, is not an unhealthy sign of churn or anything like that. It is a perfectly natural occurrence.

It is also the case that, as a fast-growing, exciting area of Government that was top priority, a lot of people were pulled into that area from talent schemes like the fast stream and other things like that. They would do typically a year at a time, or in some cases a bit longer, and then move to another role. DExEU had a slightly higher level of churn, but that was not something to be concerned by. There are people, including me, who have been involved throughout this whole process for the last four years and others who have become involved in this, including Jess and Emma, have been promoted during the process, so new talent has shone as part of this long-drawn-out endeavour.

Chair: "Long-drawn-out endeavour" is one way of describing it. I think we all sigh at that.

Q54 **Sarah Olney:** Finally on that point, do you think that has been a strength or a weakness of the way the planning for the exit has been delivered so far?

Alex Chisholm: A lot of strength about the use of resources has been really good. I mentioned already the cross-cutting work by functions. I should probably also highlight the work by Civil Service human resources.

It has a special hub that has helped to transfer people, thousands of people now, going back over the whole period of exit, to make sure that people were able to flow where they were most needed. That has been excellent. I also feel there have been really good collaborative attitudes shown by civil servants throughout this whole process, dealing with a tremendous amount of uncertainty. I have not seen any of this sharpelbowed or siloed thinking or narrow departmentalism, which people sometimes identify. That has again been very positive indeed.

It has been pretty relentless. Jess Glover here, for example, supports the work of the XO committee. I think the XO committee has met 140 times so far. I do not know if you have missed any of those meetings, Jess—maybe one or two. That has been three to five times a week.

Q55 **Chair:** We are in danger of discussing process. Meetings do not necessarily lead to good actions, but we will come on to that in a moment. There is one thing I wanted to pick up. It relates to work we did when we looked at the communications campaign for EU exit. You responded in a Treasury minute to us, saying that the campaign model for the transition communications campaign would be similar and that you would work with Departments to identify and develop communications KPIs, key performance indicators, for actions, including identifying initial baselines. Have you met all those KPIs to date?

Alex Chisholm: What we were describing there was the very thing we have talked about quite a lot, saying, "Here is the current level of readiness, for example. Where do we need to get to?" and then measuring that month by month. We have had a good illustration of how that was baselined and how the KPIs—

Q56 **Chair:** You tell us you are going to do this in a Treasury minute. One of the things we are trying to make sure we do is check if you have actually done what you said you were going to do. You are saying you have.

Alex Chisholm: Yes, we have.

Chair: All of that has been achieved. That is one small bit of progress you can notch up.

Q57 **Dame Cheryl Gillan:** Building on the questions from my colleague Sarah Olney, you replied that plenty of Departments have been super-affected. We have just discussed DExEU. Of course, one Department that really was affected was the move of the Border and Protocol Delivery Group to the Cabinet Office. Has that changed the way in which it operates?

Alex Chisholm: Probably the best person to answer that is Emma, because she leads it.

Emma Churchill: There are some core ingredients of what we do that remain unaffected. We have always worked right across Government. We have a border protocol leadership group that meets, which is senior officials at my level who are involved in policy, delivery and operations at the border. We have always had that cross-cutting function. Of course, we were previously attached to HMRC. It is more appropriate for a crosscutting function of our nature to be within the Cabinet Office, as a coordinating, assuring and, indeed, delivery function. That has been the same but has been strengthened by our move to the Cabinet Office.

The other key ingredient of what we have done is to work very closely with the border industry throughout that process. That was always an ingredient of the work we did. Again, we have strengthened that as we have moved to the Cabinet Office.

The other thing we did as we moved to the Cabinet Office was to take the opportunity to clarify, including at ministerial level, the purpose, functions and priorities of the group. This was a lesson we had learned from the role the Border Delivery Group had played in the preparations for March 2019. That is completely clear across Whitehall. We have set that out and, as I said, it has been agreed at ministerial level. That was a very important thing.

One of the other things we have strengthened as we have moved across is the integrated nature of the planning that is done across all Departments. In order to achieve a successful end of the transition period and the successful implementation of the further stages of import control that will happen through 2021, it is the case that a significant number of Departments need to act and plan in concert. We have strengthened the role that we play in that planning process.

Q58 **Dame Cheryl Gillan:** Can you tell me how you work with the Transition Task Force? Does that now work better?

Emma Churchill: Yes. The fact that we are now in the same Department helps, so Jess and I work very closely together. We provide, in effect, the borders piece of the jigsaw that fits into what Jess thinks about, which is all the wider things that need to happen for the end of the transition period. We provide that borders piece of the jigsaw for the end of the year.

We have significantly different functions from Jess's team as well. For example, we are not just thinking about the end of the transition period. We are also thinking about April and July, which are the further stages in our introduction of controls throughout 2021. The Committee may know that we also take a role in the longer-term future of the border. The Government published a consultation on that over the summer, our plans for a 2025 border strategy and steps needed to get there. We take a longer-term view of the border as well as ensuring, to the maximum extent possible, that we and external actors are ready for the changes that are coming in 2021.

Q59 **Dame Cheryl Gillan:** I have looked at the three stages and the dates of 1 April and 1 July that have now come out in the arrangements for the end of the transition period. Let us face it: in the same way as it is only 84 or 85 days until the end of the year, it is only 119 days and then 211 days to those next two deadlines. Are you on target? Are you prepared? Is there co-ordination?

Emma Churchill: Government are doing everything they can to ensure that not just Government are prepared. We have some significant programmes of work on systems, infrastructure and resourcing at the border. We think that those are on track in terms of readiness for the end of the year. We know that there will be more to do for July.

Overall, much as we have been talking about in other areas, we are more confident on Government readiness than we are, as we currently stand, on the readiness of traders for the end of the year, as we have been talking about, and obviously people have more time to get ready for the later stages.

