

Public Accounts Committee

Oral evidence: EU Exit: UK Border, HC 746

Wednesday 24 November 2021

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Members present: Dame Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Peter Grant; Mr Richard Holden; Nick Smith.

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Leena Mathew, Director, NAO, and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 73-207

Witnesses

I: Alex Chisholm, Permanent Secretary, Cabinet Office, Jim Harra, Chief Executive and First Permanent Secretary, HMRC, Tamara Finkelstein, Permanent Secretary, Department for Environment, Food and Rural Affairs, Bernadette Kelly, Permanent Secretary, Department for Transport, and Emma Churchill, Director General Border and Protocol Delivery Group, Cabinet Office.

Report by the Comptroller and Auditor General

The UK border: Post UK-EU transition period (HC 736)

Examination of witnesses

Witnesses: Alex Chisholm, Jim Harra, Tamara Finkelstein, Bernadette Kelly and Emma Churchill.

Q73 Chair: Welcome to the Public Accounts Committee on Wednesday 24 November 2021. This is our second session this week looking at what Brexit has meant in practice, particularly around borders and imports. It is, of course, nearly a year since the UK and the EU finally reached an agreement on the terms of our future relationship. The witnesses probably picked up on the evidence from Monday, when we heard from people at the frontline dealing with businesses that are importing and dealing with the logistics of it.

We heard what it felt like for them, so we want to put some of those points to you, as well as those made by the NAO's excellent oversight report on this issue. We have read in the papers about supply chain pressures and all of those challenges. We have looked at this as a Committee many times over the last few years and in the run up to last January, and here we are again. We are hoping to hear from you candidly on what some of the ongoing challenges are around import controls, flow and, particularly, Northern Ireland.

We welcome our witnesses. We have a raft of senior civil servants from Whitehall, including Alex Chisholm, permanent secretary at the Cabinet Office and chief operating officer for the civil service, which has oversight of these issues. We have Tamara Finkelstein, who is permanent secretary at the Department for Environment, Food and Rural Affairs—also known as DEFRA—which has a lot of areas of responsibility, including checks and goods. We have Jim Harra, first permanent secretary and chief executive of Her Majesty's Revenue and Customs, also known as HMRC. We have Bernadette Kelly, permanent secretary at the Department for Transport, as well as Emma Churchill, who is the director general for the border and protocol delivery group at the Cabinet Office. That means, dare I say in front of the permanent secretary, that Emma does a lot of the heavy lifting and you take the credit when it goes well. Perhaps that is a bit unfair. Ms Churchill is smiling, but I will not draw her on that—it would be a bit unfair.

First Mr Chisholm, before we get on to the main session, can I get an update from you on where things are at with the knotty challenge of the Northern Ireland protocol? Just to remind people, the protocol was agreed in the agreement when we voted on it last December and it was implemented in January, but we still seem to be discussing it at length. What is happening now with the Northern Ireland protocol?



Alex Chisholm: Thanks very much, Chair. First, I want to go back to where we were before. The Public Accounts Committee was very concerned, and you wrote to me in February saying that we should monitor closely the impact of the Northern Ireland protocol to help resolve any operational issues. You said, "if burdens for traders or barriers to trade cannot be mitigated, then Departments should, as far as possible, develop alternative proposals for discussion at the UK-EU Joint Committee." We have done both parts of that, including the monitoring of the impacts, which have been very concerning. We have seen a considerable diversion of trade, and, as you know, there is a lack of support for the protocol among some parts of the community in Northern Ireland.

For those reasons, we did come forward with proposals, first in a Command Paper in July and more recently in intensive negotiations. Indeed, we have proposed a legal text to the European Commission for some changes that could be made. These discussions continue. They have been very energetic. Lots of effort has been put in on both sides. There has been positivity and creativity, which is good. There was a meeting between Lord Frost and Vice President Šefčovič last Friday, and there is another one coming at the end of this week, I think. As Lord Frost has made very plain in a number of statements, including to the House of Lords on 10 November, it remains the UK's preference to find a consensual way forward, but article 16 safeguards remain in place and can be used if needed and justified. Further, we do need really pragmatic, comprehensive solutions to the genuine difficulties that are being experienced on the ground.

Q74 **Chair:** That is a very diplomatic answer. You mention the diversion of trade. We have seen a lot of challenges for both GB businesses and Northern Ireland businesses. Are you personally optimistic that we will actually get a result on Friday, or is that too soon?

Alex Chisholm: I am not sure about Friday, but I am hopeful that we will find a resolution to this. There are some very practical approaches, including the ones we have put forward. We have also seen some willingness on the European side to come up with some new approaches. They have now begun to open up on things that they have said at various points could not be done. With good will and constructive approaches on both sides, I am hopeful that we will find a good resolution, yes.

Q75 **Chair:** Are you personally surprised, Mr Chisholm, that we are where we are now, given what we voted on in December last year?

Alex Chisholm: It is worth reflecting that the Northern Ireland protocol was agreed well before the trade and co-operation agreement. In a way, the trade and co-operation agreement is a much more comprehensive approach to our dealings with the EU, so I think it has left some sort of legacy issues in the Northern Ireland protocol. Those issues undoubtedly cause real concern to people in Northern Ireland, which is, of course, the primary concern not only to the UK, but to our partners on the European side, who also want to uphold the Belfast/Good Friday agreement.



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It is good to recognise, as the Europeans have done, that there have been genuine issues in implementation, and these are not claims on one side. I think both sides see that there have been genuine difficulties. There are lots of—

Q76 **Chair:** My point is that they were foreseeable difficulties, were they not?

Alex Chisholm: It was hard to see completely what the effects would be because it was lots of different trading routes and different approaches taken with different suppliers, and market behaviour. We have seen that the extent of the differences is quite considerable. We have seen a big growth in the trade between Northern Ireland and the Republic of Ireland, and between Northern Ireland and other parts of the EU. Although we do not have the same quality of data—it is not strictly trade data between GB and Northern Ireland—we have seen a lot of disruption there, and certainly a reduction in the volume of trade and the availability of goods in Northern Ireland. That is of huge concern to us.

Q77 **Chair:** To go back to my question, are you surprised about the disruption? You have said a lot of words to say that there might have been problems.

