

Joint Committee on the National Security Strategy

Oral evidence: The National Security Strategy

Monday 14 July 2025

5.05 pm

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Members present: Matt Western (The Chair); Lord Boateng; Liam Byrne; Mr Tanmanjeet Singh Dhesi; Bill Esterson; Baroness Fall; Lord Hutton of Furness; Baroness Kidron; Mike Martin; Lord Sarfraz; Lord Sedwill; Emily Thornberry; Lord Tunnickliffe; Derek Twigg; Baroness Tyler of Enfield; Lord Watts.

Evidence Session No. 2

Heard in Public

Questions 21 - 35

Witnesses

I: Rt Hon Pat McFadden MP, Chancellor of the Duchy of Lancaster, Cabinet Office; Matthew Collins, Deputy National Security Adviser, Cabinet Office.

Examination of witnesses

Pat McFadden and Matthew Collins.

Q21 The Chair: Welcome to today's meeting of the Joint Committee on the National Security Strategy. Today, we are holding a further evidence session on the national security strategy, which was published at the end of June. Can I start by welcoming the witnesses and asking them to introduce themselves?

Pat McFadden: I am the Chancellor of the Duchy of Lancaster.

Matthew Collins: I am Deputy National Security Adviser.

The Chair: Just to explain, we have several votes going on in the Lords. There is a vote right now, and there will be a further vote in an hour and a half, but I hope that it will not be as disrupted as we first feared. Thank you for your patience anyway, as others may stream in.

Thank you for joining us today. I appreciate the letter that you sent us, Pat, on 19 June, confirming that you would be attending today and that the NSA, Jonathan Powell, would also come before us. It is two and a half

years now since this committee had an NSA in front of it. That was Tim Barrow, back in February 2023. Why was it not possible for us to have some formal confirmation before the publication of the national security strategy?

Pat McFadden: I am a great believer in ministerial accountability, and that Ministers should appear before Select Committees of both Houses. The National Security Adviser has periodically appeared before this committee, or its predecessors, in the past. The rules state that, ultimately, it is up to Ministers to decide whether special advisers or civil servants appear. The National Security Adviser is a special adviser. That is unusual, but it is right that I came to the decision that I did in the end, because I understand the committee's desire to hear from him, and he does occupy a specific position in this sphere, which is important.

The Chair: Our letter highlighted concerns that we and both Houses held about the future risk of other appointments being special advisers and, therefore, how this might impact future accountability. Do you accept that that is a risk?

Pat McFadden: The accountability is always, in the end, through Ministers, but I understand the committee's desire to have the NSA give evidence, and he has indicated that he is happy to do that.

The Chair: Could you give us an indication of roughly when that might be? Will that be within the next couple of months? He has been in post now for a year.

Pat McFadden: Do you meet during the Recess?

The Chair: I am thinking about maybe in September.

Pat McFadden: I am sure that we can arrange a suitable date. I am not the keeper of his diary but, now that we have agreed in principle, it is a matter of setting a date.

The Chair: Thank you for the co-operation on that. It is important. He has been in post for a year now. With Conference Recess, before we know it, it will be the end of October, so if we could nail that for the first two weeks of September that would be really appreciated.

Just finally, who is in overall charge of national security policy? Is it Jonathan Powell or is it you?

Pat McFadden: It is the Prime Minister.

The Chair: And then?

Pat McFadden: Then you have a number of Ministers. I have a role in this, as do the Defence Secretary and the Foreign Secretary, but the Prime Minister is in overall charge of national security policy.

The Chair: Then it is a whole series of other Ministers.

Pat McFadden: Each of those who I mentioned has specific national security responsibilities. The Home Secretary has security responsibilities too. That is all in regard to our departmental responsibilities.

The Chair: I can imagine that he is the ultimate accountable person, but I would have imagined that there would be one individual who was responsible, given how busy the Prime Minister is.

Pat McFadden: Why would you imagine that? The responsibilities for this run across several departments.

Q22 **Lord Sedwill:** We are going to continue on structures for a moment or two. We will come to national security policy in a moment. On the National Security Adviser, as I know, there are parts of the role that Jonathan Powell, as a special adviser, is extremely well qualified to fulfil. He has great experience in giving advice on policy to the Prime Minister, maintaining relationships with foreign national security advisers, et cetera. There are some structural responsibilities that went with the role when it was a civil servant, as what one might describe as the secretary of the National Security Council or the Cabinet Secretary for National Security, which, presumably, he cannot really exercise. Could you just explain those responsibilities and who is exercising then, in essence, on your and the Prime Minister's behalf?

Pat McFadden: Yes, sure, and I will ask Matt to say something about this in a minute. First of all, let me say that I think Jonathan Powell is an outstanding appointment as the National Security Adviser. He has not years but decades of experience in this field, in his time as a diplomat before he joined No. 10, then in his time at No. 10, and then in his career post No. 10, being engaged in conflict resolution around the world. I am 100% confident in his abilities and the quality of his advice, and I have seen it in action in the period since he took up the role. He has added real value, heft and judgment to the role.

You are correct that, as a special adviser, there are certain responsibilities that he cannot carry out. They are carried out by Matt Collins, his deputy, on his behalf. Do you want to say a bit more about that?

Matthew Collins: Yes. As you will remember, Lord Sedwill, a number of responsibilities will be carried out by the most senior civil servant. Those have been attributed both to the Cabinet Secretary and to me. I get the joy of attending Cabinet Office ExCo on a regular basis to go through the money that we are allocated in order to ensure the good management of the National Security Secretariat.

Lord Sedwill: I must admit that, as a civil servant, I delegated that to one of my deputies at the time. The areas that we are most interested in, though, are those that really do require the heft of seniority. Minister, I echo all you say about Jonathan Powell's credentials for those other elements of the job—accounting officer for the security intelligence agencies, chairing the National Security Council officials group of all the

senior Permanent Secretaries, and the nuclear deterrent policy committee. Is he doing any of those, and who is doing the other elements of that?

Pat McFadden: Matt does all the things that a special adviser cannot do. I have seen nothing in my interactions with Jonathan, with the National Security Council or with the structure of government decision-making that suggests that his status as a special adviser is in any way a problem to the job.

Lord Sedwill: I was not suggesting that. Who is the accounting officer for the intelligence agencies now, for example?

Matthew Collins: The Cabinet Secretary is. Just to be clear, the Cabinet Secretary was also the principal accounting officer when Tim Barrow was the National Security Adviser.

Lord Sedwill: What about the NSC(O)?

Matthew Collins: That is chaired by me or by Nick Catsaras, the other deputy.

Q23 **Mr Tanmanjeet Singh Dhesi:** Minister, let me move on to subsea cables. The national security strategy states, "we have to actively prepare for the possibility of the UK homeland coming under direct threat, potentially in a wartime scenario". When I recently questioned the Minister for Data Protection and Telecoms, and he was seated in that very position, he told me that preparing for a co-ordinated attack on cables was "overegging this pudding", and that the likes of me and the committee were perhaps focusing on apocalyptic scenarios. Do you agree with that assessment?

Pat McFadden: I often say that, if you want some things to keep you awake at night, looking at our national risk register is probably a good place to start. The issue of subsea cables is important. In a technological economy, they are absolutely vital to the way that the country works. This is taken seriously in defence planning. The MoD has capabilities in this regard.