That was one of the driving factors behind the Government's decision to move to a staged implementation of controls. The Committee may be aware that the Government had announced in February that there would be full introduction of controls at the end of the transition period. Of course, in the intervening period Covid and the efforts to tackle Covid had a significant impact, not just on businesses but on the border industry. Many members of the border industry were in the front line of making sure that our supply chains continued to run throughout the spring and did a fantastic job in doing that. It was in recognition of that that we saw that extra time was required. That is why we are introducing some controls at the end of the year but further controls at later stages.

Q60 **Dame Cheryl Gillan:** Can I bring in Ms Glover and Ms Little on this, particularly Ms Glover on that last bit about the interface between the Transition Task Force. Then I want to move on to the last point. I am asking Ms Glover for her perspective about working with the Border and Protocol Delivery Group.

Jess Glover: Emma and I work in very close partnership with one another. As Emma says, my job is to understand the overall programme on readiness for Government and people outside who need to act. Emma's job is to oversee the borders element of that. My job is to understand that Emma is on top of her job, and we talk about that a lot. Indeed, the Cabinet committee XO, which is chaired by CDL, has a remit across the whole programme of readiness. Emma spends a fair amount of her time presenting to and being held accountable by that Cabinet committee for the delivery that she is responsible for.

Emma owns the borders bit and I own understanding and oversight of the whole puzzle. The way that happens in practice is that Emma and I have regular meetings with one another. Our teams know each other very well. We have regular meetings with CDL and with Alex. We both work for both of them, if you see what I mean. The other way it works in practice is that, when I am designing and advising CDL on what I think should be on the agenda for the XO Cabinet committee, I talk to Emma about what borders decisions are necessary when and fit that into that jigsaw puzzle in that way.

Q61 **Dame Cheryl Gillan:** The new ministerial committees contribute to the oversight and the accountability, et cetera. Are they working or are they a bottleneck? Do they hold up progress? Do you tell the Ministers, or do the Ministers give you instructions?

Jess Glover: In my opinion, they are working very well. I have been working on Brexit in its various forms for the last four years as well and I have been through various iterations, therefore, of Cabinet committees, including situations where one committee is responsible for no-deal prep and another committee is responsible for the negotiations. It is hard to get those two parts of the brain to interact with each other. I have also been through a phase where one committee is responsible for the negotiation with the EU but another committee is responsible for negotiations with the rest of the world. Again, it is hard to get those brains to interact.

In my view, we now have a very much more streamlined and simplified committee. There is a hierarchy of one committee responsible for all those things from a strategic point of view, chaired by the Prime Minister, and another committee responsible for all the operational decisions and less strategic policy decisions, chaired by the Chancellor of the Duchy of Lancaster, which, as Alex says, is now meeting more or less every day. It takes decisions quickly.

Chair, you referred to meetings not always leading to actions. When the XO committee meets, in the room, there and then, unlike the way we used to record and minute Cabinet committees, we have a screen on which we type up the actions from that meeting. Those are agreed by the chair at the end. They are then issued the very same day and part of the job of me and my team is to make sure those actions are followed up, delivered and reported back to the committee.

Q62 **Chair:** Those are proper actions at the front line.

Jess Glover: Yes.

Dame Cheryl Gillan: It seems to me that there has been an improvement by adjusting the structure. I presume there is going to be an intensification of activity from these ministerial committees and from both the Transition Task Force and—

Chair: Ms Glover is nodding vigorously in the room.

Dame Cheryl Gillan: That is fine. Thank you.

Q63 **Chair:** I wanted to go to you, Ms Little, on some of the money stuff. You had quite a positive take on how the Treasury is holding the ring on the finances for Covid. Of course, this Committee is going to be looking in detail at those, so it may not be as entirely positive as you put it, but I hear what you said on that. It sounds like you have controls in place. You have a plan. The National Audit Office report highlights some real concerns about EU exit funding. A number of Departments are unable to track and identify their costs. We know that that can lead to problems down the line. What has gone wrong there and what are you going to do to try to improve this?

Cat Little: The big lesson learned from all of this is that we must have more timely, transparent consolidated financial information for both EU exit and Covid. My take on what has gone wrong is that we did not have live consolidated tracking within the Department for the period 2019-20.

Q64 **Chair:** When you say the Department, do you mean the Treasury?

Cat Little: Yes, within the Treasury. Departments were tracking expenditure. It has got better, based on what we have seen so far. The improvements we have made for 2019-20 and for this financial year for EU exit include stipulating much more precise information to be reported as part of annual reports and accounts. We are starting to see those being published, with the administrative deadline only a couple of weeks ago. Having read those that have come through, I can already see that there are inconsistencies. Some Departments have complied and some have not quite. We are currently going through the process of updating what we are asking Departments for, for the 2020-21 period. I will be writing to this Committee to get your views on the level of detail and how prescriptive we are.

The other thing we have done in the Treasury for 2021 EU spend is to put in place forecasting and spend tracking for the first time. We are currently consolidating the period 6 expenditure for this financial period. I would be very happy to share that information with this Committee.

Q65 **Chair:** We would be very interested and we may even want to have a session in more detail about that. One of the concerns is that this has now been going on for four years, let us say, with the date of the referendum as day one, and yet we are still seeing these problems. You are still talking about future dates for doing different types of consolidation. Trying to track through how the expenditure has happened and what it has achieved is going to be very difficult. That does not help, Mr Chisholm, in your planning either. You have said what has gone wrong, but one of my other questions is why it went wrong.

Cat Little: The key thing is that we did not consolidate the data. The other thing—and this is not necessarily something we can immediately mitigate—is that the administrative deadline for the financial statements, as you know, was put back because of Covid. In terms of timeliness, it means we are looking at 2019-20 financial data a long time after the period in which it was spent. I am assured that, at individual departmental level, the accounting officers, who are ultimately responsible for this, have a really good understanding of their departmental expenditure, but it is hard to assure this Committee when we have not consolidated it together.

Q66 **Chair:** We are talking about the 2020s now. What about the earlier dates, so 2016, 2017 and 2018?

Cat Little: Because we did not ask for that financial data in that—

Q67 **Chair:** The question is why the Treasury did not ask for that financial data.