Alex Chisholm: I am more concerned by it than surprised.

Chair: That is diplomatically put, but I think we get the point.

Q78 **Sir Geoffrey Clifton-Brown:** Good afternoon, Mr Chisholm. May I cite a constituency case? It concerns Nexus TEC in my constituency, who have asked me to ask you this question. They say: "Our turnover is approximately £1.5 million in Ireland and Northern Ireland as a whole. We are looking at an increased cost of £150,000 extra this year. This is made up of extra staff to deal with red tape, logistics, delays to customers getting their goods. This is a quick overview of the situation. Any good accountant will tell you that if a company was making a 10% on their turnover, they would view that as good. The deal that was promised to Nexus has not happened, and the extra costs wiped out this profit. The business is in a critical condition. It has been hit three times—Brexit, covid and supply delays." They have had no help at all over any of those episodes, so they say: "Why hasn't the Government been more proactive in helping small businesses?"

Alex Chisholm: Could I ask what nature of business they are?

Sir Geoffrey Clifton-Brown: I think they are—I am not sure to be honest; I do not have the information here. I have only a summary of the question. I cannot tell you, but I could write to you.

Alex Chisholm: I can certainly describe the support that we are offering to businesses, which might be helpful. Perhaps I might ask my colleague Jim Harra because the trader support service, which is free of charge, is helping those kinds of businesses. Jim, perhaps you could say some more.

Jim Harra: First, in relation to the movement of goods from Great Britain into Northern Ireland, on 1 January last year, we opened the trader support service, which is a free-to-use service that will make customs

declarations on behalf of businesses. The majority of businesses moving goods from Great Britain into Northern Ireland use the trader support service, which has had very good feedback. We are spending about £360 million over two years on that service. Of course, businesses still have to supply the information to the TSS, but it means that they do not have to have their own software to use our declaration system.

In relation to moving goods into the Republic of Ireland, obviously customs controls apply in the same way as in any other EU country following EU exit, but we did open a grants scheme for small businesses so that they were able to get up to £2,000 if they needed that for training staff, for example, as well as more than £80 million of grants to support boosting the size of the intermediaries market to support them. But it is inevitable—

- Q79 **Sir Geoffrey Clifton-Brown:** Sorry, Mr Harra, but can I stop you there? That scheme, as I understand it, was a £20 million scheme, and it was so tightly drawn that actually only £7 million has been drawn down by small businesses. When you consider the help that you have given to, say, intermediaries—£80 million—and the number of small businesses that are out there, probably in the same position as the firm in my constituency, that is a very small amount of help that the Government have actually given, isn't it?

Jim Harra: We had to make sure that the design of that scheme gave value for money. In particular, it had to be targeted at businesses that were not familiar with using customs. Therefore, it was restricted to businesses that were trading with the EU only, not the rest of the world, because they would already have had experience. As I was going to go on to say, it is inevitable that the introduction of customs controls is going to add costs to businesses. We have been transparent, I think, about that throughout.

- Q80 **Sir Geoffrey Clifton-Brown:** Mr Chisholm, I have had inspiration: the business, apparently, does educational equipment and learning toys.

Alex Chisholm: Right. So there is no special kind of requirement there around plants or animal material. It would be worth asking if they have made use of the trader support service, because that should certainly assist.

Sir Geoffrey Clifton-Brown: I cannot tell you that. I might get inspiration fairly quickly—

Chair: We are only as good as the inspiration we get.

Alex Chisholm: Obviously we are concerned with trying to support businesses.

Sir Geoffrey Clifton-Brown: Maybe I can write to you.

Alex Chisholm: Perhaps you can write, and we will give the best possible answer.



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Q81 **Chair:** I think we could spend the entire session naming and going through businesses in our constituencies that are having problems. Sir Geoffrey's case just illustrates the point. We may bring in some of our own experiences along the way, because, as many of our witnesses will recall, we have raised preparedness for business and information for businesses many, many times, yet we are still getting casework telling us that they do not know what is happening. We heard a bit about that from our witnesses on Monday.

Q82 **Mr Holden:** Ms Finkelstein, we had some of your officials from DEFRA before us recently. One of the things that my farmers in North West Durham, and across the country, are concerned about is the ELMS programme and the schemes coming forward. We were told that more information would be made available in November, and it is late November now. I am just wondering when information about those schemes will be coming forward.

Tamara Finkelstein: It is imminent. If we do not get it out by the end of November, it will be very early December. The information that will be in that publication will be the details of the sustainable farming incentive scheme for 2022, which I know people very much require. There will also be some information around strategic objectives, which we talked about at the hearing. Early in the new year, further on, in SFR 23 and 24 there will be details on the landscape recovery and local nature recovery schemes. It is imminent, it is just in cross-Government clearance right now.

Q83 **Mr Holden:** So it is cleared by you, but you are just waiting for cross-Government clearance on it? Okay. I hope that you manage to get that from the centre. When you say early next year for the landscape recovery programme and the other more advanced schemes, have you got a further date on those?

Tamara Finkelstein: If I said to you "by the spring", you would look at me and say that it is a civil service answer, but that is probably what we are talking about.

Q84 **Mr Holden:** So early next year?

Tamara Finkelstein: It will be early next year. The things I just mentioned will give most of the information on how the money for this Parliament will effectively be spent.

Q85 **Chair:** Sometimes I do reflect that, were it not for pesky cross-Government agreement, the civil service could probably move at a faster pace, but I am sure our witnesses could not comment on that. That is democracy.

We now move on to the main session. We have covered some of it, but we are really keen to get into the detail of what is going to happen. We now know that we have got deadlines for January, July, September and November for changes coming on customs, so businesses might well be in a bit of a spin and in some confusion. We are hoping to get to the bottom of some of these. Mr Peter Grant is going to aid us in that task by kicking off.



Q86 Peter Grant: Mr Chisholm, what is your assessment of the impact on trade between Britain and the EU as a result of the border controls that have been brought in so far?