Every country that is reliant on these cables, not just us, should have an eye to any activity that could disrupt them, and we have seen some disruption in recent years. It is a really good example of an area of security, capability and defence thinking that perhaps would not have been in our mind 20 or 30 years ago, but is today. It shows you that, in this field, you have to keep reassessing what the threats are and what those who wish us harm might do. It should be part of our thinking.

Mr Tanmanjeet Singh Dhesi: I will take it from that that you agree with my estimation. Should we have contingency plans for a co-ordinated attack on subsea infrastructure during a period of conflict?

Pat McFadden: Defence planners cannot assume that any attack that might come would necessarily be in an expected way. They have to think through all the options.

Mr Tanmanjeet Singh Dhesi: I agree. I think you would agree with me that the Minister's comments were not really a good advert for a whole-of-government security approach, which your national security strategy advocates, as does our Defence Committee's inquiry report into defence in the grey zone.

Pat McFadden: I am not here to criticise another Minister; I am going to resist your temptation to do that. I would assure the committee that the issue of subsea cables is on our minds. It comes up in meetings and discussions, and is very much on the radar screen of national security threats.

The Chair: In the same way that we need to change the culture and attitude of the nation, do we have to start with changing the culture in this place and with colleague Ministers too?

Pat McFadden: That is partly why we produce documents such as the national security strategy, the SDR, and the resilience action plan that we published last week. All these documents are testament to the fact that we are reassessing threat, that we are in a changing world, and that we have to be agile in the way that we respond to it. That goes for Government. One would hope that MPs and Members of the House of Lords who are on the different Select Committees are very well briefed. They too will go through that process.

I am sure that, during the course of the session, we will come to the issue of communication with the public, the business community and so on. Everybody involved in this cannot proceed on the basis of the same assumptions that we would have had some years ago.

Mr Tanmanjeet Singh Dhesi: The Government's submission says that the Cabinet Office co-ordinates cross-cutting policy development on undersea infrastructure. Could you explain exactly what the Cabinet Office has achieved in this respect within the last six months?

Pat McFadden: We have MoD capabilities in this. We are aware of the importance of these undersea cables. As you know, there have been some incidents with regard to them. We respond to those when we need to. We need repair capability in the country. It has to be part of our national security thinking.

Mr Tanmanjeet Singh Dhesi: How does what you do differ from DSIT and its subsea infrastructure response group?

Pat McFadden: The Cabinet Office has a co-ordinating role. It does not have programme money. It pulls departments together when there is a problem. That is a role it has played for quite a long time, and a role it plays when there is a crisis, whether it is on this or on anything else. This debate comes up in other contexts about whether the lead department

model is the right model to have. There is deep expertise in different departments in different areas. We do not see it as desirable, good value or probably even the right way to proceed to try to replicate all the deep capability every time at the centre and to have two sets of everything.

We play a co-ordinating role. If there is a problem where more than one department needs to be involved, that is what the COBRA facilities are for. I spend a lot of my time not just on the national security front but on other domestic policy areas, chairing meetings, and trying to work through problems that affect more than one department. That is Cabinet Office 101. That is what we do.

Mr Tanmanjeet Singh Dhesi: Minister, you can understand our committee's concerns that there is overlap, but there could also be gaps. We just want to make sure that, in terms of our nation's security, we eliminate those potential gaps.

I also just want to clarify another thing. The DSIT Minister said that he was in charge of subsea cable resilience and contingency plans. Is that correct in your estimation?

Pat McFadden: Yes. As a first port of call, it is, but there is always the possibility that we face a crisis where more than one department needs to be involved, and that is usually where we come in.

The Chair: Just to pick up on the point there, it sounded like you are largely reactive in your approach to this and waiting for things to happen. Do you want to comment on that?

Pat McFadden: We do try to look ahead at scenarios. I was in front of Mr Byrne's committee the other day, and we were asked if we gamed out various situations. We do, so it is not entirely reactive. As for whether we have gamed out every single imaginable scenario, we probably have not, but there are scenarios, whether a foreign policy crisis or a defence crisis, where departments will be brought around the table, and we will try to think through how the Government, right across the piece, would respond.

Q24 **Lord Watts:** We were assured that the repair of our cable system was in good hands and that we were very good at it in the UK. Our concern would be that, in a time of conflict, because it is in the private sector, many of those companies would not go to sea, and it would then fall on the state to make sure that our cables were protected. Is that something that you have considered and have preparations for?

Pat McFadden: It is not all in the private sector. The MoD has capabilities here. Matt, maybe you want to say a bit more.

Matthew Collins: Just to pick up a couple of the points, I would not describe our work as solely responsive. There have been a number of disruptions across the North Atlantic and in the North Sea that we have seen from anchor drags, and so we have been working very closely with partners on what we can do. I would call out those partners as the Finns,

the Norwegians and the US. We have also been doing a consolidated piece of work with NATO.

That really is intended to ensure that we have the right conversations happening with industry, both companies that are providing data and those providing energy. The Norwegians in particular are very good at conversations with their energy companies, for obvious reasons. There are a lot of lessons that we have been trying to take there, as well as thinking about what military capabilities we can bring to bear both in peacetime and in wartime. CDL quite rightly refers to some of the capabilities that the MoD has with NATO as part of Operation Baltic Sentry.

All of that is in train. We have regular officials meetings to run the rule over that, but I would not want to give you a false sense of comfort. There is definitely more work for us to do, both to improve the resiliency of subsea cables to those negligent types of incident and, to the point that you were making, to look at what we do in a time of conflict.

Q25 Derek Twigg: Minister, as we know, the Prime Minister signed up to NATO's target of spending 1.5% on security and resilience. Have the Government come to a view yet about areas of spending that will not be included in meeting that 1.5% target?

Pat McFadden: There will be a lot of areas that would not be included. I do not think that we would include the schools budget in it.

Derek Twigg: You would exclude the schools budget, then. Is there anything else?

Pat McFadden: The kinds of spend that you would include would be resilience, cybersecurity, border security, some parts of our energy security, possibly some parts of transport infrastructure, so things that go towards the overall strength of the country.

Derek Twigg: Would you include rural broadband?

Pat McFadden: It is possible. There has been a lot of talk about broadband, and people have been a bit sceptical about this, but, if we do not think that our communications infrastructure is part of our security set-up, our opponents certainly do.

Derek Twigg: Do you think that it should be?

Pat McFadden: Yes.

Derek Twigg: So rural broadband would be included.

Pat McFadden: Yes, it should, because our opponents consider our communications infrastructure as a target and as part of our strength. Why would we not when we were thinking of defending it?

Derek Twigg: What about policing? Should that be included in the 1.5% target?

Pat McFadden: I do not think that the core police budget would be.

Derek Twigg: So policing would be excluded from that target.

Pat McFadden: I would not include the core policing budget in it.

Derek Twigg: Do you want to elaborate on what you mean by "core policing"?

Pat McFadden: We might do some counterterrorism work.

Derek Twigg: It could be part of the police budget.

Pat McFadden: That is slightly different from my neighbourhood officer in Bilston High Street.