Cat Little: If I am quite frank, I think that our financial systems were not capable of creating that data. EU exit is not an accounting category in itself, which I am sure you will appreciate. We relied on Departments to do that tracking on our behalf.

Q68 **Chair:** You rightly highlight that it is not an accounting item in itself, so we recognise that there are challenges. However, we also know that it is very easy for a Department, and we know that Departments do this on other subjects as well, to choose to say, "It is very difficult to measure because it is hard to count the beans on this". How do you mitigate against that from the Treasury? I am sure you are pretty tough on Departments when they try to do that broad brush: "We cannot identify exactly how many staff, what money or what it achieved". To us, that is not good enough and there are better ways of doing it. How are you making sure that they are stepping up?

Cat Little: This is a major priority for the Treasury and the finance function. The first way is through better systems and data collection so we can have real-time analysis and information. OSCAR II, which is our new centralised financial information and data collection tool, is coming into line in phased stages. We are currently putting all the programme data for Government into OSCAR II.

Q69 **Chair:** Is OSCAR only in the Treasury?

Cat Little: That is in the Treasury.

Q70 **Chair:** Do Departments feed into that?

Cat Little: They feed into that.

Q71 **Chair:** How many Departments have access to OSCAR?

Cat Little: OSCAR II will incorporate every single Department and every ALB within the resource boundary that we are responsible for.

Q72 **Chair:** Right, so it will. Are any submitting at the moment? Do you have a phased plan for them going live on that?

Cat Little: Yes, we do. This has been in the making for five or six years. The implementation will be phased out over the course of next year. The way it goes live is that everyone comes on for different modules, so for cash forecasting, for detailed data collection. That is phased over a 12month period.

Q73 **Chair:** It is not Department by Department. It is category by category.

Cat Little: Yes.

Q74 **Chair:** Okay, I get that. We asked you to implement, in the spring of 2020, some of the things we recommended around getting a better definition of a number of things, including consultancy. How is it going on that?

We have seen a very big increase in spend on consultancy. With a former member of this Committee, I looked at some of those contracts in detail. I might come back to Mr Chisholm on this. A lot of it was around policy development, which I would think is exactly what the Civil Service's core strength should be. It was quite interesting to look at what they were doing for the money and the variations in cost, plus what is a consultant and what is not a consultant but an interim member of staff. How have you nailed that, or have you nailed that? How are you pinning that down so Departments do not get away with it?

Cat Little: The definition and how we collect data really matter. It is quite painful, detailed work between us and the Cabinet Office. We have updated the Cabinet Office definitions of what a consultant is and what it is not. That was updated in November last year. The financial reporting requirements are now all based on that single definition of consultancy. In the spending review, we are focusing, as you might imagine, very heavily on levels of consultancy and the way in which Departments are making best value of consultancy across the board. We are also looking at contingent labour as part of our total workforce planning and strategies. It is a really big emphasis for Ministers, the Treasury and the Cabinet Office. You can expect to see much more about how we make better use of the funds available there.

Q75 **Chair:** That is for the future. What about the stuff that has already been spent on Brexit? Do you think you have an accurate and complete picture of what has happened so far?

Cat Little: We have a good, accurate picture of consultancy across the board. We have a fairly good idea of how much has been spent on EU activity. It is not entirely precise because you can have consultants who are doing EU, Covid and other activities. We have a really good understanding of that. It is fair to say that we have used consultants as substitutes for civil servants where we did not have the capacity or skills in some areas. The big challenge for us going forward is how we make sure we have the skills, capacity and surge capacity to avoid that in future.

Q76 **Chair:** Mr Chisholm, I have seen some of these documents, these contracts, that have gone to people on Brexit, but also other ones, because we as a Committee have the right to call people, papers and records. I will just remind you of that. It has been very useful to see them, but it has also been quite instructive. Some of the differences in fees have been quite extraordinary. The difference in quality of work where I have actually seen a final product has been sometimes variable. Do you believe there is a tendency for some Departments to siphon something off to a consultancy as a problem off their desk, park it away for a bit, and then back comes a bit of work that is actually not very good quality? Are you watching that and how are you going to improve it?

Alex Chisholm: I agree absolutely with what Cat has described there, for all sorts of reasons.

Q77 **Chair:** I would hope you would agree with her. When Treasury is in the room, it is always wise to agree.

Alex Chisholm: For the EU exit process, there were a lot of examples of good use of consultants.

Q78 **Chair:** I would just chip in there. This Committee is not hair shirt about consultants. We recognise they may be useful. We have said that very clearly, but, frankly, some of the work has not been good quality.

Alex Chisholm: It has been a mix. I have seen lots of examples of good use of consultants with specialist skills in data or systems or specialist market knowledge, bringing a test and a challenge to the work of Departments. That is good and very necessary. The Cabinet Office before my time facilitated that by putting in place a framework for enabling people to procure those consultants. I have no problem with that at all. Equally, as Cat said, for contingent labour or contractors, if you are doing something that you know to be a short-term project, rather than taking on permanent staff it might make sense to have some short-term staff in place.

Those are two good examples, but I agree with the spirit of your question and commentary from Cabinet Office Ministers recently. As a whole, we make too much use of consultants and contractors and we would like to take more of the responsibility for that in house. There has been a big trend to do so, particularly in the digital domain, where there used to be a major contracting-out approach. A lot of Departments, HMRC, DWP, MoD, Home Office, are bringing more responsibility in house now. That makes sense because these are core skills.

Q79 **Chair:** How will we know you have done a good job on that? How can we hold you to account?

Alex Chisholm: Over time, we should be seeing total Government expenditure on consultants and contractors go down. I know we have a separate session coming up on skills, which I am looking forward to, and I think Cat is also coming to that. You should see evidence of the skill levels rising, both from external accredited sources and from activity and expenditure on learning. Those would be the prime indictors.

Chair: We will be holding you to account on that. As you know, it is something that has concerned this Committee for longer than I have been Chair. I hope your positive words lead to some action.

