

Joint Committee on the National Security Strategy

Oral evidence: National security machinery

Monday 22 March 2021

4 pm

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Members present: Margaret Beckett (The Chair); Lord Brennan; Richard Graham; Baroness Healy of Primrose Hill; Baroness Henig; Baroness Hodgson of Abinger; Darren Jones; Sir Edward Leigh; Lord King of Bridgwater; Lord Laming; Baroness Lane-Fox of Soho; Angus MacNeill; Sir Robert Neill; Baroness Neville-Jones; Lord Reid of Cardowan; Bob Stewart; Lord Strasburger.

Evidence Session No. 2

Virtual Proceeding

Questions 29 – 66

Witnesses

[I](#): Theresa May, former Prime Minister, 2016-19 and Home Secretary 2010-16.

[II](#): Lord Hammond of Runnymede, former Cabinet Minister, 2011-19.

Examination of witness

Theresa May.

Q29 **The Chair:** Mrs May, good afternoon and thank you very much for coming to give evidence to our committee. As you may know, we have been pursuing the question of how the National Security Council structures work in a variety of ways. Our most recent inquiry looked at the occurrence of the pandemic, which is the first of the tier 1 risks actually to occur, as a case study for how the structures and processes of the National Security Council and our whole security apparatus work. That is why, having done that as a case study, we now have this inquiry into the National Security Council and its structures.

Could I begin by asking what you, as Prime Minister, thought were the

advantages of having a National Security Council?

Theresa May: Thank you, Chair. I am pleased to be able to join you all, albeit virtually, today. I was very supportive of the decision that David Cameron took to set up a national security council. I note that in your question you asked what I thought as Prime Minister was an advantage, although, of course, I had had six years as Home Secretary on the National Security Council and had seen the advantages from that aspect as well.

As PM, my view was that it was important to bring together departments that were crucially involved in national security and to be able to have that discussion, not just among Cabinet Ministers but with the opportunity for the agencies and Defence to input into the discussion. I am a great believer that you get better decisions if you have the ability to bring key people together. You also have something else; I am sure that many of the people on your committee will recognise the siloed mentality that we see all too often within government.

This enabled the key departments of national security to get greater collective understanding of the issues that they were dealing with. On that basis it also enabled us to work better together and, crucially, led to the fusion doctrine, which most recently led to its being built on in the integrated review. On national security you need departments to work together. The National Security Council aided that and gave a better joint understanding of the issues.

Q30 **The Chair:** I am very mindful of the fact that your experience is unique. As you say, you had six years' membership as a Cabinet member and then became Prime Minister. That will not be easy to replicate. Within about a year of becoming Prime Minister you launched the national security capability review. I have always wondered what led you to do that, and whether the impetus for it was from you yourself, or within No. 10, from the NSC apparatus or from the National Security Adviser. What led you to do that?

Theresa May: With these things, it is always difficult to pinpoint one sentence that somebody said that led to a decision being taken. It very much came as a collective view, partly from my experience but also from the National Security Secretariat. As we were looking to the future and what the task of national security would be, we needed a better understanding of the capabilities that we had and the capabilities that would be necessary in the future.

It was very much that sense that, in national security terms, you can never really stand still. You have to be looking constantly at where the threats are and what is necessary for the future, and finding a way of ensuring that you build that into your capabilities and resources. It was a collective understanding that, for the future, life was changing and we needed to have better understanding, and to look ahead more, rather than simply relying on the sort of approach that had been taken in the past.

Q31 **The Chair:** One of the other things that you did when you became Prime Minister was to change the sub-committee structure. As I recall, you terminated the counterterrorism and Syria and Iraq sub-committees. Can you tell us what led to that?

Theresa May: First, in its initial stages the National Security Council had a number of sub-committees, some of which did not meet that often. The one on counterterrorism and Syria and Iraq looked at some very specific issues in relation to foreign fighters and the return of foreign fighters. Having set up a structure that was dealing with that, it was then felt that it was not necessary to have a more detailed look at it at sub-committee level, although in a more strategic sense the issues would continue to be taken by the National Security Council. That particular sub-committee met on a number of occasions to put processes together specifically on the return of foreign fighters.

Q32 **The Chair:** Perhaps I could ask you quickly about a slightly awkward incident in your time. You sacked Gavin Williamson as Defence Secretary after a leak from the NSC. Did the leak itself affect how well the NSC operated? Did it take long to recover?

Theresa May: It did not take long to recover. Obviously, an incident like that is a shock to the system when it happens. I think there was a slight sense of concern initially, particularly obviously from those who were not the politicians sitting around the table, about the advice and evidence that they were giving the council. Practically since the National Security Council was set up the assumption was always that nothing leaked from it. It is really important that nothing leaks from it because of the nature of the discussions that we have. You want the agencies—the Ministry of Defence and others—advising you to believe and feel confident that they have the freedom to give their best and genuine advice, without feeling that they have to hold something back.

There was a slight judder, if you like, when that incident happened, when people were concerned initially, but I think we then got back into the rhythm of people recognising that they could speak as freely as they had done previously.

Q33 **Lord King of Bridgwater:** Welcome. It is good to see you again. Your answer has already emphasised one point, which is the value of experience. You had exceptional length of service as Home Secretary, as well as being Prime Minister. It is very much a point that concerns me about the National Security Council. With the rapid turnover in the current Administration, a lot of Ministers and Secretaries of State with very short service terms in office are now having to show good judgment, particularly on a lot of issues that are the same as those you had to deal with, such as Afghanistan and Iraq and others that existed at that time.

I raised this with David Cameron, and said that perhaps your experience and that of others with long service—Philip Hammond would obviously qualify—could be somehow available to help give advice to the National Security Council, with its relatively inexperienced members. The suggestion then was that the new National Security Adviser, Stephen

Lovegrove, could form a bit of an advice group separately; you have already emphasised the importance of the NSA having some previous national security experience. If he did, would you be willing to support him?

Theresa May: I, and I am sure all other former Prime Ministers and others who were felt to have relevant experience, would be willing, if there was a request, to provide that sort of experience, or be available to provide it when requested, and happy to do so.

I am tempted to say that, of course, when I first went on the National Security Council as Home Secretary I had no experience, and neither did anybody sitting around the table. We had to learn pretty quickly in our roles. Certainly, on the point you make, Lord King, about the possibility of people with more experience being available, I am sure nobody would say no if they were asked to provide that sort of advice.

Lord King of Bridgwater: I mention it, because so many of the problems we have are pretty long lasting. We have been in Afghanistan for 20 years with the same problems. They are still around. I go back to the Gulf War, which we finished in short order, but there was the second Gulf War and now, with long-standing problems in the whole of the Middle East, it seems to me that that vast experience is very valuable.

Theresa May: Towards the end of my time at the Home Office, I used to say that I was the collective memory of the Home Office, because civil servants turned over every two years in their roles and having a Secretary of State there for so long meant that I could remember things that the civil servants could not remember. Your point about that experience and collective memory is important.