Derek Twigg: Organised crime, for instance, would not be part of national security.

Pat McFadden: I can see parts of counterterrorism being considered part of security. There will be a NATO-agreed definition for all of this, but the point of it is to take a broader view. Indeed, the point of view of the national security strategy is to take a broader view of national security than perhaps we might have done in years past, when we considered this to be very heavily focused on what we would regard as the traditional core defence budget of the Army, Navy and Air Force.

Derek Twigg: On infrastructure, would a new runway at Heathrow be included?

Pat McFadden: Would Heathrow be included? I am sure Heathrow would be included. I am not sure that we would include the third runway at Heathrow.

Derek Twigg: It is not excluded at this point.

Pat McFadden: We would consider those parts of the transport infrastructure that were really core to our national defence.

Derek Twigg: There is potentially a period of over 10 years in which to meet this target. Might that be met sooner, possibly even in 2027 and 2028?

Pat McFadden: There is a review clause in 2029 to look at the trajectory and the balance between the 3.5% for core defence and this 1.5% for broader security spend. That review clause can look at both the timetable and the balance.

Derek Twigg: So, within the spending review period, we could be up to the 1.5% before 2029.

Pat McFadden: Yes, we could.

Derek Twigg: That is based on current spending plans.

Pat McFadden: There will be another spending review in a couple of years' time, and you can guess that I would not want to pre-empt that. When we said that we were going to increase defence spending to 2.5%, we were very clear about how that was going to be funded—we took that responsibility seriously—and that we would do the same as we went through these future increases.

Derek Twigg: There are just some voices of concern about whether any of this is new money or money that is already planned for in the spending review, if we hit it by 2029, for instance.

Pat McFadden: I do not think that we would hit 5% by 2029. That is not the target.

Derek Twigg: What about the 1.5%?

Pat McFadden: Yes, we can do that by 2029.

Lord Sedwill: Just to try to hammer that point, everyone on the committee accepts your argument, Minister, that our opponents might seek to damage areas of our infrastructure. You have mentioned rural broadband, but there are many other areas of our economy and society that could be vulnerable. Those cannot all just be levered into the 1.5%, as Mr Twigg has been suggesting, with capability left, in essence, where it exists now. Is there anything planned for the 1.5% that is going to improve the country's resilience and capability as opposed to simply defining things as, somehow or other, within the national security envelope, which could go a lot wider than 1.5% of GDP to about a third of government?

Pat McFadden: Yes, I think so. If you look at the spending review announcement about a month ago, or whenever it was, there was very significant increased capital investment in a number of areas compared to the plans that we inherited at the election last year. In fact, the figure that the Chancellor put on it was an increase in capital investment of £113 billion over the Parliament. That will not all, of course, count in this 1.5%, but it shows you that we are not at a standstill when it comes to capital investment. The Government have made a decision to increase capital investment in a number of areas. The three biggest across the spending review are probably housing, transport and energy, where significant increased capital investment is going in.

If I get the undercurrent of the questioning, I would resist the idea that the 1.5% does not require any capital investment. There is capital investment going into areas that may partly fall within that.

The Chair: On that point, Lord Ricketts said that we really need some sort of boundary around what the national security strategy covers. Just listening to the points that were being suggested by Derek Twigg, the 2010 review, which he was responsible for, had three tiers of priorities. Is that something that you are going to get to?

Pat McFadden: People like threes in a national security strategy, do they not? The three that we have picked are security at home, strength abroad, and sovereign capability. We have a slightly different three 15 years on, and there are good reasons for that. The hierarchy of priorities in the 2010 review was partly a result of the spending atmosphere at the time, where we were entering an era in which there had to be spending reductions. Priorities are always a challenge for government, but, when I think back to 2010, that idea of cutting spending and really taking things out was very dominant in the Government's thinking at the time.

I am not saying that spending discipline does not matter; it clearly does, but the exam question in this national security strategy is a bit different. It is based on a more fluid geopolitical situation and on a response to events, particularly over the past few years. Critically, it is based on an idea of asking ourselves what we can do in terms of our own deep strengths and capabilities in a way that is a bit different from the 2010 review.

The Chair: The concern is that it seems as though this 1.5% could apply to so many different areas. Therefore, if NATO has not yet defined what could and should be included in that 1.5%, is that something that the UK Government should take a lead on?

Pat McFadden: We are very keen to work with our NATO partners on this. The review in 2029 will look exactly at the balance between the two things. There is a NATO definition on core defence spending, and we will work with NATO partners on both parts of this newer concept of 1.5% and 3.5%.

Lord Tunncliffe: Forgive me for getting into the detail. Let us suppose that the military people say that parts of the present road infrastructure are not up to moving tanks about. You come along to build or replace a road. You have one figure to replace a road that is good enough for everyday traffic, and another to replace the road so that it will take tanks. What comes out of the 1.5%, the total cost of the road or the increment to allow it to take tanks?

Pat McFadden: It would be the differential spend. Different countries will take a view on this, so we will have to come to a proper NATO-agreed definition.

The Chair: So that is something that we could take a lead on.

Pat McFadden: I am sure that we could. We are always keen to take a lead in NATO.

Q26 **Lord Sarfraz:** As we are aware, a whole lot of critical national infrastructure is in the hands of the private sector. What are your priorities for boosting private sector resilience? What can be done to incentivise the private sector to invest in these things?

Pat McFadden: It is a really important question. A number of your witnesses have said that we have public risk in private hands, or a phrase

to that effect. That is a feature of our economy. It is really important that there is a proper dialogue between government and the owners of critical national infrastructure, much of which is in the private sector, about resilience and the importance of the services that they provide having continuity.

I have taken part in discussions like that with the intelligence services and owners of CNI. My impression is that they do take this seriously. It has been on the agenda of boards probably much more in the last 10 years than in a previous time. We have seen recent cyberattacks on some very important household names, which have really highlighted this and show you the damage that can be done.

In fact, we have seen attacks not only on Marks & Spencer and the Co-op, but on the Government's legal aid system, so the risk runs across the public and private sectors, and it is really important that we have a proper dialogue, particularly with those parts of the business infrastructure that the public really rely on. You know what the key sectors are: banking, energy, and so on.

Lord Sarfraz: Are they incentivised enough to make these investments?

Pat McFadden: I do not think that you could ever say that every risk is covered, but, if you look at the experience of what has happened in the last couple of months, boards will be very conscious of the danger of this, having seen what it has done to a couple of great British companies and household names in recent months.

Lord Sarfraz: Specifically on the 10-year infrastructure strategy, that suggests that the Cabinet Office will not finish mapping existing CNI standards before the end of 2026. For the standards on digital and telecoms, energy, transport and water sectors, that is not expected until 2030. Is that not a bit too far out? Will threats not change and evolve by then?

Pat McFadden: Threats are always changing. It is a 10-year strategy. I work very closely with the Treasury on this. We have an infrastructure sub-committee of the Home and Economic Affairs Committee that takes these projects and tries to drive them forward and to identify the bottlenecks. It is really important that that is an active process in government, because, in the UK, there is broad agreement that it takes too long to get things built. We have a big Planning and Infrastructure Bill going through Parliament to try to speed that up, but it is not just a matter of the law; it is a matter of the decision-making processes in government. It is important that we push these projects forward as quickly as we can.