Sir Geoffrey Clifton-Brown: Could I ask Ms Little if she could let the Committee have a note? Given that the OSCAR II system has been in gestation for about five years and you are talking about beginning to collect data next year, when is it likely to be fully in operation? What will it cover? Will it replace any other system? Could we have a note on that? That would be very helpful.

Chair: We may want to probe more into that. I think we will find it very useful as a Committee.

Q80 **James Wild:** Mr Chisholm, I want to talk a little about what comes through in the report, which is a culture of secrecy and restriction of information. You talked earlier about wanting to protect the negotiating position, which is obviously right. However, on a lot of the implementation projects the report talks about the impact that has and the lack of collaboration in delivering on those projects. Is there still a culture of secrecy at the centre around sharing information on preparations?

Alex Chisholm: I hope that we have a culture of transparency, particularly as we have moved away from the original focus—"Will there be a deal?", no-deal preparations et cetera—where there was a real concern about trying not to reveal our hand, as you say, to our negotiating partners. Most of what needs to be done now is not dependent on the negotiation. It is activity that is already consequential, having left the single market and the customs union. As a result, we have been much more transparent in public with businesses, with consumers, with the media and with Parliament, but also in sharing information across Government, including with local authorities and devolved Administrations. We have tried to ramp up transparency and limit secrecy to only where it is strictly necessary.

Q81 **James Wild:** I asked earlier about the dashboard and you said there were various dashboards now across the system. Are those now openly available across Government so that everyone has a full view of the enterprise of what everyone is working to?

Alex Chisholm: Yes, they are. That is an excellent example of how we have evolved our practice. I think DExEU had a practice of requiring submissions from other Departments and it held the central record of what the overall picture was. We have, rightly, recognised that, particularly given the phase we are in now, trying to get everybody ready by the end of the year, we should be sharing openly with Departments, which we do, not only all the milestone information about their own projects, but the operational readiness in terms of what is actually happening out there across the country.

Jess Glover: The whole picture of readiness across the Government programme, James, which you will be very familiar with, is shared with all Departments on a fortnightly basis, as I chair the portfolio board. The attendees to that board see that information. There has been quite a lot of interest in the press lately about the information that we share with devolved Administrations, so I wanted to add too that we have identified within that programme those projects that are particularly relevant to devolved Administrations. There, we share that information with them.

We also shared in August what we call our guaranteed changes, which are happening either way, whether there is a further deal negotiated with the EU or not. We shared that widely across Government and with the devolved Administrations in August. We have shared our reasonable worst-case assumptions and our central case assumptions also with the devolved Administrations at the beginning of September. I hope that is an example of the culture of openness and information sharing, through which we try to generate a whole-system understanding of the programme and of where the particular focus of Ministers and so on is needed.

Chair: Mr Wild hit the nail on the head there about lessons learned. One of the things we were saying from an early stage was that the secrecy, the inability to get information, was really difficult for a lot of people.

Q82 **James Wild:** It is certainly notable that the amount of leaks that there were during the period when I was involved has reduced as there has been more transparency. That is a positive thing. How are the arrangements that you have for sharing that information across Government and collaborating working, for example on Covid-19 or other major policy challenges? Is there the same level of transparency and data sharing across Departments?

Alex Chisholm: Broadly, I would say yes, but it is a very different context. In particular, the responsibilities are devolved in relation to public health. There is sharing of information and data. For example, the four chief medical officers talk almost every day about that information picture and what we need to do, but it is not identical to the EU transition process.

Q83 **James Wild:** I wanted to go back on the finances before a few of my colleagues are going to talk about communication with stakeholders. Ms Little, do you know how much of the money that was provided to the devolved Administrations for Brexit preparations has actually been spent on Brexit preparations?

Cat Little: I know how much we have allocated to the devolved nations, but I do not yet have an up-to-date amount for what has actually been spent. All the money for EU exit transition is pretty much ring-fenced. As we get to the supplementary estimates, we will have to do a tallying up of what has been spent versus what we would expect to be returned. Very briefly, Northern Ireland has received £56.7 million to date, Scotland £146 million and Wales £85 million.

Q84 **James Wild:** When will you know how much has been spent? When are the supplementary estimates?

Cat Little: The supplementary estimates will be in the spring next year. For all the reasons I mentioned, we will only have that timely information for 2020-21, but that information will be available early next year.

Q85 **Sir Geoffrey Clifton-Brown:** I am going to go straight to you, Ms Churchill. One of the biggest hazards is freight and freight hold-up at the short straits. Can you tell us the current state of play with the goods vehicle movement service and smart freight?

Emma Churchill: Yes, I certainly can. It might help if I explain that those are two very different systems. I think they have become interchangeable. Very briefly, I will explain what they do. The first one of those that you mentioned is a new HMRC system, which is needed in full for July for the full implementation of import controls, but will be used at the GB-EU border for some narrower office of transit functionality at the end of December. That is a new HMRC system.

There is a test environment in place at the moment. The API technical specifications were published in July. The test environment is up and running. There is a developer hub that hauliers can use to test the user interface that is going to be there for them. There is a sandbox, as I think they call it, test environment for carriers and ports to use. That testing is ongoing and will be completed early in December in my understanding. That is a core system that will be needed to implement new controls. That is a core HMRC system.

The system that we have been calling smart freight actually has a new name, “check an HGV is ready to cross the border”. It is not a system as such. It is a web service and therefore it is a service that will be available on GOV.UK, hence the name. As you know, the Government Digital Service has some standards as to “does what it says on the tin” sorts of names. That will be operational from the end of December, when the new requirements come into place. Hauliers and drivers, at the point they are picking up their goods, will be able to use that service to check that the documentation that they have in place is sufficient to enable them to cross the border successfully.

It will be a very simple series of questions and it will be in use on an advisory basis if you are using ports across the country. We will have more to say on this shortly, but the intention is that it should be mandatory for those using the short straits crossing. For those using the short straits, the intention is that it should link to the issuing of a Kent access permit. Therefore, as you go through the questions, if the web service confirms that you have the correct documentation, you will be given a Kent access permit. If your answers to the questions reveal that you are missing some key documentation that would get you stopped and mean that you could not make a successful crossing across the short straits, the web service will indicate to you that you should not progress and it will not give you a Kent access permit.