Q34 **Sir Robert Neill:** It is good to see you, Theresa. I wonder what you did to embed awareness of legal risk, both in the decision-making process as to identification of risk and in any mitigations and actions that had to be taken in consequence. We know that the Attorney-General is always a member of the National Security Council. I think David Cameron told us that he also had a legal adviser embedded in No. 10, so that he had more or less round the clock access to advice in quick time. Did you take similar steps, or have similar structures to ensure that?

Theresa May: I relied on the advice of the Law Officers and Treasury counsel, which of course is available in short order. I think it is imperative that you have that legal advice sitting around the National Security Council. Sometimes it is uncomfortable, in that politicians think they can do things and then discover that the legalities are rather more complicated than they think, but it is imperative if we are to continue to stand by our values and uphold the rule of law. It is really important that the Attorney is there and able to give absolutely independent and clear legal advice.

Q35 **Baroness Healy of Primrose Hill:** Mrs May, Lord Sedwill saw the response to the shocking Salisbury poisonings as a model of the fusion

doctrine approach, which you introduced in the 2018 national security capability review. How did you see the NSC's role in that crisis? There was no warning. What effect did it have specifically that you can tell the committee?

Theresa May: I think it was a good example of the fusion doctrine. It was a good example of the whole of government being able to work together and respond. Obviously, the initial response very much had to come from me as Prime Minister, based on the advice I was receiving, but then the matter was discussed by the National Security Council in terms not just of the specific incident but of its ramifications for our relationship with others.

It showed how good it is when departments, agencies and others have a clear aim—dealing with and responding to the incident—and are working together. As I said earlier, the fusion doctrine was part of that. It is now being built on in the integrated review. Over the years, I think we have seen a growing sense among those involved in national security of the importance of being able to work together. A practical example, like the response to the Skripal case, emphasises that, and gives people greater confidence to work together in the future, which is important.

Q36 **Baroness Neville-Jones:** Good afternoon, Theresa. You mentioned the integrated review. The committee would be very interested to know what your general reactions were to it. You mentioned that you had the feeling that it builds on things that you accomplished during your period. It would be very interesting to hear how you assess the way thinking has developed.

Theresa May: Thank you, very much. It is very good to see you as well, Pauline.

This is an area where you can set up a doctrine like the fusion doctrine, but it is when it works, as people are working together, that they are then able to develop it into further thinking. That is where I think the integrated review comes in. I welcome the concept of the integrated review and its having brought departments together in that way. There are some areas of the review where there is detail yet to be filled in. Obviously, part of that detail, as regards the Ministry of Defence, will be filled in today with the Defence Command Paper.

There are other areas where I have mixed feelings as to whether it is the right step forward.

Baroness Neville-Jones: Why?

Theresa May: There is a suggestion that there will be a sort of college of national security. I am not entirely clear what the role of that would be. I set up the College of Policing, for example. We did that, because there were a number of police forces with everybody doing the same job but not sharing good practice between them. The College of Policing enables them to identify what works and good practice.

The relationships in the security field are slightly different. They are rather better in terms of people working together. That is why I question whether a college of national security is necessary. Again, we have not seen detail on that. In due course, I would expect that would be filled in.

Baroness Neville-Jones: I rather share your reaction. You mentioned new institutions. A couple of the new institutions are the SITCEN and the counterterrorism operations centre. Do you have any thoughts on those, particularly with your Home Office experience? Do you imagine that to be an extension of COBRA? How do you react to these new ideas?

Theresa May: Again, my reaction is possibly that I remain to be convinced. COBRA has worked. I know there is a sense that you perhaps want an environment in which more electronic information and data is available to you, but you can get to a point where you have so much information coming in that it is difficult to analyse it properly and separate it into the key points that you need to focus on. The point about COBRA is that you come together with that analysis, which has been done by officials, and that enables you to focus on the key issues.

I sometimes think that we look elsewhere and we see examples of how other people do this, and perhaps sometimes think we should have one of those, but we need to ask how it will work better. That is the question. If it will work better in future than the COBRA structure, all well and good and let us do it. If we do not think it is actually going to add anything to working better, we perhaps need to pull back.

Baroness Neville-Jones: Fair enough. Thank you.

The Chair: On a slightly different aspect of the integrated review, Mr Jones had a question.

Q37 **Darren Jones:** Mrs May, you have just talked about how we can do these things better. The integrated review envisaged deeper integration across governmental departments. Do you think that is a criticism that the fusion doctrine did not work well enough, or is it the fact that our national security threats have changed?

Theresa May: As we look to the future, the national security threats have been changing, and that very much underpins the integrated review. I do not think it is an example of the fusion doctrine not having worked. I think it is a development of the fusion doctrine, a recognition that, in a sense, once you have started on the process of working more closely together you see the advantages of it, and you see the advantages of moving further down that route. That is how I would set it.

Darren Jones: This committee has expressed concern before that the National Security Council under Prime Minister Cameron was more involved in day-to-day operational decisions as opposed to long-term strategic planning. There was a bit of confusion about how COBRA and the NSC fitted together around that strategic leadership.

If we take the example of hybrid warfare, which is referred to a lot in the

integrated review, do you think there need to be any changes to the make-up or use of the National Security Council, compared with COBRA, to better anticipate and deal with those sub-threshold threats to our national security?

Theresa May: It is always difficult in government to move away from the day to day on to the strategic and ensure that you continue to have a strategic element to your thinking. Yes, the National Security Council should be the body that is looking at the more strategic issues.

On the whole, I would say that the relationship between the NSC and COBRA has worked well. My experience of COBRA is very much more as a response to an incident, a response to something that has happened. We are reminded of that today by the anniversary of the death of PC Keith Palmer. Sadly, we see these terrorist incidents, and we have had so much experience of them. COBRA can be a response to that in coming together immediately and bringing everybody together.

The NSC on the whole looks at more strategic issues. I suppose my one concern, which I certainly expressed when Home Secretary and tried to ensure I dealt with when I was Prime Minister, is that it can become more of a foreign policy discussion environment than what I would call a hard-edged national security discussion.

Darren Jones: Thank you.

The Chair: We may come back to that point.

Q38 **Baroness Hodgson of Abinger:** Good afternoon, Theresa. It is lovely to see you.

Considering long-term strategic issues, Lord Ricketts told us earlier this month that the threat from China did not get enough attention in the national security structure until recently. To what extent was your NSC reviewing long-term strategic issues, such as the relationship with China? When you decided to pause the Hinkley Point approval, was the NSC involved?

Theresa May: It is very good to see you, Fiona. I will take your second point first.

The Hinkley Point decision was very much something that I had taken as Prime Minister. It came out partly because of my experience as Home Secretary. I was concerned to ensure that we were addressing the national security aspects of the relationship with China and looking at them very carefully. That was an example. Obviously, after some reconsideration, the decision was taken to go ahead.