Lord Sarfraz: The strategic defence review references a new deal on CNI with the private sector, although we have not seen any reference to this in the national security strategy or the resilience action plan. Could you talk a bit about what that new deal might look like?

Pat McFadden: It is what we have been talking about, in that it is really important for boards and private companies to take resilience and cybersecurity really seriously. I do not say that by way of preaching, because it is important for government to do it in its own house too. The truth is that this is not perfect. We have a lot of old legacy systems. They are carrying risk. This is a constant challenge. It is a challenge for all of us.

I said this in a speech to the CYBERUK conference a couple of months ago. What happened recently with the retailers should be a wake-up call for everybody, including government organisations, about the risks and dangers of cyberattacks.

The Chair: Just to pick up on that point, CDL, the two principal retailers that were struck by this are well-known names, but, if that had been, say, two of the three largest supermarket chains, and been more successful, what would the result of that have been?

Pat McFadden: You saw the disruption to M&S's operations in particular. Who can say exactly, but it has shown you what the level of disruption can be.

The Chair: What would your fear be for consumers and their behaviour if they cannot get their food from supermarkets?

Pat McFadden: Supermarkets have very robust food distribution systems. I do not want to alarm the public here, but I would say those attacks did show the importance of strong cybersecurity, as I keep saying, in both public and private sectors. I do not want to sit here as a Minister and say, "This is just a matter for the private sector". It is not. It is a matter for all of us.

The Chair: Going back to your first point, though, about the dialogue happening between government and the private sector, is it not time for something more urgent and definite about how we start planning for these sort of risks? Going back to my earlier point about the whole-of-society approach, there needs to be a wake-up call to business, to say, "Look what has happened".

The evidence from Marks & Spencer, the Co-op and so on, about just what could have happened, what that meant and what they are now thinking about doing, needs to be heard by all, does it not?

Pat McFadden: Communications on this front probably will need to step up in the future, not just because of those attacks, wake-up calls as they are. If we are seeing this as a dimension of our national security in a way that perhaps was not the case in the past, talking to the public about it is important.

We published this resilience action plan last week. Part of that is to, for example, exercise the emergency alert system on a nationwide basis in September. We tried to draw attention to the advice on government websites about sensible precautions the public can take at home. We

have to make this more normal in this country in a way that it is already in some other countries.

Q27 **Mike Martin:** Thank you very much for your time today. The national security strategy is a very interesting document. Mr McFadden, could you describe the role of the National Security Council in delivering that strategy, please?

Pat McFadden: That is the principal cross-government forum, which will drive all this through. That is, to go back to Tan Dhesi's question, the kind of forum that brings together all the different departments in government that have security responsibilities. It will play an important role in driving all this forward.

Mike Martin: How many times do you think the National Security Council was mentioned in the national security strategy?

Pat McFadden: I have not counted.

Mike Martin: Do you want to have a guess?

Pat McFadden: No.

Mike Martin: It is zero. We have a mention of the UN Security Council. We have a mention of the Gulf Cooperation Council and a new soft power council, but we do not have a mention of the National Security Council. You have just said it is going to play a very important role, but how would you reconcile those differences?

Pat McFadden: It does not make any difference to the National Security Council's role how many times it is mentioned. It remains there as an important part of government before and after the strategy.

Mike Martin: So you can confirm that, with the new Government coming in last year, the NSC has not been sidelined in any way. Its role remains exactly the same as under previously Governments.

Pat McFadden: The role is not always exactly the same, because different Governments will have a different rhythm of meetings, but it certainly has not been sidelined, not at the meetings I have been at.

Mike Martin: What would be the differences then between this Government and the previous Government?

Pat McFadden: You could have a difference in the rhythm of meetings, depending on who the Government are or who the Prime Minister is, for example. I do not know exactly what the rhythm of meetings was under previous regimes, but it is an important body and plays an important role.

Mike Martin: Just to confirm, you are saying there are no substantive changes.

Pat McFadden: I was not a Minister in the last Government, so it is difficult for me to compare. It is easier for me to tell you what has been happening in the last 12 months.

Mike Martin: There is also the role of the National Security Adviser, which we discussed a little earlier. How does the role of the National Security Adviser dock into the National Security Council? What is his role on the National Security Council?

Pat McFadden: He attends the National Security Council, of course, but his role is much bigger than that. His role is as a permanent, everyday adviser to—

Mike Martin: Specifically, what is his role on the National Security Council, within that structure?

Pat McFadden: He can speak at the National Security Council, but his role is much broader, as I was about to say. He is an everyday, constant, extremely high-quality adviser on national security to the Prime Minister and a very important interlocutor with other national security advisers around the world. That is a big part of his job.

Mike Martin: I can see that he is extremely credentialled and skilled at this job. I am just trying to tease apart the structures that we have. You could argue that one of the two aspects of the role is the diplomatic emissary one that you have just described, where you are advising the Prime Minister, acting as the Prime Minister's representative and sherpa on particularly difficult problems, and interfacing with other countries' national security advisers. The other one is that role on the National Security Council, when a decision has been made, to make sure that the co-ordination happens across government departments and that the decision is driven through the system. We all have experience of Whitehall. You need to drive decisions through the system to make sure they happen. Is that the role of Jonathan Powell?

Pat McFadden: Not solely, no. There is a whole government apparatus to do that.

Mike Martin: Who is the point person? If a decision is made on the National Security Council, who drives that decision through and makes it happen?

Pat McFadden: Let me give you an example. If a decision was made in the National Security Council for the MoD to do something, I would expect the Secretary of State for Defence to make sure that was carried out.

Mike Martin: Sure, and what if it is a decision that involves four government departments?

Pat McFadden: Then there is the government apparatus. He has Deputy National Security Advisers. There is the Cabinet Office itself. We do have ways of communicating with government departments.

Mike Martin: Are you saying that it is not the role of the National Security Adviser to drive those decisions through when they touch on multiple government departments?

Pat McFadden: No. His role is to give extremely high-quality advice. As a point of action, there are many ways in government to get that done. I am not quite sure what you are driving at.

Mike Martin: Shall we take a different question? There are a number of reviews that have been started since last July, such as the China audit. This is one of them. The strategic defence review is another one. Many of these are reporting now. Who is responsible for ensuring that these are coherent with each other and the recommendations are in line with each other?

Pat McFadden: The national security strategy itself has done a lot of that. We were conscious there were a number of reviews and strategies. We had the SDR. We had a number of others, which you have mentioned. The national security strategy brought a lot of that together and tried to give a very broad view right across those three elements: security at home, alliances abroad and sovereign capability. It was good to have a document that brought a lot of it together.

Mike Martin: Finally, introduced by Lord Sedwill was the idea of fusion doctrine, which was getting those government departments to work together to give a consolidated response to issues. How much of that fusion doctrine would you say has survived the changeover of government? Does it underline the way that government acts now?

Pat McFadden: Getting government departments to work together is a constant Whitehall challenge. It is a very good thing to do. We know, in the way the system is set up, with departmental budgets, the dynamics that that can give rise to. It is really important to have something that sits across departments, such as the national security strategy, which involves any number of departments, from education and our university capability to business and trade, so that Ministers across the piece are conscious of the change in geopolitical environment and the need for agility in this space, and, as and when a decision takes place, the right group of Ministers is brought together to do that.