Q86 **Sir Geoffrey Clifton-Brown:** There is quite considerable concern in the freight industry that these systems are still being developed. Back to my earlier question, what is going to happen when a lorry full of perishable food gets to this Kent access system and does not have the correct paperwork in place? What will happen?

Emma Churchill: If it is the case that drivers and hauliers are using this at the point they pick up the load, they should discover that the correct documentation is not in place before the load is carried. It is designed to avoid the situation where that is not discovered until the lorry has reached the port, at which point there is a problem with the loads of goods being carried, causing further disruption for people who are ready seeking to cross.

I should make one point that there is going to be some provision specifically for single loads of fish for human consumption and day-old chicks, where there is obviously an extreme urgency that they should get through. We hope that a combination of the measures we are taking on trader readiness and the web service will mean that unready trucks do not come to Kent and are therefore not causing traffic congestion. Should there be traffic congestion, we are going to make specific arrangements for those to be prioritised to make the crossing.

Q87 **Sir Geoffrey Clifton-Brown:** Presumably that will apply to vital medicines and chemicals as well. They need to have utmost priority.

Emma Churchill: The arrangements we are making for those are focused on the inbound and on imports. Category one goods, as they are called, are those that are critical for life and limb, that is medicines, medical supplies, vet medicines and some other critical chemicals necessary for critical national infrastructure. For those category one goods, we are making arrangements so that, if those imports in a timely fashion are put at risk because of disruption at the short straits, there will be freight capacity in order for them to still enter the country. Yes, we are doing that.

Q88 **Sir Geoffrey Clifton-Brown:** Can I ask you a question about customs readiness? Industry has also not received detailed guidance on how to apply for duty deferment accounts and simplified customs procedure or how planned inland customs parks will operate. Apparently, it was said that 50,000 new customs officers would be trained. How many have actually been trained?

Emma Churchill: There is a figure of 50,000, which was an industry calculation on the basis of an increased number of customs declarations. Of course, in the staged model, export declarations will be required at the end of December. Import declarations will not be required until the end of June. The need for new customs agents is split across January and July. The 50,000 figure was based on a rather rough calculation by industry. Actually, there are many different models, as you will know, for the ways customs agents and freight forwarders are used, so that is not a figure we tend to use.

However, the point is absolutely correct that we need the customs agent market to expand and to expand more rapidly than it is currently doing. You will know that the Government had a grant scheme that was worth £34 million, which has been open and is now used up. In recognition of the need for the market to take further action to expand, the Government announced in the summer an additional £50 million grant scheme, which has been open. Across those two grant schemes, to date they have funded just over 20,000 training courses and I think just over 16,000 pieces of IT kit.

It is quite a flexible scheme. The scheme can support a range of actions that organisations are taking to recruit new customs agents, to train new customs agents and for the IT kit that is needed for them. It is open to customs agents, professional organisations, if you will, and businesses that are training in house. That £50 million is available and we hope people will access that funding. That is what it is there for.

Q89 **Sir Geoffrey Clifton-Brown:** Can I pick you up on the IT point? According to Bloomberg, there are 10 new systems that haulage firms and freight forwarders will have to operate and navigate from 1 January, including at least three being designed now. The recent memo said, "This is completely unnecessary and unmanageable with duplication and overlap", according to the industry. Can you comment on that?

Emma Churchill: There is a range of different systems that are required overall to enable the border to operate. There are some systems that are absolutely existing today. They have existed for long time. CHIEF, for example, is the main customs system.

Q90 **Sir Geoffrey Clifton-Brown:** Yes, we are well familiar with that.

Emma Churchill: Fine, I do not need to describe what that does then. That has been existing for a very long time. IT development work has been done on that in order to scale it up, to make sure it is ready for the challenge of increased numbers of declarations. That is an example of a system that will no doubt be on that list of 10. That is absolutely there. There are other examples of systems, IPAFFS within Defra for example. I do not know whether that is another one that you have looked closely at. That is already there. It is mature, it is functional and it exists.

The key system that is new, and there is only one really key system that is new, is the GVMS system that you referred to. That is a new and core part of the way we will run our border systems. I do not know exactly what was listed in that 10, because there are actually more than 10 border systems that exist. As an example, I suspect that one would have been the web service that I was describing earlier. That is a web service that we are introducing specifically with the intention of avoiding disruption at the short straits. It will only be in place for the period where that disruption is at risk of occurring. It is not a core part of our border controls for the future. There is a difference between the systems that are a core part of our border control system overall and the measures that we are going to ask people to take to try to avoid the situation that we all want to avoid, which is significant disruption at the short straits.

Q91 **Sir Geoffrey Clifton-Brown:** I suspect that leads me nicely into my next question. If all this excellent planning you are doing fails and we start to get Kent filling up rapidly, what is the state of play of your preparations to use alternative routes, Harwich or one of the other major ports we have in this country?

Emma Churchill: Which port they use is a commercial decision that people can make. The specific measures that Government are putting in place are those ones that I mentioned in respect of category one goods. Additional freight capacity will be procured for those goods. DfT is leading that work and that is progressing very well. The tickets for that I think will go on sale in mid-November.

On the Kent contingency in particular, we work extremely closely with the Kent Resilience Forum and on the Kent traffic management system. We know that we need to put in place sufficient space for the reasonable worst-case scenario, which, as you know, is a reduction in the normal flow rates across the short straits but also up to 7,000 HGVs needing to be held at any one time in Kent. We work very closely with the Kent Resilience Forum on that.

There is infrastructure being put in place in Kent. I think you will know that Ashford Sevington is the key site for us here. DfT has procured that site and development on that site is progressing well. There will be a further contingency site that DfT is in commercial negotiation on now to ensure that, if that comes to pass, there is sufficient capacity to ensure that level of traffic does not affect the strategic road network. That is the important thing.