On China as a whole, the relationship with China has been developing. We have seen more recently more specific concerns about the human rights issues in China and, prior to that, about the threat issue of China. The Huawei issue was very live when I was Prime Minister and continued after I had stepped down. The Government have now taken a decision as

to where to go on that. It was an issue when I was Home Secretary as well, so these questions were there in the background and were being considered. They have come into more public prominence, I would say, in recent years.

Q39 **Baroness Hodgson of Abinger:** Absolutely. Following on from that, what do you make of the way China is addressed in last week's integrated review? Do you see it as a departure or a change of approach from when you were Prime Minister? Would you see it as a development?

Theresa May: My own view on China, which is reflected in the balance that the integrated review has tried to strike in relation to China, is that China is not going to go away. It is a major economy. It is a major player on the world stage. It is going to continue. We know the way it has reached out across the world; there is the belt and road initiative, and other examples.

We cannot live in a world where we can shut China out in some sense. We have to find a way of balancing the relationship with China that is economic on one side and has concerns about security and human rights on the other. It is about being willing, first of all on human rights, to stand up, be counted and say our piece and challenge China on those issues. On the security front, it is about being very clear-minded and understanding exactly what pressures there are.

Dealing with China comes back to something I was asked earlier about the strategic nature of the National Security Council. We know that China thinks much more long term than we tend to think in the West. Sometimes, I think we make more immediate responses, when we need to take a very long-term view as to what China's intentions are and how we respond to those.

Q40 **Lord Reid of Cardowan:** Theresa, if I may, thank you for appearing before us. I want to return to something you touched on during the penultimate question. The first six years you spent on the National Security Council were as Home Secretary. I have no doubt that was fabulous experience for the time you spent as Prime Minister.

While you were on it as Home Secretary, did you find that it was top heavy in consideration of foreign affairs and foreign national security issues, and was that to the detriment of the domestic concerns that you would have spent the whole six years dealing with? If that was the case, did you in any way attempt to rebalance it during your period as Prime Minister?

Theresa May: It is very good to see you, Lord Reid, or, John, if I may. As a former Home Secretary yourself, you know the pressures and the interests of that office.

I will be honest. I used to complain. I used to say quite often, "Actually, I think the National Security Council is spending too much time on foreign policy issues and not enough time on domestic issues". It is perfectly legitimate to look at a foreign policy issue, but if you are doing that you

also need to look at the domestic security consequences or ramifications of that issue.

One of the things I tried to do when I became Prime Minister was to rebalance that—to make sure that, for example, we looked at and considered more frequently issues of organised crime. I believe that is a national security issue. Of course, some organised crime groups are sometimes linked to proxies for, or actual, state actors. These things are linked together, so you have to look at the domestic side as well. It is important that the National Security Council does not see itself just as an opportunity to discuss foreign policy or how many tanks the Army should have.

Lord Reid of Cardowan: That is a very interesting answer. It is what some of us suspected might be the case. That would obviously have implications for your consideration during those six years—through, for instance, your steering of the Office for Security and Counter-Terrorism, on domestic issues, through handling issues, liaising, consulting and perhaps agreeing with the devolved Administrations over issues of national security.

How did that play out? If not enough time was spent during that period on domestic national security, one presumes that the relationships with the OSCT and the devolved Administrations were weaker than they ought to have been.

Theresa May: I am not sure that that absolutely follows from it not being given so much attention at the National Security Council. I think the Office for Security and Counter-Terrorism in the Home Office was a very good innovation; it was set up under the previous Government, of course. In that office, they had developed themselves the ability to work across government and to work not just with the agencies but with other departments in government, which was important, and we enhanced that over time, as well as working with the devolved Administrations.

I do not think those relationships were driven by the discussion at the National Security Council. It was possible within the Home Office in determining the way the OSCT worked to build the relationships that were necessary.

Lord Reid of Cardowan: Thank you.

Q41 **Lord King of Bridgwater:** Coming back to the NSC being rather foreign-affairs dominated, I was struck by one point. Only certain senior officials were allowed to attend the NSC. I notice that those officials were the National Security Adviser, the chairman of the JIC, the heads of the intelligence agencies, the Chief of the Defence Staff, and the Permanent Secretary in the Foreign and Commonwealth Office. There was no representation at senior level by the Home Office. Do you think that should be changed?

Theresa May: I made sure that the director-general of the National Crime Agency was also on the committee, so we had that organised crime element brought into it.

I feel that I should rap my own knuckles in response to your question, Lord King. We did not put the Permanent Secretary of the Home Office on to the National Security Council, although of course the Permanent Secretary of the Home Office became the National Security Adviser, and therefore we brought in that expertise in a slightly different way.

I think there is a valid question here. Given some of the issues that we have been talking about—obviously, the OSCT, but also the way in which immigration affects some of the issues that were being discussed at the National Security Council—there might be an argument for having a senior Civil Service representative from the Home Office as well.

Lord King of Bridgwater: It might have been better if he had already been on as the Home Secretary before he became Permanent Secretary.

Q42 **Lord Laming:** Good afternoon, Mrs May. When Mr Cameron gave evidence to the Committee, he touched on your decision to combine the role of the National Security Adviser with that of the Cabinet Secretary. For what it is worth, he described it as a “bad mistake”, primarily because he felt that the pressure on each of those two posts was already sufficiently great and they could not be satisfactorily combined. Could you share with us your reasoning? Looking back, could you tell us whether you think it worked well, or not as well as you had hoped?

Theresa May: I also noted that David said in his evidence that the point of the National Security Adviser was that it was the national security element of the Cabinet Secretary job. I thought that was an interesting description, given what he then said.

The appointment of Mark Sedwill as both National Security Adviser and Cabinet Secretary was never intended to be permanent. It was always intended to be for a limited period. I absolutely accept that it is not ideal. One should aim to have those two as separate, but there was a particular set of circumstances—Jeremy Heywood’s illness and then his having to step down, together with the Brexit negotiations that were taking place at the time—that to my mind made it sensible to bring those two together for a period. Dare I say it, I think it is more important to have a National Security Adviser who has some security experience, albeit also as Cabinet Secretary, than one who has no security experience.

Q43 **Lord Laming:** That is most helpful, thank you. When Lord Frost was named as the next National Security Adviser, you had reservations about that. Could you share those reservations with us, so that we can see the picture?

Theresa May: The National Security Adviser is the person the Prime Minister and the Government look to to give absolutely critical, independent, well-analysed views on the security situation, be it discussing a relationship with another country or an internal domestic

security issue. It is therefore important that that individual has experience in the security field.

I can happily say that when I was Home Secretary I slightly jibbed at the fact that often the National Security Adviser was drawn from the diplomatic, from the Foreign Office, rather than from the Home Office, which did not seem to get a look-in on it. I think it is important to have security experience and to have been in that world, to understand it and to be able to slot in immediately when dealing with those issues. That was my concern about the appointment of David Frost.

Of course, that has now changed. Stephen Lovegrove is an excellent appointment and will do a very good job as National Security Adviser. He is steeped in it. He understands the key element of national security.