Matthew Collins: I have just two points on some of your questions. First, we have a machine within the centre of government called the National Security Secretariat, which is responsible for driving delivery of decisions taken by NSC. CDL is completely correct; the individual Secretary of State will be delivering on those but, when they are across different departments, we will follow up on that.

Mike Martin: Who leads the secretariat?

Matthew Collins: I lead the secretariat from an executive perspective, and then Jonathan sits on top of that and provides advice to the Prime Minister and the National Security Council. In terms of fusion doctrine,

Lord Sedwill actually recruited me into the NSS many moons ago. While the fusion doctrine does not live in the same way, the intent does. The ability to bring departments together around common objectives, driving forward that delivery as outlined in the national security strategy, is core to our remit.

Mike Martin: Thank you very much, Mr Collins. It is really helpful of you to interject. If the National Security Secretariat is responsible for driving decisions across government departments, and you lead that National Security Secretariat, is it you who is responsible for driving cross-departmental decisions?

Matthew Collins: The Prime Minister is responsible for the National Security Council. We provide advice and updates on delivery.

The Chair: Can I just go back a moment to what you were saying, to illustrate this issue with an example? Say there was a problem with the NHS IT systems and there had been a cyberattack. Would it be the fault of the Secretary of State for Health and Social Care that there had been a failure of the NHS IT systems, because it had a cyberattack? Who would hold him or her to account? Would it be you?

Pat McFadden: It would be the fault of the cyber-attacker. It would not be the fault of the Secretary of State for Health and Social Care. Let me pursue the example. There have been examples of cyberattacks on parts of the NHS or suppliers. Some of them can be very damaging to patient care.

It would partly depend on the scale. If it is something that just affected one trust, it would probably be dealt with in the Department of Health and Social Care. If it was a broader, system-wide thing, it might be brought into more of a cross-government structure. It would probably depend on the scale of the attack.

The Chair: Before I come to Lord Boateng—because we want to talk about China in just a moment—when the NSS was published, we talked in the Chamber about the China audit. There are three paragraphs devoted to it in the NSS. You can see around the table the calibre of the individual we have as members of this committee. It would be hugely beneficial for us to have access to the China audit, given its importance. Is that something you would be prepared to share with us privately?

Pat McFadden: The Foreign Secretary made a statement to the House of Commons on it on the same day a couple of weeks ago that I made the statement on the national security strategy. He has been clear that this idea of audit is an ongoing process. It is not a snapshot at a given time, but I am sure the Foreign Secretary or the Foreign Office would be very happy to discuss in some way with the committee their thinking on the China audit and the different dimensions that he laid out in the House of Commons statement.

Q28 **Lord Boateng:** Mr McFadden, thank you for all you do. In your role as

Chancellor of the Duchy of Lancaster, you sit at the heart of government and you are uniquely well placed to look across the different government departments. I am very glad to have heard you say earlier on that you work closely with the Treasury on these matters because we, as a committee, are concerned to ensure that the decisions that are made about spending impact positively on our national security.

I wonder whether you could address the issue of the downstream consequences for the UK of events at the India-Kashmir-China border, in sub-Saharan Africa and in the Middle East so far as the security of these islands are concerned. Certainly, stuff that happens in sub-Saharan Africa has implications for biosecurity—we know that—as does stuff that happens in China. Similarly, events in the Sahel impact directly on the coast of Kent, and events in Kashmir, India, impact directly on the streets of our major cities.

We know that, in order to fund—in my view, correctly, at the right level—moving from 3% to 5% of our budget on defence, we have had to make cuts in overseas development. How are you ensuring that those cuts do not impact adversely on security in the Sahel, because we are no longer prioritising livelihoods as we used to? How do you make sure that our biosecurity is protected if we are no longer spending the same levels of money that we were spending on centres for disease control in Africa or elsewhere? How are you establishing your priorities in that regard?

Pat McFadden: You have deeper Treasury experience than I do in terms of your time there as a Minister, but it is a really good question. The honest answer is that, for the Treasury, and government in general, it is ultimately about choices. It would be nice to say yes to everything, but we do not live in a world where we can say yes to everything. The decision to invest in hard power was a necessary one, but we had to make some choices to do it.

In some of the things you mentioned, of course there is a balance between hard power and soft power, but we had to make that decision to increase the core defence spending to 2.5% of GDP. Where we are not able to do things with the overseas development budget, the Minister responsible tries to make those decisions in the best way possible. It is still a substantial amount of money that we spend on overseas development.

We have, in the spending review, put aside significant amounts on biosecurity—for example, for the proper lab infrastructure that we have in the UK. The Secretary of State for Defra announced a major investment in Weybridge a couple of weeks ago. There will be more to come on biosecurity investment in the coming months, but we understand that is an important dimension of all this. I am grateful to the Chancellor and the Treasury for the amount that they set aside for that.

Lord Boateng: We are told that the integrated security fund has a budget of almost £1 billion. How do you and the National Security Adviser impact on that spending? Do you just leave it to the Treasury and the departments to fight it out among themselves?

Pat McFadden: There are various claims on it. Sometimes it is upstream work on various risks to the UK. The other Deputy National Security Adviser, Nick Catsaras, advises on that fund too. There are a lot of calls on it.

Lord Boateng: What about you personally? Do you impact yourself on the decisions and say to the relevant Secretary of State, "Hold on a minute. I have oversight of the national security strategy and, if you do not make that decision, it is going to have implications downstream"?

Pat McFadden: I like to think it is a more co-operative process than that.

Lord Boateng: You are very good at co-operation, Mr McFadden. We know that, but how are you influencing events? That is the question.

Pat McFadden: The fund is there and it has to be allocated to various purposes. Often, those go through other departments. We discuss that with the relevant departments and make the decision. That is how it is done.

Lord Boateng: Let me ask you, then, a specific. Are there any reductions to counterextremism and smuggling programmes in the Middle East as a result of the spending decisions that have been made in terms of the core focus on Euro-Atlantic security?

Pat McFadden: The fund is not going to be as large in future years as it has been in the past. We will have to look at some things. If you have a specific, I will come back to you on it.

Lord Boateng: I do have one specific in terms of addressing the issue of conflict resolution and peacebuilding. As you will know, Search for Common Ground has made the point that more and more we are using money to deal with the symptoms of conflict, rather than dealing with the hard, gritty work that we know has to be done in order to prevent conflict breaking out in the first place. Maybe Mr Collins has some specifics on this.

In my experience—quite apart from my Treasury experience—as a former head of mission, I know a lot of that goes on on the ground in Africa, in the Middle East, in Asia. Mr Collins, do you have any specifics?

Matthew Collins: As CDL says, we are working through exactly how the funding will be spent in the future following the spending round decisions, making sure that we have a good assessment and understanding of the full breadth of risk. You have mentioned that one and I completely agree with you. Generally, spending more on a cure is less good than preventing it in the first place, but we are having to make some difficult decisions that will be informed by robust analysis from all parts of our national security system.