Alex Chisholm: We have got a number of different sources on that. We have the facts as reported by Office for National Statistics, which show that, in the trade figures for the first nine months of 2021, UK exports and imports are about 8% and 11% respectively above the equivalent period in 2020. That shows a substantial year-on-year increase. Those reports say, rightly, that that is an exceptional period because of the effects of covid, so maybe you should go back and have a look at the equivalent 2018 data to allow comparisons with a more stable period. That shows almost the opposite picture: between 2021 versus 2018, there was a 10% and a 6% reduction.

How does ONS try to attribute that to EU exit? They do not, really. They are very cautious, as stats experts. They say that it is too early to disentangle the impact of both covid-19 and EU exit. I am sure that is a wise view of the matter. It looks as if there has been a slight rebalancing of trade between UK and EU versus UK and the rest of the world—that has obviously been a trend over a long period. What we do not know is whether that apparent acceleration in that reflects EU exit effects versus covid, because you have some very substantial distortions there—for example, with the rest of the world, we have been buying a lot of PPE and tester kits, as the PAC knows all too well, from east Asia, and that would have made a big difference. Also, manufacturing in Europe has been more affected by the lockdown and the other measures taken than their equivalents in east Asia. It is basically pretty noisy and pretty hard to be sure what the effect of EU exit on trade is at this point in time.

Q87 Peter Grant: The figures that you quoted, and some of the ones that I have here for the first two quarters of 2021, show that the total trade in goods with the EU in Q1 was 25% down on 2018, and 15% down in Q2. The equivalent figures for trade with the rest of the world are 2% and 1%. Surely the trade in covid supplies of PPE are not by themselves enough to make a 20% difference. If that size of difference is not because of covid-related purchasing—it is not because of covid in itself, because it is a global pandemic—and it is not down to Brexit, what else is it down to?

Alex Chisholm: Those figures you quoted were for six months, and I quoted for nine months. The nine months are much lesser, so you can see that already the market is correcting. The ONS says that basically, the trade data is pretty erratic as well—it is bumping up and down a lot—and I am sure that they are right to warn against trying to over-interpret this point. I notice that my colleague is trying to come in; she may know more about it.

Emma Churchill: One of the points that I was going to make was that when you look at total trade, it can be slightly misleading because when you look at what is happening on exports on one side and imports on the other, there are two quite different things going on. In relation to exports,



for example, exports to the EU have recovered particularly strongly. If you use the ONS's favoured comparison, for example—between 2021 and 2018—the September stats show exports to the EU being 4% down, but exports to non-EU countries being 20% down. On exports, you can see that exports to the EU are stronger than exports to non-EU, but when you look at the imports position, it is absolutely the opposite, as Mr Chisholm was just saying. Imports from non-EU countries have been outstripping imports from the EU for nine consecutive months. That is why you need to look under the commodity level to start trying to unpack what is going on there.

Mr Chisholm gave one example of some of that import from non-EU being driven by PPE increases, but you can also see, for example, a reduction in imported cars from Germany driving some of the drop in EU imports, which we know is linked to a reduced demand but also global shortages—in semiconductors, as I understand it from some of the ONS investigations.

All that is really just to demonstrate that when you look underneath at exports and imports, and at a commodity level, there really are some quite complex things going on, which is why the ONS sort of warns us not to say that it is possible to disentangle the two.

Q88 Peter Grant: Thank you. I think it is generally accepted now that the difficulties at a lot of the ports when the original controls were introduced in January of this year weren't as bad as they could have been because trade had been so badly affected by covid. In planning the infrastructure and systems that you need to have in place at the end of January, are you planning to have a capacity similar to what we had before covid and Brexit? Are you planning for no reduction in imports and no reduction in exports, and to be able to cope with that through the ports?

Alex Chisholm: I think that the biggest system changes are probably for HMRC and DEFRA, both of which are looking at substantial increases in the numbers and processing that they need to be doing. Jim, do you want to give us the latest figures?

Jim Harra: First of all, in relation to infrastructure, we are opening additional inland border facilities to take account of changes that we expect to see from 1 January as staged import controls are lifted, and as we expect that there will be greater use of transit for inbound goods—

Q89 Chair: Can you tell us where those new facilities are and how much they cost?

Jim Harra: They are largely the existing ones that were in place last year, but we are also opening at Holyhead in time for 1 January.

Q90 Chair: Is that actually at the port of Holyhead?

Jim Harra: No, it is inland from the port. Holyhead is one of those ports where there is limited capacity, so we are building an inland facility to make sure that we can do checks without disrupting the port. We are also



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building at Dover White Cliffs, although we will keep Ebbsfleet available until that is completed.

Q91 **Chair:** So Dover White Cliffs will replace Ebbsfleet.

Jim Harra: In due course, and then we will close Ebbsfleet. We will have capacity for just under 8,000 movements a day at those sites, and we project that the demand will actually be about 3,700, so we know that we have good capacity. Of course, that is on top of the additional infrastructure that ports have built with the ports infrastructure fund, which was a £200 million fund that they used. We are confident that we have the right quantity of infrastructure in the right place to cope with the changes that will come in on 1 January.

We have also been scaling our systems. However, the changes in January don't actually result in a significant increase in the number of declarations that we have to deal with. They have more of an effect on the timing of when we receive those declarations, because instead of traders being able to defer making their submission, they will either have to do it at the time of implementation or pre-lodge it in advance.

Q92 **Peter Grant:** Thank you. I want to come back to a comment you made, Mr Chisholm. You referred to a rebalancing of trade with Europe compared with trade with the rest of the world. It almost sounded to me as if that rebalancing contained an implied value judgment. Was that intentional?

Alex Chisholm: No.

Q93 **Peter Grant:** Okay, thank you. Ms Churchill, the next phase of border controls will require the co-operation and compliance of traders and hauliers not only in the United Kingdom but based in any one of 27 other countries. What contingency plans do you have for the impact of any fall-outs between the UK and any of those countries? For example, if the French get fed up with what we are doing on fishing, decide to apply the letter of the law, and get very strict on their controls, what contingency plans do you have to make sure that trade keeps going?

Emma Churchill: I think there were two slightly different things there. One was the need to make sure that EU traders and hauliers were ready for the new controls. Obviously, I completely accept that. Indeed, one of the lessons we learned from last time was that we should focus more of our communications work on EU traders and provide more information on advice sites for EU hauliers in the haulier handbook. We have taken various measures to do that, which we can come back to if you would like.