Q44 Lord Laming: That is most helpful, thank you. Could you share with us what you think would be the pros and cons of putting the National Security Council on a statutory footing?

Theresa May: I have to confess that I am not really in favour of putting it on a statutory footing.

Lord Laming: Fine. Yes.

Theresa May: I think the flexibility that is provided by its not being on a statutory footing is important. Some organisations that are set up need to be on a statutory footing. When I set up the National Crime Agency, for example, it needed certain powers to be given in statute, so that was the right thing to do. For the National Security Council, I do not think that is necessary, and the flexibility that is provided by its not being on a statutory footing is very important.

Lord Laming: That is very clear. Thank you very much indeed.

Q45 Lord Brennan: Mrs May, when you were attending National Security Council meetings, both as Home Secretary and Prime Minister, what did you think about the suggestion, in reality and practicality, that each lead department was in charge of its own risk planning or emergency planning? What did you have by way of cross-checks for that accountability, quality control or whatever?

To finish off on the general theme of organisational structure, I agree with you about domestic security deserving a full position on the NSC. On biosecurity, pandemic, terrorism, cybersecurity and organised crime, most people in the public would expect the Government to have a plan. What do you think?

Theresa May: You are right that members of the public expect the Government to be thinking about those issues and doing their best to prepare for issues on these sorts of questions.

Obviously, there is the national risk assessment—an overall document, or overall piece of work, that looks at risks across the board. On individual preparations, it is by definition much easier for a single department to be

able to make its own assessment and put its own preparations in place. Then what is important, it seems to me, is that you have the opportunity to test some of that through the exercise regime that is undertaken, so that you bring, through those exercises, your testing of what has been put in place by individual departments against the backdrop of an example of a terrorist incident or something else that government has to deal with. You are then able to see the way in which the departments, having individually got their own assessments and plans, can work together.

You cannot just leave a department to do it and have no sense of trying to test it out in a wider way. I think the exercise regime that we go through is a very important part of that test.

Lord Brennan: The integrated review suggests, in classic management-speak, "Performance and Planning Frameworks" and "Outcome Delivery Plans". Do you see any hope for them?

Theresa May: I think delivery planning is very important. I am not sure that this is so new an idea. Certainly when I was Home Secretary in charge of a department, we had to produce annual plans, annual delivery points and so forth. There may be a different way of bringing them together in the future, but the concept is important and it is not unusual. I think it is something government has been doing, albeit over time it may be called different things.

Q46 **Baroness Henig:** Good afternoon. I would like to ask a couple of questions on resilience and security. Do you think that the Government have made a mistake in not re-establishing the NSC sub-committee on threats, hazards, resilience and contingencies?

I ask that, because I wondered whether you thought last week's integrated review adequately addressed how resilience and security need to be developed in the UK. Will it not be more difficult to do that without that NSC sub-committee?

Theresa May: My own experience of that particular NSC sub-committee was of a limited number of meetings. If I can put it like this, it was operating very much more at the sharper end of some of the issues that it had to deal with.

The question of resilience across the country is a particularly interesting one, given what we have been going through in the pandemic and the way in which, at local level, areas had to come together, dealing with a different issue from a terrorist attack or something like that. The truth is that local resilience forums may not all operate in the same way and to the same standard across the country. I think there is a question of ensuring that there is a greater sense of consistency across the country in the resilience forums and how they operate in the future.

Baroness Henig: Would you see the NSC having a role there in some way? Clearly, resilience will be a major issue.

Theresa May: I think the NSC would have a role, not necessarily through a sub-committee, in setting the overall sense of a resilience framework and the issues that need to be addressed, and for that to then cascade down to local level. We talked earlier about interdepartmental working. Of course, we must never forget that actually we have to bring local government into some of these issues as well.

Baroness Henig: And the devolved Administrations.

Theresa May: And the devolved Administrations, yes.

Baroness Henig: Thank you.

Q47 **Lord Reid of Cardowan:** Following up on the mention of resilience, preparedness and the national risk register, perhaps I could ask you a question that I asked David Cameron last time. At the moment, the national risk register is drawn up by the Civil Contingencies Secretariat at the Cabinet Office. It is then passed to the politicians.

It is obvious that in the first study of resilience in 2002, which identified a global financial crisis as the most likely problem, very little was done about it. Similarly, top tier risk 1 for many years has been pandemic, yet we were caught relatively unprepared because we prepared for influenza.

Do you think that the system of compiling a national risk register would benefit from having an independent body, rather in the way that the Budget is supplemented by the OBR, the National Audit Office or various other independent advisory bodies? That would take its compilation completely out of the sphere of government in the first instance. It would then be up to Ministers and civil servants what they do with it. It is obvious that it has not worked to the optimum level over the past 10 or 20 years.

Theresa May: That is a very interesting idea. You are absolutely right. Pandemic has been up there as a tier 1 risk, but everybody prepared for and thought it would be an influenza, a flu pandemic, and had not prepared for an alternative type.

One of the problems with the national risk register, in a sense, is that there is so much on it. Sometimes departments feel—how can I put this?—that it is quite difficult to respond and to make sure they are properly assessing all the issues that have been identified in the risk register.

I have not thought it through, but the concept of an independent body is an interesting idea that is probably worth giving further consideration and having a further look at. However, even were you to go down that route, of that independent body, the question would be how departments, the Government and Ministers respond to it. The issue is not so much the drawing up of the register as what you put in place to deal with what is on it.

Lord Reid of Cardowan: It is also getting away from looking at risk only

as impact times vulnerability. In the networked world there are systemic risks, not atomised ones, and the objectivity of independent experts seeing it in that networked fashion is one of the benefits. You would still have to decide what to do about it, but it might be a rather more sophisticated way of doing it than the way we do it at present.

Theresa May: There may very well be something in the sense that there is a process for developing it at present, and that process is constantly followed, so a different mindset, a different way of thinking, and looking at it could very well be beneficial.

Q48 **Baroness Neville-Jones:** Theresa, the system is very high quality, but it is very closed; it is Ministers and civil servants. When I was doing work for David Cameron, I tried to persuade him to bring in occasionally a council of independent wise men. I think you believe that could be used on occasion on individual subjects, but what do you think about the sort of thing the Treasury has allowed to happen with the OBR? Is there a case for more independent scrutiny of things like the risk register, and of resilience planning and its adequacy? It is extraordinarily difficult to do it in depth and across government. These are hugely complex tasks. I wonder whether we would benefit generally in government from a bit of external advice on some of these issues. What do you think about opening up the system a little bit?

Theresa May: Again, I think it is an interesting suggestion. When I said that I welcomed the concept of a national security council, I should have said thank you to you, Pauline, for the work you did for David, which led to the National Security Council.

There is a balance to be had. Obviously those who are advising the National Security Council have access to and will be looking at the independent advice that is already available through a whole range of organisations, but it is not in the structured way that the Treasury has with the Office for Budget Responsibility.