Q92 **Sir Geoffrey Clifton-Brown:** Will those systems have real-time information? Did you want to come in, Mr Chisholm? Let me ask the next question.

Alex Chisholm: This relates to your last question.

Sir Geoffrey Clifton-Brown: It may help if one of you gives the answer to both. Will those web systems have real-time information so that hauliers and others can see what is happening in real time, in order to make sufficiently advanced decisions not to use the short straits but to think about using elsewhere? That would solve some of the build-up of traffic.

Emma Churchill: That links to another thing that we are putting in place to try to make sure we can manage any disruption that occurs, which is the border impact centre. Last October, we had a nascent, early version of that in the border impact centre that would have been part of the overall CCS approach last October. We have worked very hard to work out how we can improve and enhance that approach, including through better sharing of data across Government Departments. You may know that there have been some legal barriers to that data sharing. We have a clause in the Trade Bill, which we very much hope will receive Royal Assent in advance of the end of the year, that gives Government Departments greater powers to share with us the data they hold.

Once we put that together, we will have a much greater picture of what is going on, not just in relation to the short straits, but in relation to other ports as well. We will bring that information together, including the information we get not just from other Government Departments but from local resilience fora. Kent is a key local resilience forum, but it is not the only one we are working with. There are other local resilience fora and other local authorities that have major ports where we will also want to be monitoring what is going on very carefully. We will be able to share that picture with border industry stakeholders and others, so everybody has a completely clear picture of what is going on at the border.

Q93 **Sir Geoffrey Clifton-Brown:** There will be real-time data.

Emma Churchill: That is exactly the idea, that the border impact centre should monitor what is going on in real time and will be able to share that information. I do not know whether it will be accessible directly through the exact systems you have just outlined. It may be available more broadly than that. For example, the GVMS system in particular, not least because at the end of December it will only be used for a relatively narrow range of functions in relation to transit, probably would not be the right place to be giving out that information. We will have that real-time situational awareness, which we will be able to share with stakeholders.

Q94 **Sir Geoffrey Clifton-Brown:** Picking up on something that Mr Chisholm said earlier, this is about interconnectors. There is not only the Northern Ireland-Southern Ireland interconnector. There is the interconnector into France. Can you tell us what preparations there are to make sure electricity flows both ways on those two interconnectors? That is critical if we get a wintertime surge.

Emma Churchill: Thinking about the short straits first and the relationships that exist with France, operational engagement has been going on. These preparations, as have been mentioned a number of times, have been going on for some years. That is the same in relation to preparation on the French side of the channel. The equivalent of the GVMS system, the French SI Brexit system, has been in place for some time, as has the infrastructure required on their side of the channel. They also have quite advanced traffic management plans on their side of the border. It is possible for us to work together at operational level, considering each other's traffic management plans, to try to make that run as smoothly as possible.

Q95 **Sir Geoffrey Clifton-Brown:** I was talking about electricity, not traffic management.

Emma Churchill: Sorry, I thought that was the case.

Alex Chisholm: There are agreements in place to ensure that, for both electricity and gas, the interconnectors continue to operate. That is very much in the interests of both sides of the interconnector. As you know, even for the French interconnector, where typically electricity flows towards the UK, there have been significant periods when it has gone the other way, particularly when there was an outage or a series of maintenance in the French nuclear fleet. There is also Belgium, which is a brand new one that has just opened. Again, the electricity there has, more than people anticipated, flowed in the other direction. With our EU neighbours, as well as with other countries such as Norway, we are confident—

Q96 **Sir Geoffrey Clifton-Brown:** What about the Northern Ireland one?

Alex Chisholm: Yes, and the Northern Ireland one—that electricity and gas will continue to flow without interruption.

Q97 **Sir Geoffrey Clifton-Brown:** This is my final question, but it is really important. Ms Churchill, can you tell us where we are with the Northern Ireland export and import situations?

Emma Churchill: Yes. We have published, as you know, a command paper setting out the approach. That was much earlier in the summer. We have published some further guidance in August to support businesses to understand what the situation will be moving goods in both directions. As you know, the Government have made a commitment to unfettered access for Northern Ireland businesses moving goods into Great Britain. They have set out their position in relation to what will be required for moving goods in the other direction.

I should talk about the key message to business here. The trader support service, which the Government have allocated I think £200 million to setting up, is now there. Businesses are now able to register to use it. That is critically important because it fulfils the Government’s commitment to ensure that those administrative processes that need to be undertaken will have a minimal effect on Northern Ireland businesses. All businesses that are moving goods between Northern Ireland and Great Britain should be registering to use that service.

Q98 **Sir Geoffrey Clifton-Brown:** In line with what was said earlier, the number of customs checks will be reduced on goods coming into this country. Has any work been done on the threat to revenue through smuggling? If I were of that mind, which I am not, I would be using this as an opportunity to illegally import goods into this country without paying the duty. What work has been done on the threat to those revenues?

Emma Churchill: To be clear, if you are moving goods from Northern Ireland to Great Britain, there is unfettered access.

Q99 **Sir Geoffrey Clifton-Brown:** Sorry, I have moved the subject on to moving goods either from southern Ireland or even from France or anywhere else in the EU.

Emma Churchill: If the goods are crossing the EU-GB border, at the moment they are not subject to those controls at all. We are tightening, in successive stages, the border controls that exist. For the period between January and July, HMRC will of course do the range of compliance checks away from the border that you would normally associate with that. Of course, Border Force will continue to do exactly what it does now, which is, on a risk basis, pulling those trucks that it wants and needs to at Dover. That happens now and will absolutely continue to happen.

The tightening of the controls that we will have in a staged way through 2021, for example with the introduction of safety and security declarations for imports from the EU in July, will increase the ability of Border Force and others to ensure smuggling and bringing in of illicit goods, including for organised crime purposes, is tackled much more effectively. That is a tightening of control.