Lord Boateng: You will be using your powers of persuasion, Mr McFadden, to make sure that Secretaries of State and Ministers do, in

fact, have national security in the widest sense at the forefront of their minds, both upstream and downstream, when they are making these decisions.

Pat McFadden: I do not have to use my powers of persuasion. This is quite well understood among Ministers, but it does not mean that they can say yes to every demand.

Lord Boateng: No, of course not.

Pat McFadden: They are all, of course, having to work within the allocated budgets. There is not a Secretary of State who would not like to have more, but it is not a matter of persuading a given Secretary of State that these issues are important. That is broadly understood.

Lord Boateng: I am sure it is understood, but where will we, as a committee, be able to see evidence of the decisions about priorities and the hard choices that you rightly say, Mr McFadden, will have to be made? Is there some sort of central process by which this is done? Is there any document produced?

Pat McFadden: It will be reflected in the decisions of that security fund and how it is allocated, but I do have to be candid with the committee. There is not going to be as much in it in the future as there has been in the past.

Q29 **Emily Thornberry:** Can I start with what you told the Business and Trade Sub-Committee last week? I want to talk about China. You said the biggest threat to economic stability in 2025 is the increase in operations by state actors. Does China still pose the greatest state-based threat to the UK's economic security?

Pat McFadden: I am not sure it is necessarily China or Russia, but sometimes state actors express themselves in criminal groups that can be linked to states. They will not necessarily be acting directly on behalf of states, but they can act on behalf of states. We are conscious of that change in the threat picture and sometimes it is linked to organised crime.

Emily Thornberry: Some of us have been trying to get an idea about the China audit and have been referred to a number of documents. One of them is the national security strategy, within which there were three paragraphs on China. There was a line in it at 3.1, reading, "Instances of China's espionage, interference in our democracy and the undermining of our economic security have increased in recent years".

It is quite an alarming statement. I wondered whether you would agree with that and whether it is right for people to be alarmed by that.

Pat McFadden: If it is in the national security strategy, of course I agree with it. Is it right for people to be alarmed? It is right for people to be alert and concerned. I am not here to alarm people, but people should be alert and concerned about the security of our systems and those who

would probe that security, whether it is just for the purposes of data collection or whether it is for something more active and more harmful.

On our own side of the fence, trying to secure those systems and make sure they are as robust as possible should be part of what we do but, as I said earlier in the session, this is a constant effort.

Emily Thornberry: I understand that but, specifically, the national security strategy points out that China is responsible for espionage, interfering in our democracy and undermining our economic security. It is difficult, therefore, to work out how we protect ourselves against those three things, as well as going for growth.

Pat McFadden: This is the challenge of China, is it not? We have to be robust in protecting ourselves against those things, but also recognise that disengaging from the second biggest economy in the world is not ultimately in our national interest. There are areas of growth and investment where there would be no security risk at all. We should pursue those but, at the same time, we have to have a protect function, which is in the areas that you are referring to and probably several more.

Emily Thornberry: That is why the China audit is so important. Presumably, it is not just an audit; there is a strategy coming from the China audit as well.

Pat McFadden: The two aspects that we are talking about were very much reflected in the Foreign Secretary's statement that he made to the House of Commons a few weeks ago. He talked about the kind of things that you have mentioned, but he also talked about the economic opportunities of engaging with China. The Government's strategy on this is to promote our national interest, to promote our economic interest, but also to protect our security in every dimension that we need to.

Emily Thornberry: I had the advantage of hearing the Foreign Secretary and, of course, you in Parliament and having had the Foreign Secretary before the Foreign Affairs Select Committee. Our concern is that the audit is largely secret and the strategy is largely secret. In those circumstances, the problem that we have is how people, on a day-to-day basis, are to engage with China, wanting to grow our economy, while also protecting themselves against espionage, interference in our democracy and the undermining of our economic security.

Pat McFadden: There are two main dimensions to this that I am not the only politician to have mentioned. One is the protection dimension and the other is the promotion dimension. We also, of course, have the legal structure of the National Security and Investment Act, which considers the security dimension of investments in 17 named areas. There is an annual report on that.

It is quite a new system. The Act has been in operation only for three or four years. We discussed it a bit at the Business and Trade Sub-Committee last week. We are getting better at operating that system, but

the way that it operates, in terms of the business and the investment communities, is becoming better known.

Emily Thornberry: One of the things that the Foreign Security told us was about the new China guidance hub, which is going to be run by the Foreign Office. Is that correct?

Pat McFadden: That is what he said.

Emily Thornberry: If, let us say, I was in local government and it looked like China wanted to invest in my area, would I just go to the website? Would there be assistance that I might get elsewhere? If I was in a university and one of my postgraduate students was being hit with a SLAPP order, because their work was something that, at the very least, irritated the Chinese, where would they go for advice and guidance? Would they go to the Foreign Office or is there somewhere else?

Pat McFadden: Let me take the local authority example. Under the new Procurement Act, there is a national security procurement advice function, which will exist in the Cabinet Office precisely for that reason. If there is a local authority that is contracting, has a potential investment and wants advice, the central procurement function sits in the Cabinet Office.

Emily Thornberry: What do I do? I ring up the Cabinet Office and it will help me, will it?

Pat McFadden: Yes, you can ring, email or contact us in a number of ways.

Emily Thornberry: Because the strategy is not public and the audit is not public, it is not clear how we are going to work together. What about in relation to the universities?

Pat McFadden: Tell me the example again.

Emily Thornberry: There is a postgraduate who has taken a course and it looks like they might get access to data or to particular technical research and it might compromise national security, or there is a postgraduate doing a dissertation who is not allowed to publish it, because they are being threatened with a SLAPP order.

Matthew Collins: There is a dedicated team that sits between the Department for Education and the Department for Science, Innovation and Technology, which regularly speaks to universities to provide them with advice on exactly that.

Emily Thornberry: Will they be experts in China as well as experts in tech and in data?

Matthew Collins: They will be able to draw on a full range of knowledge and expertise that we have right across our academic sector and our technology sector, but also into our national security community.

Emily Thornberry: Of the 1,000 mandarins who are going to be speaking Mandarin, how many are going to be experts in data and technology that might be able to give advice when it comes to investment or particular individuals being placed in positions that might compromise our security?

Matthew Collins: I do not know the exact number and distribution across different areas of expertise, but the point is to make sure that you have access to different experts in different areas. Going back to the points that were being made on the fusion doctrine, this cannot be done by one bit of government alone. We need to make sure that we have the right conversations between different experts and with different sectors outside of Whitehall.

Emily Thornberry: Do you appreciate the need for expertise where you get one person who has a proper understanding of some of these areas that the Chinese are interested in, while also having language?

Matthew Collins: It is important to have both things. If we can find one person who is an expert in everything, we will be very, very lucky. As CDL mentioned before, the benefit of the Cabinet Office is that you can bring together those experts who have bits of the answer, but then can facilitate a conversation so you have a better holistic view.

Q30 **Baroness Fall:** I have a few points to add, mindful of time. You have articulated a balance between economic prosperity, sovereignty issues—which we actually have not addressed today—human rights again, and security. Who would you say leads on that overall articulation? Is it the Foreign Secretary? Is it the NSC? Is it you?

Pat McFadden: On the relationship with China?