On contingency planning, of course we have well tried and tested contingency plans in place in Kent. Ms Kelly may want to say more, but we put those in place, as you will recall, for a reasonable worst-case scenario in which sufficient numbers of traders or hauliers were unready and there were therefore queues in Kent, so we put those traffic management systems in place. Of course, we did not need them for the end of the transition period, for a whole range of reasons that we might come back to



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if you would like, but we saw them exercised before Christmas, when the French closed the borders before covid testing could get started. It is not the case, I have to say, that we are expecting any such action to be taken, but those contingency plans exist in case that does happen.

Bernadette Kelly: I am happy to follow up and say a little bit more about what we are doing on haulier readiness and the shape of the contingency plans, if you would find that helpful.

Q94 **Peter Grant:** Maybe we will come later in the session to what is happening on the other side of the channel. I want to ask you, Ms Kelly, my last question for now. From the point of view of transport infrastructure and transport preparedness, are we ready for trade with the European Union to get back to the level it was at in 2018, before all this started? If trade recovered to that level, would we have capacity for it right now?

Bernadette Kelly: This is probably a similar answer to the one that I would have given on our contingency plans for disruption. One of my colleagues has already referred to the ports infrastructure fund, which I suspect Mr Chisolm can say more about, and how we have worked with ports to ensure that they are operationally prepared for new arrangements and the throughput of trade. What my Department is principally responsible for is contingency planning in the event of disruption, and how we would manage transport disruption, particularly around the short straits. I can certainly say more about that, if that is what your question is aimed at.

Q95 **Peter Grant:** My question is more about trying to get an assurance that trade with the EU getting back to where it was three or four years ago will not cause the kind of disruption that means we have to fall back on contingency plans.

Emma Churchill: May I say something on that? I thought one of your earlier questions was trying to get at what data we had used to try to scale and size the infrastructure, and I can completely give you an assurance that when we have looked at that, we have made sure that we have sufficient infrastructure, including for future resilience. For example, when we reviewed the Kent infrastructure earlier in the year and were looking at border control post infrastructure and the size of those facilities, we were really making sure that we had resilience built into the system. That is one of the reasons why, even though the decision was taken to make Dover White Cliffs an HMRC-only facility, DEFRA colleagues decided that they would still open a separate Dover facility at Bastion, rather than consolidate at Sevington, which would have left us with less headroom. We have absolutely been making sure that the infrastructure is scaled and sized, and that the right resilience is in place.

Q96 **Chair:** Thank you very much. Our witnesses on Monday were reasonably complimentary about the spending of the port infrastructure fund, but one of our witnesses was concerned about the people from your Departments who would be available to do the work and the checks. I will



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just go through you all quickly. Do you have the right people? If not, how many do you still need to recruit? I will start with Jim Harra.

Jim Harra: At the end of September, we were up to the staffing level that we expect and need from 1 January. We will still be doing some recruitment, both to manage churn in those numbers, and to reduce the number of temporary workers and increase the number of civil servants in that. We have also been working with Border Force to make sure that it has the necessary staff. In one or two areas, we are lending staff to Border Force.

Q97 **Chair:** So you are confident that there will be no issue because of a lack of staff.

Jim Harra: Yes.

Q98 **Chair:** Can you move those people around the ports?

Jim Harra: HMRC staff are not based at the ports; that is actually Border Force. HMRC staff are manning helplines and dealing with documentary checks in the back office. However, we do have contractors who operate the inland border facilities for us, and we have sufficient staff there. Some of them are currently being trained and going through trials of the new facilities in order to be in place for 1 January.

Q99 **Chair:** So a lorry or a passenger going through should not expect any delay, from HMRC's point of view. Ms Finkelstein?

Tamara Finkelstein: Part of the capacity we need is in our Animal and Plant Health Agency.

Q100 **Chair:** A lot of it falls to you. You have the lion's share—lucky you.

Tamara Finkelstein: We do. We already have 195 of them recruited, because we have needed them since January. We have 111 more to recruit, but I am confident of doing so, because the experience of recruiting previously and training—

Q101 **Chair:** Between now and 1 January? It is that quick?

Tamara Finkelstein: Yes, we can do that. Well, we do not need them for January and when we are doing pre-notification. We will need them for July. For documentary checks, we already have 42, and will need an additional 49 for July. That is within our group, APHA, and we know we can do that.

Q102 **Chair:** These are quite small numbers. There is a handy map in the Report showing the number of big ports.

Tamara Finkelstein: That is APHA, which is our agency and our people, but the port health authorities also need people. I think they need 496, and 420 have been recruited or are in the system. They were building up for January, and we have given them support to enable them to hold on to people until July. We have confidence that they will have people in place. There are always challenges, as we discussed before in the Committee, around vets. They will need vets—not OV's, but vets. We are on course to



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have people in place, but there are always risks around areas where there are challenges, and that is an area of challenge.

Q103 **Chair:** So that is a tick from DEFRA; there won't be any problems because of staffing, if I read you right.

Tamara Finkelstein: It's a tick—we are on course to be in the right place.

Q104 **Chair:** That's a slight qualification, but fair enough. Bernadette Kelly, are there any particular issues for you?

Bernadette Kelly: No. DFT staff, and the staff of our agencies, are not involved in border checks.

Q105 **Chair:** It will all be with the licensing of vehicles.

Bernadette Kelly: Indeed. Our involvement—I am guessing that the Committee may want to come on to this separately—has been around sorting out bottlenecks in HGV drivers—

Q106 **Chair:** We know. This is really just about the ports. I am just double-checking that there is nothing involving DFT here.

Bernadette Kelly: Not at the ports. We do not have a large staff complement or a particular issue there.

Q107 **Chair:** And anything else would be a background check. Emma Churchill, is there anything you want to add?

Emma Churchill: No. I think Mr Harra covered Border Force; it had 1,500 additional staff in place by the end of the transition period. That needs to rise to 2,000 by 1 January, and that is exactly where it will be. In answer to your question, I believe that it has a mobile unit that it will put in place for the end of the transitional period that still exists.

Q108 **Chair:** Okay, because we know that the bad people who want to do bad things will check where there are more checks, and will divert to the port where there are not more checks.