Q100 **Dame Cheryl Gillan:** Before I come to Alex on staffing, can I ask you something, Ms Churchill? One of the alarming developments over the last couple of days is now the growth of Covid and travel restrictions. Are you satisfied that you have contingency planning for the movement of freight if this continues to grow exponentially and we see areas of England, in particular, and Wales where we have to bring in geographical travel restrictions? How are you going to cope with that?

Emma Churchill: The Department for Transport runs a critical freight task force, which operated throughout the spring to ensure freight was able to travel, even in a situation where we were in national lockdown. As you will probably know, freight numbers dropped at the peak of the spike in March, but not as much as you might have expected. It was possible with DfT working very closely with the ports and, I have to say, incredibly closely with the logistics industry. All of the border industry did a fantastic job in ensuring that freight continued to flow. We would expect to do exactly the same through the winter.

Q101 **Dame Cheryl Gillan:** Alex, the NAO report talked about the scale of the task of the mobilisation of civil servants. I think you mentioned earlier in your evidence to the Committee some 50,000 personnel. They also have not been able to access all the information because they cannot quantify the impact of the staff moves or accurately estimate the cost. Apparently, most Departments did not have a system in place that allowed them to identify or estimate how staff split their time, for example between Covid and Brexit. Can you tell us now how many staff will be moved at the end of the transition period, what the cost will be, if there will be redundancies, how you are going to retain the civil servants you wish to retain and where they will be moved to?

Alex Chisholm: First, to correct one figure, I think you said 50,000. I must have not spoken clearly enough: 15,000 is the number of civil servants working on EU exit.

Dame Cheryl Gillan: I thought it was a little high, but thank you for clarifying.

Alex Chisholm: At the peak—I think the figure is in the NAO report—it was 22,000, so we are well down from that peak. You are right that it has required a very effective mobilisation right across Government to be able to do that. Looking out over the next three months, we have carefully identified which additional resources are needed. Some of those, for example, are working in HMRC, particularly call centre staff dealing with customer queries that you heard about a moment ago. Defra has a need for some additional inspectors, for example, in relation to sanitary and phytosanitary checks. The Border Force needs some more people.

In all cases, Civil Service HR is working in support of Departments to make sure their plans are solid for recruiting those people. Mostly, it is people who are already working in Departments being reallocated through a process of prioritisation. In some cases, there are new recruits coming in. In a small number of cases, we are making use of contractors or consultants. That is the mix in place and that probably gives you a bit of a sense as well of the priority areas.

Q102 **Dame Cheryl Gillan:** What about cost? As the NAO said, it could not accurately estimate the cost because few Departments had a system in place that allowed them to identify what areas these civil servants were working on.

Alex Chisholm: As we heard in the evidence from Cat Little, there have been some questions about the centralised database available for that. Departments have had systems in place for tracking. When I was Permanent Secretary at the Department for Business, Energy and Industrial Strategy, I was very conscious that we had been given money by the Treasury specifically for EU exit. We tracked the use of those funds every single month and, indeed, were able to return some tens of millions at the end of last year because some changes had happened to our planning. Some things had finished earlier than we had expected. We had not needed to use some contingencies.

I would not want the Committee to get any false impression that there had not been control over those resources. It was just very departmentally based. I think that was the issue that came out in the discussion between the Chair and Cat Little.

Q103 **Dame Cheryl Gillan:** Can you clarify the timings for us, for the Committee? When do you expect the moves to start to take place?

Alex Chisholm: I can certainly speak for the Cabinet Office. We have about 500 people currently working on EU transition between the teams represented here by Transition Task Force, Jess Glover's group, and Emma Churchill's Border and Protocol Delivery Group. The other large area is Task Force Europe. Task Force Europe, which is engaged in the negotiation, does not expect to be working into the new year, so that is a group that I expect will be wrapping up quite rapidly.

Q104 **Dame Cheryl Gillan:** Will there be redundancies?

Alex Chisholm: No, we do not anticipate redundancies. The number of people working on this in the Cabinet Office is relatively small. Furthermore, the quality of the people working in it has been extremely high and we would love to use them for other alternative roles in Government.

Chair: So there are no redundancies. We need a quick answer.

Alex Chisholm: We are not expecting any redundancies at all as part of completing our own processes. I should emphasise that, because of what you heard earlier from Emma about the three-phase approach to the borders, we will still be working into the next financial year to make a success of that. It does not all go away.

Chair: I certainly hope it is not going away in your mind. That is a relief to know.

Alex Chisholm: The 500 will reduce. There will maybe be half there.

Q105 **Dame Cheryl Gillan:** The NAO says that not all the Departments have this accurate financial data that you have just described. Are you going to do something about that?

Chair: Dame Cheryl, we covered this quite a lot in detail earlier about OSCAR II when I was talking to Cat Little. You may remember. Is there a specific question you have?

Dame Cheryl Gillan: I wanted to know what they are going to do about it and when.

Chair: Mr Chisholm, can we have a date on OSCAR II? What are you doing at the Cabinet Office as well?

Alex Chisholm: Obviously the prime responsibility for Government funds lies with the Treasury, but we work very closely with the Treasury. In the course of the year, where we have identified a need for additional funds because of well-made cases from Departments and evidence we have looked at, we have supported that. That has led, for example, to over £700 million being made available in relation to border support. That has been a big area of focus. We have also heard about the support specifically to help with the GB-Northern Ireland situation. That has been the aim. I would stand by the evidence given by Cat Little about the changes being made to OSCAR II to have a better grip on this going forward. I have nothing to add to that.

Q106 **Dame Cheryl Gillan:** My last question is to ask you if you are doing any work to assess the impact of working on the Covid-19 response on staff.

That is the overarching and permeating issue at the moment.

Alex Chisholm: There has been a huge amount of work there, even more in terms of the number of people engaged across the whole of the Civil Service in relation to Covid. To the point you were making before, some of that has been people working temporarily, moving for a few weeks or working for part of their time, so it is not as easy to come up with a single hard number. We have been very conscious the whole way through this process that the health and wellbeing has been a real aspect.

We have worked very closely across Departments on how best we can support our workforce, especially our workforce that in some cases, probably most cases, had to work remotely for most of the last six months. Alternatively, you have other people working in absolutely frontline-facing situations in the health service. We have people working in benefits offices now. Again, they are not working from home. There are also prison officers.