Baroness Fall: No, on calling it out. What is going to take precedence? Is it prosperity? Is it national security? Is it concerns about whatever sovereignty issue or human rights issue that rises?

Pat McFadden: When we talk about economic security, both words are important. In terms of the direct relationships with China, the Foreign Secretary is probably the key figure, but other Ministers will have a relationship. For example, the Chancellor visited China for an economic and financial dialogue. The Energy Secretary has visited China. It does not lie solely with the Foreign Office, but obviously, like any other relationship around the world, the Foreign Secretary is in pole position.

Baroness Fall: Then ultimately it is the National Security Council with the Prime Minister.

Pat McFadden: Well, obviously it is ultimately the Prime Minister. On the various dimensions you have mentioned, I will go back to the National Security and Investment Act. Where this comes together is quite often considering investments under that Act. To give the committee a flavour of how that works, if there is a proposed investment, the unit that does that will take advice from across Whitehall. The MoD might have a view.

The Department for Energy Security and Net Zero might have a view. The Foreign Office itself might have a view. It will come together in advice to me, as the decision-maker, on the investments that are covered by that Act.

Where there is a different kind of visit and a dialogue between the Foreign Secretary and his opposite numbers, he will, of course, consider our economic interests, our security interests, and the human rights issues that you mentioned.

Baroness Fall: Has that been a matter of discussion as to whether you put China on the foreign influence registration scheme, known as FIRS? Is that still a live issue?

Pat McFadden: The legislation is there. We have made certain announcements on countries that will be on the top tier of registration under that Act. We have not made that decision with China.

Baroness Fall: Are you expecting to make that decision in the next few months?

Pat McFadden: No, not necessarily. We will always keep this under review, but I cannot give you an indication of an announcement in that period.

Baroness Fall: When we signed the tariff deal with the Americans quite recently, there was a clause in that agreement that specified about supply chains from China in pharmaceutical and other industries. Are the Americans partly in charge of our China policy?

Pat McFadden: No, I would not say that, but you have seen the US Administration; they have strong views on these things. The agreement we signed is very much in the national interest. I am a West Midlands MP and I can tell you it was very much in the interest of the West Midlands, because it saved thousands of jobs in automotive and was a very important agreement to sign.

Baroness Fall: Will you be checking with our American allies when looking at inward investment points?

Pat McFadden: We consider all aspects of our security relationship when considering inward investment. We have a very good, although still young, regime of our own, which is something quite common. The Americans also have their similar system. Japan has a system. A number of countries have a system like this.

Q31 **Lord Sedwill:** Can I connect this issue with the previous issue raised by Lord Boateng? We have cut our aid budget. The Americans have radically reduced theirs. If you go all over Africa and Latin America, the Chinese are everywhere with investments and are increasing the dependence of those countries on their economic relationship with China, including countries that we are going to depend on for natural resources, et cetera. How worried should we be about that?

Pat McFadden: We still have a substantial aid budget. It will not be as big in future years as it has been. I am not denying the decision we made in any way, shape or form, but I do not think we could get to the point where we are saying we do not appreciate the importance of soft power for this area. It is still a substantial budget. It is up to us in making the decision that we made on defence and overseas development to make sure that budget is used in the best way possible. That is what we will try to do.

Lord Sedwill: I was not just asking about the aid budget; I was asking more generally about China extending its influence into areas that really affect our economic security.

Pat McFadden: Of course it will. We are a country that rightly prides itself on having big diplomatic reach around the world. We do not have the biggest Armed Forces in the world, but we use everything we can—our cultural power, our soft power, our diplomatic presence and Britain’s reputation in the world—to maximise our influence. That is part of our foreign policy. That is part of our policy of national interest around the world. We will keep that.

Q32 **Bill Esterson:** In his question, Lord Sedwill mentioned minerals in passing. I am interested in the point of where we get our minerals from, because we cannot supply everything domestically. The EU is looking at agreements with Africa as a way forward to reduce reliance on China. Are we looking at something similar?

Pat McFadden: We get our minerals from where we can get them. Around the world there are technology changes, of course, and there is competition for access to these minerals. It is a good question, because it focuses our minds on the need to have regard to supply chains. We learned that during Covid and during the post-Covid period, where we had quite a spike in inflation. Quite a lot has been learned about supply chains, and the need for security and robustness in them, in recent years.

Bill Esterson: I touched on the balance between what we can do domestically and what we can do through supply chains. To that point more widely, the national security strategy talks about a baseline level of sovereign capability set against what we can secure from our allies. What do you see that balance as being and what changes would be needed from where we are at the moment?

Pat McFadden: Let me give you a couple of examples. The decision we made on steelmaking was an example of a government intervention to try to secure a capability. We met on that Saturday a few months ago and passed the relevant legislation. If you think of the technological field, the Government have made a decision with regard to compute power, with the announcement about investment in the Edinburgh supercomputer.

Across the piece, you are seeing decisions being taken with a recognition that the country’s capacity is part of its national security. That may be a

change from what those decisions might have been some years ago. It is a product of the recent experience that we do that, and it is reflected in the national security strategy itself.

Bill Esterson: Both the industrial strategy and the national security strategy reference AI and technology more widely, and were published within a day of each other. How are we going to get that balance right with such challenging areas?

Pat McFadden: We have taken the position on AI very seriously, with the AI opportunities action plan. We had a presentation on this at Cabinet on Friday, from the Secretary of State and from Matt Clifford. The Prime Minister is very strongly behind us making the most of the AI opportunities, while caring for security and safety dimensions.

This country has a great tradition of creativity and ingenuity. In the past we have not always been as good as we can at exploiting that creativity and ingenuity. This is a new field. It is a very high priority, both for the Prime Minister and for the Government as a whole, to try to make the most of a very, very fast-developing field of technology. That is why it was a Cabinet presentation the other day, and why we have taken the actions we have done in the last six months or so.

Bill Esterson: Do you see some of the IP that is being developed in this space being retained in this country, with ownership here? It has been a challenge for a long time in the UK to retain start-ups and scale-ups, and to retain ownership here. Do you see that as part of what is desirable for us?

Pat McFadden: It has been a challenge in the past to do that. While we care about AI sovereign capability, compute power and so on, this will not all be done within the UK. There was a question a few moments ago about the trade agreement we struck with America. It is important to view that agreement not as an end, but potentially as a platform. There is capacity for greater co-operation between the UK and the United States in the technological field in the future.

Q33 **Baroness Kidron:** Minister, you will be aware that there has been quite a lot of criticism about the AI opportunities plan, exactly on the point that you have just expressed: that there is not enough concentration on UK sovereignty and UK-headquartered companies. I just wonder what you have to say on that issue to those who are so concerned about that.

Pat McFadden: We want the UK to be a good home for AI investment. Part of that opportunities plan is to have AI growth zones in the country in order to be an active home for investment. We want to have the maximum capability here in the UK, but we also understand the power of Silicon Valley. The global investment in this from some of the huge tech companies is absolutely enormous, so we develop our plan in recognition of that. The trade agreement that we reached with the United States is a potential opportunity for greater co-operation in this field in the future. We should not see that as a danger; we should see it as an opportunity.