Emma Churchill: Border Force is very confident that it has that covered.

Chair: Everyone is very confident. Marvellous. Mr Richard Holden, over to you.

Q109 **Mr Holden:** I will pick up on the theme raised by Mr Grant and Dame Meg. Ms Kelly, we worked on contingency planning when I was a special adviser in the Department. We are absolutely confident, are we, that when freight levels go back to normal, there will not be significant disruption due to all the increased checks? I know that people are located elsewhere, but obviously the contingency is on your shoulders. There is concern that there could be issues with these increased checks, especially given what might happen with the European Union, but you are confident.



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Bernadette Kelly: There are probably two main lines of defence to mention. First, a key part of ensuring smooth flow is ensuring that when hauliers arrive at the border, they are ready with all their documentation and everything else that they need. The planning that we did in the run-up to exiting the EU last year proved to be highly effective—probably rather more effective than our forecasting suggested. I think only 3.5% to 4% of hauliers turned up the border unready, and we had very low turn-back rates, as you may recall; I think they peaked at 8%, and then rapidly went down to 1%. We were getting the message to the community very effectively, and we continue to do that.

We are working very hard on making sure that hauliers know what they need to do. We have updated the haulier handbook; it is now in 17 languages. We still have information and advice sites at 17 locations around the country. We have opened a site in the Hook of Holland, and on five ferry crossings. Further to Ms Churchill's point that we need to communicate with EU hauliers as well as our UK hauliers, we have further sites planned in France and Spain, and we have extended online support. An important part of the contingency plan, if I can put it that way, is to make sure that hauliers are ready, and know what they need to do.

The next line of defence is the infrastructure and the work going on at ports, which my colleagues have outlined; I am sure that they can say more about it. As you will recall, my Department is also very much involved in contingency planning, in case disruption occurs and queues form, particularly around the short straits. Last Christmas, those contingency plans worked, in so far as we were able to deal with a wholly extraordinary and unanticipated closure of the border. It was not something that I would want to do every Christmas, I have to say, but the plan was executed and was, by and large, successful.

The Kent Resilience Forum remains very much operational and ready to deal with any disruption, should we see queues of lorries forming in Dover. The forum has extensive resources for parking the lorries if queues form, with 500 spaces at Dover TAP, 2,000 if Op Brock is mobilised, 850 at Sevington and 2,000 further with Brock on the contraflow, London and coast-bound. There are also facilities at the Port of Dover and Eurotunnel. The forum is also prepared, if needed, to roll out welfare and other provision, if those queues mean that our hauliers are stuck for a period of time.

Those plans are still very much operational. They are in a good state of readiness, but we fervently hope and expect that we will not need to use them in response to normal trade flows, as we did not need to last year.

Q110 Mr Holden: In terms of normal trade flows, what external factors have you planned for, including potential issues on the Channel? The French presidential election is coming up, and who knows if anyone will play politics with trade? Have you covered scenarios such as that one, if there are increases in necessary checks?



Bernadette Kelly: In a sense, we had an extreme example of exactly that—a total closure, literally overnight, of the border. We very much hope that there are no circumstances that would lead to that happening, but even then, we were able to manage the situation. Obviously, it did take some days to deal with and disperse the queues that formed. We have learned a great deal from that. We learned it in Whitehall, and the Kent Resilience Forum has learned from that. Those lessons have been firmly embedded. I hope that if we had to, we would swing into action once again, having had those lessons, and operationalise our plans.

Q111 **Mr Holden:** Ms Finkelstein, some things will never go back to normal. For example, a Bill going through Parliament now will ban live animal exports. In terms of trade and things like that—traditionally from areas such as mine, with large farming communities—that shift is accepted and will happen. How much traffic were you getting, in terms of the export of live animals in lorries?

Tamara Finkelstein: I do not have that data to hand immediately, but there will still be some movement of animals, and we have provision for that.

Mr Holden: I know, but not the mass movement that we saw previously.

Tamara Finkelstein: There are some things that will not be able to move, but there will still be considerable legal live animal movement. We have arrangements and infrastructure with specific provision for equines and other larger animals and livestock. We are looking at developing a separate site for small animals. There will remain some live animal exports.

Q112 **Mr Holden:** Indeed, but not for slaughter, which was the larger number of them. I wondered whether there was any impact from removing that from the equation. Those issues—if there are any—are very time-sensitive, because of the large numbers of live animals. Will you write to us to let us know what you expect to see?

Tamara Finkelstein: Okay. As I say, any movement of large animals needs special provision, so we ensure that that is in place. The infrastructure we are building will ensure that that is done properly.

Q113 **Mr Holden:** Mr Harra, one of the things that concerns everyone is the Government's big push on productivity at the moment. When it comes down to it, with the super-deduction and everything else, that is what the Government are pushing towards. How much of that impact on trade is filtering through in productivity data? Has there been a long-term impact? I can think of one manufacturing company in my constituency that does high-pressurised piping and things like that—very technical on the engineering side. Regulatory changes could cripple that business, or allow it to continue in a great way. What are you seeing in terms of productivity at the moment, if anything, and what are you worried about?

Jim Harra: First of all, businesses have had to get used to different processes on VAT, for example. Although the incidence of VAT liabilities

has not changed, they have had to come to grips with administering VAT as a third country, and that is something that I think they are just getting used to. The additional costs that businesses are incurring are, of course, from the introduction of customs paperwork on moving goods between the EU and the UK, which was not there before. There is no doubt—we have been transparent about it—that that can add significant costs to business. What the Government have done to help businesses to cope with that is, as I have said before, expand the intermediaries market, provide support, and provide a free service, particularly for the moving of goods to Northern Ireland, but there is no doubt that part of the cost of leaving a customs union is that you have to bear that burden.

Alex Chisholm: Could I add one point about productivity? Usually when people talk about productivity, they talk about labour factor productivity. Obviously, a tighter labour market should improve productivity. Also, the huge investments in research and development and infrastructure that the Government committed to in the spending round should be positively correlated with improvements in productivity.