One of the issues for the National Security Council is that by definition its discussions will always be behind closed doors, whereas in the case of the Treasury the Office for Budget Responsibility looks at the Budget and there is a response to it. The Budget incorporates elements of the forecasts of the Office for Budget Responsibility. The OBR is independent, but there is greater interaction between the two. If an independent body publishes, say, a risk register and the National Security Council responds to it, the response will not necessarily be as open and therefore as able to be judged against the independent advice that has been given, in a public sense.

On the whole question of risk management, the point you make is important. There are people out there who are very experienced in different areas of risk assessment and risk management. If we are honest, this is an area which government has come to relatively late, compared with many private sector organisations and bodies for

example, so there is experience which government could probably benefit from.

Baroness Neville-Jones: That is interesting. Thank you very much.

Q49 **Lord Strasburger:** Good afternoon, Mrs May. The integrated review sees a need for departments to tackle cross-cutting challenges with “clearer accountability for delivery under stronger ministerial oversight”. Do you think the need for that was evident during your time in office—for example, the ISC’s subsequent conclusion that the subject of Russian interference in UK elections was a hot potato in Westminster and so was not picked up by any department—or is the lesson exposed mainly by the Covid pandemic?

Theresa May: It is important. I do not think the first example you gave necessarily showed the issue you are addressing; we were clear, as a Government, about the question of interference in elections. It goes back to one of the difficulties at the heart of government, which is that for so long there has been a siloed approach within departments. Changing a mindset in such a large organisation as government takes a long time, and you have to work at it constantly. When I was Prime Minister, I was frequently told that if I wanted departments to work together on a particular issue I had to set up a task force or a working group that I chaired, because if departments knew No. 10 was interested in it they would be more likely to see the need to work together, rather than if, say, the Home Office said to the Foreign Office, “We want to work on this issue”.

It seems to me that there is still room for changing those sorts of mindsets, but that will come over time. As we develop the integrated review, which as I say is a development of the fusion doctrine, and as we develop those thoughts more clearly and more people are involved in operating within that sort of cross-cutting environment, I think government will get better at it.

Q50 **Lord Strasburger:** I take your point about breaking down the siloes. Do you think the NSC would have the capacity to undertake the envisaged accountability role for cross-departmental policies?

Theresa May: It depends how far you want that role to range. I had an experience where the National Security Council pushed for much greater accountability from departments in relation to specific issues they were looking at, but it is important not to load the NSC with too many of those responsibilities and potentially detract from what I see as its core task of deliberation about policy in relation to very key national security issues.

Q51 **Lord Strasburger:** Intelligent analysts get training through a dedicated academy and a professional head of intelligence analysis. Do mainstream government departments have enough training on risk assessment for their staff?

Theresa May: The answer is probably no. It goes back in part to how I responded to Lady Neville-Jones. There needs to be perhaps more

understanding of the issues of risk assessment and risk management across government. It has been developing, but further work and development needs to take place.

It goes slightly back to an issue we discussed right at the beginning of this session, which is the need for government constantly to be able to look ahead and make assessments of risks coming down the line, as opposed to just the day-to-day risks that come up and hit them. You have to be able to take a more strategic view as to where the risks lie in the future; it is a holistic idea about cross-government consideration.

Lord Strasburger: Thank you, Mrs May.

Q52 **Baroness Lane-Fox of Soho:** You have mentioned local resilience forums and the private sector, Mrs May. I am interested in whether in your experience there are enough mechanisms to engage with both local government and the private sector when looking at risk, and therefore whether there is effective engagement.

Theresa May: There is probably more to be done in engaging with local government. As I said in answer to Baroness Neville-Jones, there is a lot of experience of management and assessment of risk in the private sector and perhaps government does not tap into that sufficiently.

Those advising the National Security Council have the opportunity to interact with those outside government who are looking at these issues and will be bringing some of that assessment into the work they do. In the local government-national government relationship on these issues, more can be done to build in a more consistent framework from national to local government for the assessment of risk and the response to it.

Q53 **Baroness Lane-Fox of Soho:** Would you say that there is adequate sharing of information and risk planning with our allies and partners about the types of risk registers they are building?

Theresa May: Officials talk to opposite numbers in our allies and discuss with them their assessment of particular issues and responses to them. It is undertaken, but probably more so at the official level.

The Chair: Mrs May, thank you very much. As I said at the outset, your experience on these issues has been unique. The committee is very grateful to you for coming to give evidence to us and for your frankness today.

Examination of witness

Lord Hammond of Runnymede.

Q54 **The Chair:** We will now take evidence from Lord Hammond. Lord Hammond, over a period of some nine years you had three ministerial posts that also involved you in membership of the NSC. The Government have told us consistently from the beginning that the NSC is intended to

help co-ordination between departments and between Ministers. You have experience of that and I would welcome your comments. In particular, did you feel differently about it depending on which of your ministerial positions you were in?

Lord Hammond of Runnymede: I think I first attended NSC when I was Transport Secretary, so it is possible for Ministers who do not usually attend the NSC to be invited when there is something that is particularly pertinent to their department. The NSC was an excellent innovation and is a very good forum in which some of the strategic and cross-cutting issues can be reviewed. Did I feel differently about it in different roles? Yes, almost certainly I did.

The Chair: Would you like to expand on that a little further?

Lord Hammond of Runnymede: First, it has already been noted that the focus of the NSC is very much defence and foreign policy. I am not sure that is entirely wrong. There is clearly an important element in which domestic security policy interacts with defence and foreign policy, but that is where, for better or worse, the centre of gravity of the NSC is. As Defence Secretary attending the NSC, one has a particular focus on an aspect of the foreign part of national security, which is the contribution that defence makes.

One of the key things I have not heard mentioned today, and I do not think I picked up during your session with Lord Ricketts and David Cameron, is that the NSC has no budget; it is not a budget-holding body. Therefore, when you talk to departmental Ministers with budgets, as soon as you start to use words like "cross-cutting", "integrated" and "interdepartmental", little hairs immediately start to prickle on the backs of necks. I probably would not be the only Defence Secretary who had had the sense that, as the holder, by some margin, of the largest budget around the NSC table, to some extent proceedings in NSC often felt, from a Ministry of Defence perspective, like an exercise in trying to secure support from the Defence budget for worthy and important but not necessarily defence-related activities going on elsewhere.

The Chair: I think we can all understand that. As you say, we heard evidence from Lord Ricketts. One of the things he told us leads me to ask you about your role on the NSC as Chancellor, because he said that finance ministries in general are reluctant to spend on preparedness capacity, which obviously you do not know whether or not you will need, as opposed to the immediate crisis of the day. Do you feel any pang of conscience at that suggestion?

Lord Hammond of Runnymede: No, I do not. I heard Lord Ricketts say that and I have thought about it since. I do not think that is true. It is sort of trite to say that we build an aircraft carrier, it sails around the world for 40 years without ever engaging in combat, and therefore it is a waste of money. That is clearly not the case. The purpose of having defence forces is to avoid the need to go into combat, and to be able

show the resolve that avoids that kind of military confrontation with your enemies.