In all these cases, Departments have been very focused on the wellbeing of staff and supporting them through this process. I have seen a lot of evidence of surveys, pulse surveys, local support groups, a lot of consultation and a lot of working with staff networks to hear from them and see how they are being impacted. There is a focus on vulnerable people. We have seen that Covid has differential impacts on different communities, people and demographics. I feel very pleased by and proud of that whole effort. You are right that we need to maintain that because it is a marathon, not a sprint. There are people who have been working pretty flat out, many weekends and evenings.

Q107 **Dame Cheryl Gillan:** I presume there are teams working on both the transition and Covid-19.

Alex Chisholm: There are some, but we have tried to limit that, for the very reason that those are the two giant priorities for Government and it is difficult to do giant priorities together. You would find people at the very centre and more senior levels, like me, who are engaged in both of those activities, but most people are dedicated to either one.

Q108 **Dame Cheryl Gillan:** How is the morale among this cadre of civil servants?

Alex Chisholm: It is actually quite high. It is interesting, because I read in the media, from time to time, that there is an assumption that people might be being worn out and demoralised. Most people who work in public service, including the Civil Service, are very motivated by doing useful things to serve their fellow citizens. Both the need to be ready for a hard deadline of EU transition and the need to respond to the pandemic have brought out the best among civil servants. There is a terrific sense of pride and achievement.

I am waiting nervously to find out the people survey result, which we do every year, so it is a very good year-on-year comparison. We are right in the middle of that now. It completes at the end of October. We will have the data at the back end of November.

Q109 **Dame Cheryl Gillan:** Can you share that with the Committee when you get it?

Alex Chisholm: We certainly will. My expectation is that, contrary to this media debate, it will show that people's morale has held up quite well and there is a real sense of pride in what has been done.

Dame Cheryl Gillan: We are very grateful for what is being done by all the officials.

Q110 **Chair:** Indeed, we echo that. I echo that as Chair of the Committee as well. We have covered a lot of ground about lessons learned, so I will not go through all that again. I wondered if you could summarise, Mr Chisholm, how you would move from getting stuck in the realms of policy, which is something we have seen is a bit of a problem, less for Covid and more for EU exit preparations, and get quickly to implementation. If you take the big, knotty issues, for example tackling climate change, what key, top points could you say you have learned at the Cabinet Office that Government need to take on board?

Alex Chisholm: Climate change is an excellent example of where we have applied some of those lessons. There is that two-tier structure that I described, originally developed in relation to EU exit, of XS and XO, which we have then copied in the Covid area. That is now being used as well for our response to climate, with a strategy group and a more operationally directed group.

We have also found that it is very useful to be driven by hard data about outcomes and not just output data about activity. The climate area rather lends itself to that because you can measure the CO2 emissions. In all the areas that we are tackling in this very joined-up approach, we are using CO2 emissions reduction as being the ultimate test in order to get to net zero.

You can work on something like, for example, the new farming and countryside scheme with a view to asking, "What is the impact?" They are doing several hundred things differently as a consequence of this repatriation of responsibility and powers, to make sure we deliver on our public value goals. The design of that programme is based on, every year, asking, "What have we achieved compared to what we expected to and our KPIs? What can we do differently and better each year?" That is a very powerful ratchet for optimising the impact for the designed outcomes we want to try to achieve. That is a habit, a learned behaviour, which has been intensified through the EU exit and Covid experience.

Q111 **Chair:** That is great. If that is learned behaviour, and you have talked about not having so many consultants in future, so you want to have those skills in house, are you looking at the way you recruit people into the Civil Service and where from? You mentioned the fast stream as a specialist stream earlier. The fast stream is not specialist exactly. It is clever people, but it is not specialist in skills.

Alex Chisholm: It is more specialist than you think, if I could dare to disagree with you on that.

Q112 **Chair:** Perhaps we will not go into the ins and outs of the fast stream in this meeting.

Alex Chisholm: There are actually eight different bits of fast stream. There are not just the generalists. You have analysts, project managers, digital and commercial.

Q113 **Chair:** That is a fairly recent change.

Alex Chisholm: That is responding to that need for more professional skills.

Q114 **Chair:** Is that coming through the pipeline now?

Alex Chisholm: It is coming through really strongly. We have been delighted that, for every 64 applicants, one was successful, so it is intensely competitive to get into the fast stream now, given the quality of people coming in.

Chair: It is easier to become an MP.

Alex Chisholm: No comment. We are able to get a range of people from different backgrounds. I think it is about 20% or so from an ethnic minority and 10% from a lower socioeconomic group. We have tried to reach out to make sure we are getting our recruitment drive right across the whole country. It seems to be working and we were rated No. 1 employer last year by *The Times* survey.

Q115 **Chair:** That is a good start, although I have to say the last time I looked at the figures it was getting better for women up to a certain point, but it was very poor, I think, on minority backgrounds. There is still a long way to go, I think.

Alex Chisholm: We have further to go, particularly at senior levels.

Chair: I have a little advert for the National Audit Office, which has had a great success in turning its interns into trainees and changing the diversity at that level of the organisation. Maybe you could talk to them about that as well. It is good to hear that you have it in mind. A few years ago, I do not think it really was in the mind of the Civil Service, so it is great to hear that there are at least some steps in the right direction.

Can I thank you all very much indeed for your time? We have had an interesting session where we have cantered through and learned about the low level of small business belief that the transition period is even going to end, let alone how well prepared they may be. We have heard a bit of hopefully good messaging that you are not going to rely on consultants unnecessarily in the Civil Service and, fascinatingly, that chicks and fresh fish will jump the queue if there are lorry queues on the motorway when we transition.

I am not quite sure what that will tell us about the shape of our report, but you will no doubt look forward to seeing that and taking on board our recommendations. It will be published in the next month or six weeks, before Christmas, and the transcript of this session will of course be on the website in the next couple of days. Thank you very much.