Q114 **Mr Holden:** No doubt. I am all in favour of that investment. It just concerns me that, when we have this drive for productivity, on the flipside we are doing things that almost deliberately make us slightly less productive. Can you put some meat on the bones, Mr Harra? When you said a potentially significant impact, what does that mean in pounds, shillings and pence for the UK? Over the end of this year and next year, how many more thousands or millions of hours are UK firms going to spend form-filling and doing things that they would not have had to do before?

Jim Harra: We have previously published an impact assessment. We published the third edition in October 2019, and the Committee has looked at that in some depth in the past. We have not published an updated version of that because we have not yet fully implemented the customs controls, and we have investment over the next three years to streamline borders processes and make them simpler and easier for businesses.

So far, the indications are that costs will come out at less than we published in October 2019. I would expect that, with the more than £1 billion of investment that the Government have announced for border systems and processes over the next three years, that will have a further downward effect. We are not yet, however, in a position to publish a revised impact assessment.

Q115 **Mr Holden:** I understand that. Do let us know when you are, because I think we would be very interested in seeing the impacts. Turning to paragraph 3.35 of the Report, in November 2020 the OBR estimated the indirect risk to VAT and excise duties as a result of the border changes. It forecast a reduction in VAT of £600 million for 2021-22; it also forecast alcohol and tobacco duties being hit by £100 million, and a potential further £200 million risk for non-compliance in relation to customs duties, including around the operation of the Northern Ireland protocol. That is almost £1 billion, which is not an insignificant amount of money,



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especially if this is going to happen on an ongoing basis. Those were forecasts, but have you had any outcomes with those numbers?

Jim Harra: A lot of that was a one-off adjustment, although we have extended the life of the staged customs controls by six months over the original plan. We estimate that that will have had an additional cost of £35 million in relation to customs use. On the other hand, the Government have introduced measures, particularly in relation to VAT, that have had the opposite effect. For example, the UK has introduced new VAT rules for online sales, which we are able to do more quickly than we would have if we had stayed in the EU. The EU has since followed with its own rules. We expect the yield from that to be around £1.4 billion. There are swings and roundabouts, but from our point of view, the sooner we can implement the full import controls, the better we will be able to manage the fiscal risks.

Q116 **Mr Holden:** I have a final question on the productivity element. One of the biggest drivers of productivity is greater efficiency in manufacturing, which is much easier to do there than in the service sector, although there obviously have been big improvements due to technological change in recent decades. The most obvious business sector to be hit by transition is manufacturing, because you are physically moving goods around. It is almost a double whammy. What differences are you expecting in terms of the impact on the manufacturing sector specifically? Do you expect those to ease after transition, or are you expecting to see a permanent downgrade in manufacturing in the UK as a result?

Jim Harra: What we saw in transition was an initial cost to business, for example in building up inventory ahead of the end of the transition period. Businesses that relied on just-in-time delivery of components, for example, had to build up inventory because of the risks of disruption to their supply chains. The trade statistics suggest that that quickly unwound within a month or two after the end of the transition period, so it looks as if those businesses have been able to return to their methods of managing inventory. We do not expect that the implementation of full import controls in January will affect their ability to manage inventory.

The two key things they have had to grapple with are, first of all, making customs declarations of movements to the EU, which they did not have to do before, and taking advantage of the preferential tariffs in the trade and co-operation agreement to comply with rules of origin. Again, both the UK and the EU have staged the implementation of those to help businesses to make that transition and to manage with both the compliance requirements and the compliance costs.

Q117 **Mr Holden:** I know that rules of origin are particularly important for my local employer Nissan. Although it is not in my constituency, it employs more people than anybody else locally. It is hugely important that those rules are in there and that there is transition phasing of them too.

I have one more question for Ms Kelly. One of the things that we are looking at currently is capacity. We are worried about something flaring up. There are also things in the system that are going to happen, such as the EU's planned introduction of biometric passport checks at ports and



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how that will affect traffic management. Rather than just the emergency scenarios, there are planned substantial changes. What contingency have you made for those, or is that a question I should be directing at other members of the panel?

Bernadette Kelly: I can say a little, but, very much in the spirit of the Chair's opening remarks, I will ask my colleague Ms Churchill to elaborate. Yes, further checks are expected to come in at some point. It is obviously a matter for the French exactly when they are implemented or brought into force—the entry/exit system. We are working very closely with the French to ensure that, when it happens, it is done in a way that is proportionate and efficient. I know that conversations are happening to deal with that, as well as, obviously, biometric checks. There probably will be a distinction on freight, where we can use some of the systems we have put in place to think about how we ensure that HGV drivers and hauliers are ready. There are some issues around the impact on the passengers and how we deal with passenger flows in those circumstances as well.

Q118 **Mr Holden:** My local community in Weardale benefited hugely from staycations over this last year. I am sure at some point a lot of my constituents and those elsewhere would like to get in their cars and maybe have those family holidays across the channel again, and we might see a bit of a surge in that. We have biometric passports. Is that sort of surge something we are looking at?

Bernadette Kelly: Yes, absolutely.

Emma Churchill: Shall I say a little about that? Passenger volumes have of course been much lower since the end of the transition period. Some things have already changed. Already, all Schengen controls now exist at the border; that has been the case since the end of the transition period. There are now additional border health measures and covid checks that are now a standard part of moving over the short straits.

We did have some contingency plans in place in case those caused disruption last summer. We were helped by two things. First, passenger volumes did stay a bit lower than we thought they might. Also, which is really important, the French were much faster in their throughput than we thought they would be, so the modelling that had made us worried about disruption actually did not come to pass, because the French were much faster. That is partly because the French had worked very closely with the operators and the carriers to upstream some of the checks that needed to happen—for example, Eurotunnel had the Getlink wallet—so they got the broader health measures right up front. We are doing all of that kind of things to make sure that, exactly as you say, once passenger volumes get closer back to normal, we don't see disruption, even on the things that have already been introduced.

As Ms Kelly was saying, it is the entry and exit system that is the particular other change at the border. The ETIAS system, which is the other one that people have been talking about, is mostly processes away



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from the border, and arguably will smooth things, so is less of a concern. What Dover and Eurotunnel colleagues have been talking about in front of Committees in recent weeks is the entry and exit system. As Ms Kelly says, we don't actually know—we don't yet have a confirmed timetable from either the EU Commission or the French for when that is definitely going to be introduced. We know that the French have a completely clear understanding of some of the challenges of introducing that kind of biometric system. You can see immediately how it is going to be much easier as you walk through an airport, for example, to do those biometric checks, but in the environment at Dover, for example, where you have a large number of passengers in a car or a coach and you can't unload them, it is much more difficult.