I do not think that is the problem, and I certainly do not think, if I remember the discussion, that there is any particular change to the fiscal rules that could somehow magically change that position. I do not see it as a major problem. Chancellors understand the need to fund defence and resilience, which again is often about building contingent capability that may, with luck, never be needed, but that is what being safe and secure is about—having contingent capability to deal with eventualities that may arise.

The Chair: Thank you.

Q55 **Baroness Neville-Jones:** Good afternoon, Philip. Can I ask the same question that I asked Theresa? What were your reactions to the latest integrated review? What did you pick out as interesting or good, and did you have any objections to what was proposed?

Lord Hammond of Runnymede: Good afternoon, Pauline. It is good to see you. Overall, I was quite pleasantly surprised by the integrated review. I thought it was a very sensible document. However, I would enter two caveats.

First, it seemed to me to embrace quite a lot of additional commitment and lots of aspiration to do more and do it better without any clear shedding of commitments elsewhere. I think the overall document represents a mismatch of aspiration and resource. It will not be the first document that has ever been written in the national security or defence space that mismatches ambition and resource, of course.

Secondly—this is not an original thought—there was a piece in a newspaper last week, with which I very much agreed, about the importance, when talking about Britain and its future role, global Britain, of having the ability to see ourselves as others see us. Sometimes, some of what we say sounds as though we may slightly be looking at the world through a pair of rose-tinted spectacles and that the view others have of us, our intentions, objectives and capabilities might be slightly different from those that government press releases encourage.

Baroness Neville-Jones: When you talk about a mismatch, are you thinking of all the quite elaborate stuff about extra procedure and more efficacy?

Lord Hammond of Runnymede: No.

Baroness Neville-Jones: Are you talking more about the defence element?

Lord Hammond of Runnymede: I was thinking more about the aspirations for Britain to play a bigger and more far-flung role in the world, both diplomatically and in military support and influence. All those things are incredibly resource hungry. Sending a frigate into the North

Sea or North Atlantic is one thing; sending a frigate to the Pacific Ocean is quite another because of the long transit times, et cetera.

There are challenges here, and I have no doubt that they will come out in due course. Trade-off decisions may have been made, but it is not unusual to find that Governments are keener to talk about the new things that they will do than some of the things they will have to stop doing in order to do the new things. Some of those may emerge in due course.

Q56 **Baroness Neville-Jones:** You are certainly right; we will have to gear up to do all these global things. Can I ask you about China? There is quite a lot more in this integrated review than we have said previously. What do you make of the balance of the approach?

Lord Hammond of Runnymede: It is right that there should be a lot about China, because it is the second biggest economy in the world, the second most important strategic power, and Britain's third largest trading partner, so it is absolutely important that we focus on relations with China.

I thought that the tone was quite well balanced, although there is again an element of optimism in thinking that we can separate our strategic approach to China from our trade and investment approach to China, and assume that the Chinese will allow us, as it were, an à la carte approach to the menu of relationships.

Baroness Neville-Jones: We are not the only people who face that dilemma, are we?

Lord Hammond of Runnymede: Not at all.

Baroness Neville-Jones: It is all western democracies.

Lord Hammond of Runnymede: It is indeed. We have long experience of dealing with states with which we have fundamental differences of values. We have long experience of dealing with states that are strategic challengers. What we do not have much experience of is dealing with a state that is a strategic challenger, has fundamentally different value sets arising out of a different history and culture, and is also a major economic power. In the past, we have been rather used to dealing with strategic challengers that are economically inferior to us. This will require a wholly different way of thinking about the broad challenge across the economic, strategic and political fronts.

Baroness Neville-Jones: I agree. Thank you.

Q57 **Lord King of Bridgwater:** Welcome. I congratulate you on wisely, I suppose, listening to the other contributions from our witnesses before you came to see what nonsense they had got up to.

You brought out very well a point that I also made to Theresa. You have had huge experience. An awful lot of the problems have been around for a long time. How do you think we best harness that experience? We have had people sitting on the NSC who have been there for barely five

minutes and have had no previous experience of many of these issues. You may have heard my suggestion about trying to form some sort of advisory group, which perhaps Stephen Lovegrove could be involved in organising, to make that experience available.

Lord Hammond of Runnymede: It is an admirable idea. As Theresa May said, I cannot see anybody who is invited to join not being willing to do so. When I was Secretary of State for Defence, I formed a little ad hoc lunchtime meeting group of former Defence Secretaries which you and Lord Reid were kind enough to attend on occasions.

The difficulty, frankly, is asymmetry of information. Much of what the National Security Council considers is classified information, and Ministers in office have access to information that people like us, however well-intentioned our engagement would be, necessarily cannot and do not have access to. Therefore, there might be a practical difficulty in enabling such an external group to make a valuable contribution in all areas, but clearly there would be some areas that were more strategic and long term, and less dependent on classified intelligence, where it might be possible for such a group to play an important role.

Lord King of Bridgwater: To take something like Afghanistan, a group could meet and the first question Stephen Lovegrove would ask is, "What happened in your time? What were the issues that you had to address, and what was the judgment at that time that you decided to follow?" I am sure that you know much better than me that a lot of things must be complete repetition of what has happened before.

Lord Hammond of Runnymede: Yes. I think Ken Clarke is the great exponent of the view that if you stay around long enough you discover that there is nothing new in politics, only recycling of the old.

Q58 **Lord Laming:** Lord Hammond, good afternoon. As you know, the Government's position is that risk planning is owned by the lead government departments. When you were Chancellor, did you have a mechanism in place that enabled you to test how well departments were carrying out their emergency planning so as to allow you to allocate funding with great confidence?

Lord Hammond of Runnymede: If I remember correctly, that is the role of the Cabinet Office, and the Minister for the Cabinet Office who has an active responsibility, through the civil contingencies unit in the Cabinet Office, to oversee departments' and non-departmental bodies' contingency planning. It is not something I remember personally being involved in directly in the Treasury.

Lord Laming: I am interested in that because of the allocation of funding, and how the issue of accountability is managed when funding is allocated for a particular purpose. This is an important purpose.

Lord Hammond of Runnymede: In the spending review, departments approach the Treasury with their requests for funding, and those requests often come with quite granular descriptions of what programmes and

work the department wants to fund. Invariably, allocations are different from the bids that have been received, and departments have to do their own reprioritisation. I think it is for the centre of government to send signals to departments about areas that should be regarded as highest priority. It would be perfectly possible for the Prime Minister in office to be clear for example that they expected departments to regard planning and funding for resilience and contingencies to be treated as very high priority, and other programmes to have to flex when difficult funding settlements had been made.

Q59 Lord Laming: If I may press you a little, while you were Chancellor did you ever have concerns about the way in which the emergency plans were being put together and properly funded?

Lord Hammond of Runnymede: In general, I do not remember having particular concerns about that. Most of those plans are owned by departments that have quite significant budgets and resources of their own, and we would expect them to flex their budgets to deal with civil contingencies.