Baroness Kidron: In particular, we are a nation with very rich datasets. This is a sector that is well known for extracting value. They have done it very successfully over a number of decades now. How are we going to protect the UK's sovereign datasets as part of our sovereign capability, rather than just letting them disappear offshore?

Pat McFadden: A judgment on the potential use of data should always be in the national interest, especially if it is public data. As a starting point, I would not have an aversion to one particular country over another. That is not the way to go. For example, in health, the use of data to get more accurate treatments based on individual health characteristics could be hugely beneficial in the future. Any decision taken about that should be in the best interest of the patient and the best interest of the British public.

Baroness Kidron: Those two things could sometimes be in conflict. May I finally ask you a question about the news? The strategy mentions the need for accurate information. I am interested to see whether the Government are thinking about how to protect the efficacy and accuracy of the news, as we see a great many summaries coming as the first port of call. Might this start being a question for Ofcom, for government and for regulation, to make sure that the UK has access to news?

Pat McFadden: At this time in the proceedings, this is a really interesting but very big subject to introduce. It is so important. I have teenage children. I do not think they have ever picked up a physical newspaper, and I am not sure they ever will. The way that my generation consumes news compared to them is completely different.

We have some assets. We are very lucky to have the BBC. The BBC may have had a couple of rocky episodes recently, but its standards of news judgment, impartiality and correct reporting are an enormous British asset, which influences the rest of media. It is a very fast-changing world.

We are concerned to keep a reliable supply of information to people. We have a Defending Democracy Taskforce, which considers the importance of the robustness of our elections and the protection of politicians to say their piece and to go about their business free of intimidation. There are lots of aspects of this that are really important in an open democracy such as ours.

I very much agree with you about the importance of this. We have some really good assets, but we also have to recognise that we are in a very fast-changing world, where people's news sources in the future are going to be very different from what they were in the past.

The Chair: That takes us very neatly into the final area we would like to explore.

Q34 **Liam Byrne:** I want to pick up on the Defending Democracy Taskforce and its important work ahead. I understand from those who know about

these things that Russian intelligence services have now concluded that the way to route money into the UK political system is through western proxies using cryptocurrency, which is obviously very difficult to track. Should we not be banning cryptocurrency as a means of donating to political parties in this country?

Pat McFadden: It is a very good question. It is definitely something that the Electoral Commission should consider. The funding of democracy is often a controversial area, but it is very important that we know who is providing the donation, whether they are properly registered, and what the bona fides of that donation are. You have asked a very important question.

Liam Byrne: Christopher Harborne received \$70 million in Tether tokens in early 2019, shortly before he routed somewhere between £10 million and £13 million into UK political sources. It is currently very difficult for the Electoral Commission to see into the ultimate origin of that money. Therefore, should we introduce an obligation on UK political parties to “know your donor” and, crucially, “know where your donor’s cash comes from”?

Pat McFadden: They should “know your donor”, but the challenge that you put is a very good one. The legislation should keep up with the technology and practices of the time. If you are asking me, “Should the legislation consider whether the current systems are fit for purpose?”, that is a very good challenge.

Liam Byrne: We do not know whether that money derived from profits in the UK. Mr Harborne is Thai-based, although he is a major shareholder in QinetiQ. Do you think that only UK-derived profits should be the fountainhead for donations into UK politics?

Pat McFadden: I am reluctant to comment on an individual, as you would expect.

Liam Byrne: I could give you many different cases.

Pat McFadden: I am sure you could. Let me take your question as a more general one, if I may. Should we be sure where money is coming from? Yes, we should. Should political parties be able to make sure of that, and should the public authorities be able to make sure of that? Yes, we should. If the legislation has not kept up with innovation in finance, should that also be considered? Yes, it should.

Liam Byrne: Let us look at the way the money comes in, in particular the perils of unlimited companies, which, as you know, do not file company accounts, so it is very difficult to track exactly what kinds of transactions they make.

I do not want you to comment on the case, but I will give you a real case. George Cottrell, son of Reform’s second largest donor, funded Mr Farage’s private jet in 2016. According to media reports, he is now being investigated by authorities in Montenegro for running an illegal cryptomat

to fund Europe Now. He recently opened a UK unlimited private company, which of course does not have the need to file accounts.

Now, I am sure his behaviour is impeccable, but if—God help us—it was not, it would be very easy for somebody operating a financial system like that to ultimately hide who they were paying what and where the money came from. Are unlimited companies therefore a loophole from which we should not really allow money to flow into UK politics?

Pat McFadden: I do not personally govern the legislation on this, but these points you are making are well made. We should always keep our legislation up to date, to ensure that the financing of politics can be trusted by the public. If from time to time the legislation needs to be changed to make sure that is the case, of course that should be considered.

Liam Byrne: On enforcement, the National Crime Agency has been deemed by some not fit for purpose when it comes to investigating this. There is an unhappy mix of responsibilities between the Electoral Commission and the National Crime Agency. It certainly did not do a great job at finding the ultimate source of the £8 million that Arron Banks routed into UK politics, even once it had been flagged by the Electoral Commission as of suspect origin. Do you think that either the Electoral Commission or the NCA are going to need their enforcement capabilities beefed up, given the new threats to the integrity of our democracy that we now confront?

Pat McFadden: Again, I am resisting the temptation to comment on any particular donation or individual, but the case you make is something that should be considered. We should always be looking at whether the authorities in these fields have the powers that they need to ensure that funding comes from donors who are properly registered and that the source of the funding itself belongs to them. Again, I am not making a comment on any individual donation.

Q35 The Chair: We are now a year into this Government. There have been some challenges in terms of what was inherited. CDL, what would success look like in a year's time, in terms of how well government is working, across government, in addressing national security?

Pat McFadden: It is a fast-changing field. We have seen that not just in a year, Chair, but possibly in less than a year. We have had to adapt to a fast-changing environment. The Prime Minister has done that extremely well. The fact that we have negotiated three trade agreements of different kinds with major economic powers in the world is a very significant success in the first year of this Government. Many of these trade agreements were sought by previous Governments without being able to reach them. The fact that we did has probably been almost underplayed, in terms of its significance, so that is very important.

If you ask me to look ahead to the future, what is going to be needed is a level of agility in this changing world, which combines our economic and

security interests in the best possible way to pursue our national interests, to try to get the investment and the growth that we need, but also to protect the public and our vital security interests. That combination is well understood across government, but, in a world that is changing as quickly as this one, it requires agility to keep pursuing it.

The Chair: Notwithstanding the NSA Jonathan Powell's consummate skills, which we discussed earlier, how do you think we should judge him in a year's time in terms of what he has delivered for the national security strategy?

Pat McFadden: You should not load it all on him.

The Chair: He has a role to play.

Pat McFadden: He has a role to play, but he is an employee of the Government. You should judge the Government, rather than loading it all on the NSA.

The Chair: He is a significant player.

Pat McFadden: Yes, he is. I do not want to go over where we began in the session. He is doing an excellent job and is an excellent person to do the job, but ultimately the responsibility for the Government's performance on national security or anything else rests with the Government as a whole.

The Chair: On that note, that concludes today's session. Can I thank you, Minister? Also thank you, Matthew, for being a witness today. I very much appreciate your time. Thank you to colleagues, as well, for your forbearance.