We know that carriers have an appetite to talk to the French. We have started talking to the French—when I say we, I mean my colleagues in the Home Office who lead on this. They have started talking to the French about how that might work, although I think they are in the early stages of that. We completely appreciate that what we need to look for with the French and with the carriers are operable solutions, so that what the EU requires can be implemented at the juxtaposed controls without starting to cause those queues to back up.

Q119 **Mr Holden:** I just want to ask a quick follow-up question—sorry, Chair. We have been concentrating very much on freight trade flows. It is quite clear to me that the real gaping hole here is in passenger flows. What has the change in passenger flows through the short straits been since Brexit?

Emma Churchill: It is very significantly lower, as you would expect.

Q120 **Mr Holden:** 50%? 60%?

Emma Churchill: I think lower than that through the course of last year.

Q121 **Mr Holden:** Right, so 20%?

Emma Churchill: Much closer to that. Of course, the problem is it varies.

Mr Holden: I appreciate that.

Emma Churchill: It was higher over the summer, even though there was a general decrease in numbers.

Mr Holden: Even though it was generally lower—I understand that.

Emma Churchill: But it is still—

Q122 **Chair:** Even a surge in the summer was still well below normal circumstances.

Emma Churchill: Exactly.

Q123 **Mr Holden:** There has clearly been some good work done on freight. We are seeing far fewer lorries turned round. What is really worrying me is that you have potential covid checks, you have biometric passport introductions, which we know the French have not even set out a timetable for yet but will come in at some point, and we are going to



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have a surge in holidaymakers—potentially three or four times the level we have had this past couple of years. There is a disruption element from that.

I remember going on holiday with my parents—three screaming lads fighting each other in the back of the car. It is one thing when you have a lorry driver and freight; that is going to be quite another thing. Is the scenario around that disruption and that management of the border, not just on the freight side but on the human side, being properly factored in?

Chair: Can you cover coaches as well? This is a big issue.

Mr Holden: Exactly—school trips and things like that just haven't happened.

Emma Churchill: If your question is about whether this is something that is actively being planned for, absolutely. We are absolutely working with operators and carriers.

Q124 **Chair:** So what are the plans, precisely?

Emma Churchill: It is all about working with the French to make sure that throughput at the juxtaposed controls is fast enough to make sure that these things keep flowing at the level of passenger volumes that we anticipate. That is about trying to get as many of the checks upstreamed as possible. I talked a little about how Eurotunnel, for example, managed to achieve that last summer with a digital wallet that you could get your covid passport in to assure people that you had met the covid requirements upstream, so that they did not have to take as long at the border. There is a range of measures like that that can be taken, but the point is that what we have to do is keep working very closely with the French to make sure that that throughput—

Q125 **Mr Holden:** We appreciate that, and we are seeing the UK-French relationship working closely in all sorts of different ways at the moment. But what volumes are you planning to see those passenger numbers return to?

Emma Churchill: I think in the first instance we would plan to see them return to the volumes that we would typically see in the summer. That would of course be very much higher than we saw last year. We very much hope that passenger numbers can start to return to normal through the course of next year, but of course this is all dependent on—

Chair: So we are dealing with high volumes.

Q126 **Mr Holden:** Ms Churchill, you are saying that you could see five times the number of passengers this year compared with last year but that that is fine because that is planned for.

Emma Churchill: We have to plan for the normal number of passengers going through the short straits—

Q127 **Chair:** We are talking about the French a lot, but what about other



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European ports?

Emma Churchill: It will of course be the same, and other member states will have to make exactly the same calculations.

Q128 **Chair:** So we are having similar conversations?

Emma Churchill: Exactly. The reason it is a particular conversation with the French is because of the particular environment—

Q129 **Chair:** The volume?

Emma Churchill: Not just the volume, but the environment at the juxtaposed controls. Of course, that means that French immigration is on our side, which is why has particular constraints associated with it.

Q130 **Chair:** But actually, from the point of view of a typical holidaymaker—a British citizen going overseas—they could hit the Hook of Holland and have some of those challenges there. So it is not your responsibility but it is a matter of concern to the British authorities.

Emma Churchill: That is right. The entry and exit system will be for the whole Schengen area, so it will apply to travel to all member states, yes.

Q131 **Chair:** You talked about some of the upstream planning. Could you talk us through what would happen if you were on a coach tour with a school or whatever? What will you have to do and how will that work at juxtaposed controls, taking them as a starter?

Emma Churchill: That is the point I am making. The French have not yet announced either the timetable for the change or exactly how they will implement it at the short straits, so I cannot tell you exactly how the French intend to implement the entry and exit system at the short straits. That will be a decision for the French in conversation with the EU Commission, obviously, as it is a Commission rule that is coming in. I cannot tell you exactly how it will work at this stage.

Q132 **Chair:** Are we not even able to suggest solutions, because we know what the physical infrastructure is at the juxtaposed controls?

Emma Churchill: I have a range of very creative ideas but I think I might save them for conversations with others, if that is okay.

Q133 **Mr Holden:** Are the Dutch or Belgians looking at this biometric stuff?

Emma Churchill: The entry and exit system is for all of the EU, so yes it is affecting all member states.

Chair: But the point is that those will be on the other side—

Mr Holden: Exactly, and they will be further away.

Chair: Thank goodness for the common travel area. At least on the west there is a bit of ease. It is certainly a big concern. As Mr Holden said, we have focused on businesses and freight because that has been a big concern. Everyone has been off the hook a bit on passengers because of



the challenges of covid, but we will clock that for now.

Q134 **Sir Geoffrey Clifton-Brown:** We have an awful lot to cover today, so I would appreciate short answers. Ms Kelly, to catch up on something Mr Grant was asking about, when we were talking about the shortage of HGV drivers with our witnesses on Monday—I do not know whether any of you watched that panel—they said in answer to question 6 that the biggest single thing, because we are not short of candidates, is that we are short of testing. I would add that there is a shortage of DVLA checks. I know from my constituency mail that those checks are a real problem for both drivers of HGVs and ordinary drivers. Has that all been sorted now, the tests and the DVLA?