The period during which I was Chancellor was dominated by the question of Brexit, and in contingency planning the contingency of a no-deal Brexit was the one often talked about. We provided some specific funding outside departments' ordinary budgets as a central resource for no-deal Brexit contingency planning. That was allocated to individual departments on the basis of detailed plans submitted by them to a Brexit planning sub-committee.

Lord Laming: That is most helpful. Thank you.

Q60 Baroness Hodgson of Abinger: Good afternoon, Lord Hammond. I would like to continue on funding. When you left the Ministry of Defence in 2014, were you aware of the unsustainable funding gap in the defence procurement budget which the subsequent SDSR in 2015, when you were Foreign Secretary, did not really mend?

As Defence Secretary, how much challenge did you get about the state of the defence budget from the NSC and from the then Chancellor?

Lord Hammond of Runnymede: I like to think that I was the principal provider of challenge on the defence equipment programme when I was Secretary of State for Defence. I made it my particular business to try to get that programme into order. In fact, I do not share the view that in 2014 the defence equipment programme was hopelessly under water. It may not have been precisely in balance, but it was not in bad shape, because we had taken some very difficult, controversial decisions, which probably caused a lot of muttering in military and naval circles, to ensure that we had a sustainable equipment programme.

In my view, speaking frankly, what happened in the 2015 review was that a whole lot of new ambition—lots of new lines of defence equipment spending—was injected into the programme without adequate resourcing. As the Defence Secretary between 2011 and 2014—I would say this,

wouldn't I?—the process from 2010 to 2015 was one of seeking to put the finances of the defence equipment programme back into good order, which necessarily meant trimming the ambition of the defence equipment programme. The pendulum then swings the other way, as always happens. People start to say, "This is ridiculous. The bean counters have got control of the ship. We need more this, we need more the other, we need more something else", and an equipment programme is put together that, frankly, starts the cycle all over again.

For reasons that I entirely understand, before 2010 the previous Administration—the Labour Government—had delayed programmes, rather than scrap them, in order to balance the annual budget, creating what the MoD calls a bow wave of spending commitment that just cannot be funded in the next year or the year after that. We tried to take that bow wave away by axing programmes and scaling down programmes. In 2015, that ambition was reinjected and the cycle started again.

Q61 **Baroness Hodgson of Abinger:** You were Chancellor during the 2018 national security capability review, which was advertised at the time as a financially neutral exercise. Did that mean that you were able to step back during the NSC decision-making on that review, as Chancellor?

Lord Hammond of Runnymede: No, not at all. It was at the Treasury's insistence that it was a financially neutral exercise. It was essentially, picking up the challenge again of how to get the programme back into kilter with the budget that was there to support it. We could not simply accept the Ministry of Defence saying, "Look, we've got this programme. It's in the 2015 review. We're short by £4 billion or £5 billion a year. Therefore, the Treasury will have to fund it". We had to work with the Ministry of Defence to find a way of getting the programme back on track. It was a Ministry of Defence-led initiative, but with very significant input from the centre of government. The Treasury and the Cabinet Secretary were involved in a major exercise to try to balance resources with that ambition.

Q62 **Baroness Hodgson of Abinger:** Do you think that the recent integrated review has been adequately grounded in financial reality, given that the MoD has been given a four-year budget settlement, but other areas of national security have been given only a one-year settlement? Therefore, do you see the integrated review tying the Chancellor's hands as regards the other budgets?

Lord Hammond of Runnymede: The Chancellor will have some big challenges ahead in allocating spending because of the situation the public finances are in. Defence has already been given secured budget, so it is in a privileged position.

As I have already said, while I am very supportive of the tone of the integrated review, it feels to me that it still has some work to do to balance the ambition that it sets out with the resources that will be available. Some areas of public spending are already ring-fenced and protected, with significant increases, although I note in passing that the

MoD is still representing that it has a shortfall to deliver its plans, notwithstanding that significant increase.

Given the overall cuts in public expenditure that are baked into the forecasts that the Chancellor gave in the Budget, that implies some quite challenging discussions with departments that do not already have protected settlements. I think it will be a very challenging time.

Baroness Hodgson of Abinger: Thank you very much indeed.

Q63 **Baroness Neville-Jones:** I would like to come back to a question we asked Theresa. We asked her how feasible she thought the idea of having outcome delivery plans for each department would be. How easy do you think it is to identify outcomes in the national security context?

Lord Hammond of Runnymede: It is much more difficult than in some of the departments that have more obviously measurable outcomes. It goes back to the point that has already been made about funding contingent capability. How do you measure the benefit of having a ballistic missile fleet that, God willing, you will pay large amounts of money for and that will sail around the sea doing its business for 30 or 40 years and then retire without ever having been used? That is the purpose of it, but it is rather difficult to measure the outcomes in the same way as you would measure the outcomes of an education budget, for example, where you hope to see performance metrics being delivered. It is challenging.

Baroness Neville-Jones: I agree. It is how you value things that have not happened.

Lord Hammond of Runnymede: Exactly.

Q64 **Baroness Neville-Jones:** It is pretty difficult.

Can I come back for a moment to the issue of the relationship with the national security machinery, the question of the nature of the discussions that it has and the classified material it is dealing with, and the question of openness in a democracy? Increasingly, I would say, quite a lot of comment surrounds the question not only of whether the system should be as open as possible, but of whether it would act to its disadvantage to have more input and challenge from outside. There are suggestions, for instance, that we should do as the Swiss do. They put their national risk register to a recognised institute for assessment and comment. Clearly, that is a very sensitive document, but they manage to do it.

I am interested in your view. Even with the limitations of classified information, do you think that we could go more down the American road, where trusted individuals have access to Pentagon planning, for instance, and input into that? They are part of a trusted circle of outsiders. Do you think that the UK cannot go further in that direction and would not benefit from a richer debate from those who have previous experience or, indeed, have other ideas?

Lord Hammond of Runnymede: In the last 30 seconds of your question, you veered very far away from where I thought you were taking me. If the question is whether national security planning could benefit from input from outside the ministerial and official circle by a group of cleared and vetted individuals, who by implication were allowed to have some access to classified material in order to enable them to participate in that discussion, that, I think, is perfectly feasible. It would require some planning and some careful work.

That is a very different issue from whether in general, as per your Swiss example, we should be more open about national security issues. On that, I would say just this. In a world that was comprised entirely of like-minded states, it would be very tempting to advocate that, but it would be a huge mistake to sacrifice security for transparency in a world where we know that most of our adversaries have extremely non-transparent systems. Non-transparency delivers some advantages to our potential opponents. We need to be very careful that we do not damage the interests of our country and the safety and security of our people by sacrificing efficacy on the altar of transparency.

Baroness Neville-Jones: I entirely accept that. On the other hand, it does not follow, of course, that assessment by a challenge organisation, such as the Swiss operate for their national risk register, needs to be an open process. It is nevertheless a challenge system inside government, under rules that govern national security. I am not suggesting something that is open to the world. I am suggesting something that enlarges and provides more discourse and challenge inside a world that necessarily has boundaries of confidentiality.

Lord Hammond of Runnymede: It is an interesting idea. I have no doubt that a group of trusted individuals could be brought together to provide that challenge. The problem, of course, is that, seen from outside by those who do not feel that they are part of the defence and security establishment, that group is almost bound to look like an extension of the defence and security establishment. If you think that the problem is groupthink within that establishment, a few ex-generals and ex-Defence Secretaries are probably not going to reassure you.

Baroness Neville-Jones: If it gets too cosy, that is a perfectly fair comment, but I do not think it follows that it needs to be quite like that.

To turn for a moment to national resilience, the integrated review says that we are going to have a national resilience strategy. That is a huge undertaking, necessarily involving an awful lot of people, it seems to me. I do not know how you do that without a great deal of help from outside the traditional organs of national security thinking and machinery.

Lord Hammond of Runnymede: There is a very interesting point emerging. By the way, it is not remotely surprising that a Government carrying out an integrated review during the period of the Covid crisis would come to the conclusion that we needed a national resilience strategy. It is also partly a function of the observation that, increasingly,

our potential strategic adversaries operate an integrated approach to strategic capability and resilience capability that is not just about their own formal defence and security apparatus but about the mobilisation of the whole of their societies in pursuit of their national security interests, however defined.

It is a very difficult challenge for us. It is much easier for countries like China, where, for example, there are private sector companies that are profit-making entities but that none the less accept a very high degree of control and influence from the Government as part of their licence to operate. It is far easier for a country like China to look at the whole of its society and think about how it would mobilise it to provide national resilience than it is for us, in a liberal democracy, where we are naturally wary of government seeking to direct private actors, except in times of dire national emergency.

Baroness Neville-Jones: You could take the Swedish example, which is a democracy that actually mobilises national resources. It does so particularly for what we would call resilience. I would argue, for instance, that the national risk register is not nearly well enough publicised, understood or communicated to the public. If you are to have a nationally resilient society, people have to understand that. They have to understand the threats that they face, because it is out of their willingness to volunteer to be active and understand their role that you will get your so-called national resilience. I remain to be convinced that we cannot and should not exercise a system that is more open in character than we do.

Lord Hammond of Runnymede: As always with these things, there is no absolute answer. I remember at the beginning of the Covid crisis reading something about the system the Swiss have for managing supply chain resilience. About 200 Swiss companies are designated critical supply chain participants. As such, they have certain statutory duties to monitor and to manage the resilience of their own supply chains. That is an interesting idea. I have no doubt, because it is Switzerland, that there is some kind of implicit trade-off here—that private companies are performing a public service and are recognised as such in a way that gives them some proper recognition for that that benefits them in some other way.

That might be an area we could look at. Clearly, supply chain resilience in our industry is one of the issues that was very much flagged up by the early stages of the Covid crisis this time last year.

Baroness Neville-Jones: We could debate this at length. You have put forward a very interesting and useful idea. I do think that we will have to be inventive if we are to have something that is cogent and convincing as a national resilience strategy. Thank you very much.

Q65 **Baroness Henig:** Good afternoon. Clearly, an important area in relation to resilience is relations between central government and local bodies. My first question is on the theme of central government departments

creating risk plans but often, of course, local government being tasked with implementing those plans. As Chancellor, did you ever consider ring-fencing funding for local authorities to spend specifically on risk planning and undertaking exercises, and not on anything else?

Lord Hammond of Runnymede: No. I think it is fair to say that I did not. I think that local government would have had a fairly sharp reaction to the reintroduction of ring-fencing.

It is a very interesting question. Of course, at local level it is local authorities, the police and, to some extent, the fire service that tend to lead local resilience. It is probably fair to say that in Whitehall departments implementing resilience planning, except for MHCLG, there is probably not as much direct engagement with local government as ideally there would be, although to some extent MHCLG will operate as an interface to support that. I stand to be corrected, but my impression has always been that the civil contingencies unit in the Cabinet Office has very strong relationships with local government's civil contingencies and resilience function, and that that is where the strength of the nexus between Whitehall and local authorities in that area lies.

Baroness Henig: Will that be sufficient in the future? If we are to have a national resilience strategy, does the NSC not need to work more closely with local government in some way? How will that play out?

Lord Hammond of Runnymede: It is a good question. Do we need to find a way of working with local government collectively, as opposed to working with individual local authorities on their plans and strategies? If you took evidence from the Secretary of State for HCLG, I guess that he would say that one of his responsibilities was to ensure that local government is well prepared to implement its part of any national resilience strategy. Whether that is sufficient is perhaps something that we will debate.

Baroness Henig: Given that the whole point of the NSC is to bring together departments and integrate policies, that might need to be looked at in the future.

Lord Hammond of Runnymede: Yes. The no-deal Brexit contingency planning was done primarily in a Cabinet sub-committee. That Cabinet sub-committee had representatives of the devolved Administrations. I cannot remember whether it had a direct representative of local government on it as well, but there was certainly a more inclusive approach in that no-deal planning sub-committee than there is generally in these discussions.

Baroness Henig: Thank you.

Q66 **The Chair:** I have one relatively minor final point, if I may. Throughout the afternoon, and indeed throughout our other evidence sessions, a lot has been said about the difficulties of risk assessment and what a specialist area it is. As you know, civil servants across departments have to learn about good financial practice and project appraisal. Is there a

case for trying to set up government-wide staff training in risk assessment and risk management on a similar basis?

Lord Hammond of Runnymede: I am out of my depth here in that I do not know what exists already. My impression, certainly during my time at the Treasury, was that civil servants were quite well acquainted with formal risk management tools. It may vary from department to department. Certainly in the Ministry of Defence, they would think of themselves as being well equipped to assess, manage and mitigate risks on a routine basis. In the Foreign Office, again I think they would tell you that it was a core function of the department. It may be less strong in some other areas. Clearly, it is crucially important, since government is tested most when it comes face to face with an immediately unforeseen crisis, as we had with Covid.

By the way, I have heard quite a lot about whether or not the fact that we were not prepared for the Covid crisis means that the national risk assessment process had failed. I am afraid that I do not share that view. Hindsight is a wonderful thing, but the one thing that we always used to say to ourselves in risk assessment and risk register meetings was that we could be absolutely sure that the next crisis would be different from the last crisis. Whatever risks we have assessed and planned for, the actual crisis that arises will somehow be somewhat different from those we have exercised and planned for. It is impossible to prepare for every risk that materialises. The best we can hope for is that, by operating across a broad horizon and having an effective horizon-scanning risk assessment and risk management approach, we have as much of the equipment in place as it is possible to have to deal with whatever fate throws at us when it comes.

The Chair: That seems to be quite an appropriate point on which to end the session. Thank you very much, Lord Hammond.

Lord Hammond of Runnymede: Thank you.

The Chair: Thanks again to Mrs May and the whole committee. I bring the session to an end.