Bernadette Kelly: I could say a great deal about the work that we have been doing on HGV driver shortages. We are now up to about 32 measures and counting across Government—I will not list them all, because that would not be a short answer. They are clustered under themes, and one of the most important themes, as something that has immediate impact, is tackling bottle necks in testing and the processing of licences. We have been working very hard with DVSA and DVLA to address those particular points in the system. DVSA's supply of testing is now 90% higher than it was pre covid.

So we have taken a number of steps, including changing the regulations, but we are also recruiting more examiners and extending overtime, so all the sort of operational things that you would expect to happen have happened in order to increase the number of tests. We have deployed 24 MOD driving examiners to further expand the capacity of testing available. There is a whole host of things that we have done with DVSA. DVLA has the licence application process, as you say, and there we have prioritised HGV licensing in order to deal with this.

Q135 **Sir Geoffrey Clifton-Brown:** Are they working normally now, because they were on strike?

Bernadette Kelly: They are no longer on strike. The industrial dispute has concluded. HGV licences are now being processed within normal timeframes, which I believe is five days.

Q136 **Sir Geoffrey Clifton-Brown:** Thank you; that is very helpful. Mr Chisholm, the Government have delayed import and custom controls three times. Can you give a categorical answer that they will be introduced on 1 January?

Alex Chisholm: Probably not quite categorical—

Chair: We did not have a bet beforehand, but we might as well have done.

Alex Chisholm: Because we have had reason to change the timetable so far, but that is certainly the current plan and expectation, and we are working intensely on that basis, and we expect others to be doing so as well.



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Q137 **Sir Geoffrey Clifton-Brown:** The Chair has whispered in my ear that it is five weeks, so if you don't yet know whether it will come in on 1 January, presumably it will not.

Alex Chisholm: It is what we expect to happen on 1 January.

Q138 **Sir Geoffrey Clifton-Brown:** Mr Harra, our witnesses tell us that there were 48 million customs checks from all over the world, but it is estimated that if these customs checks come in on 1 January, it will all rise to 250 million. Is HMRC ready for that huge increase in customs declarations? I suppose that involves CHIEF and CDS—I could ask a specific question on that, if you like. Perhaps more importantly, going around the 27 countries, and indeed our own people who want to import goods into this country, are they ready, or are we going to see a return to delays at ports of entry?

Jim Harra: Two key things are changing on 1 January. The first is the removal of the existing stage controls that allow traders to defer making their customs declaration by up to 175 days after importation. Instead, they will have to make the declaration at the point of importation or pre-ledge it if they are using one of the ro-ro ports that use that customs control model.

The other change is that ports must have arrangements in place to be able to control goods that are under customs control and prevent them from leaving the port, whether exporting or importing, until they have been cleared by customs, or use one of the inland border facility sites that I have mentioned. That in itself does not change the volume of declarations; it simply changes the timing of them, and also the timing of how we do clearance. In any event, we have scaled both CDS and CHIEF to cope with more than the volume of declarations that we are currently receiving or expecting.

We have had to get ready, but the main work that we have done is with ports, carriers, hauliers and traders to make sure that they are ready for all the new things they need to do on 1 January. In the case of traders, we have a high level of confidence in readiness. In fact, very few traders took advantage of the 175-day delay that we have offered since the end of the transition period; most of them have just filed their declarations at the point of importation, as you would for rest-of-world trade. For those that have used the deferral, most have not taken the full 175 days; they have taken a shorter period and made the supplementary declarations afterwards. And there are a trace number that have not been made on time. So we have a high level of confidence in them.

We have also been working very closely with ports and carriers—

Q139 **Chair:** When you say it is shorter than 175 days, what is the average length of time?

Jim Harra: I don't have that to hand. I can see if I can get that—

Q140 **Chair:** If it is easy for you to get that information, it would be interesting to know whether people are just using it as a bit of a buffer, or if it was



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going superfast or just a bit slower than 175 days.

Jim Harra: The pattern of behaviour has made us confident that traders are ready, and obviously we've been surveying that and checking it to ensure that they are.

Similarly, we have been working closely—one-on-one, really—with the carriers and the ports to ensure that they are going to be ready and that the ports have the right customs control models in place and are able to operate them.

The greatest risk to readiness is hauliers. We know that UK hauliers have a good level of readiness. For EU hauliers, while it is improving, it is a lower level of readiness, and we have been doing a lot of work to reach out to them. We write monthly to 14,000 EU haulage firms, and we also have all the support services that Ms Kelly mentioned earlier that DFT supply for us, including on some of the main ferry routes, where we have a support service to reach hauliers. The main thing that we are continuing to work on between now and 1 January is to get that haulier readiness up as high as we possibly can.

Q141 **Sir Geoffrey Clifton-Brown:** Thank you for that. I suppose the answer is that there is a big unknown in there, and nobody can know how ready importers from around Europe will be, really.

Jim Harra: We do have information that shows that their readiness is improving. Obviously, if these hauliers have been moving goods between the UK and the EU over the last year, they have already been used to operating a similar type of customs control on the EU side, because it is pretty similar. We are not in the same position as we were in at the end of the transition period with getting people ready to do something that they had never had to touch before; it is about adjusting the processes that they have to get used to.

Q142 **Sir Geoffrey Clifton-Brown:** What is physically going to happen if a lorry with particularly perishable goods arrives in the UK without these declarations correctly completed? Will they be sent back? Will they be sent off to a holding area under Operation Brock?

Jim Harra: The main scenario to focus on is in ro-ro traffic, where the requirement will be to pre-lodge the declaration. The carrier will not be allowed to let them board on the French side, say, unless they have got everything in place. It is not a case of them arriving in the UK without the paperwork; it is a case of them trying to check in at Calais without the right paperwork. That is when they will be prevented from boarding.

Q143 **Sir Geoffrey Clifton-Brown:** And will you have officials at Calais to inspect those documents?

Jim Harra: No, we will be using the services of the carriers. The carriers are under an obligation to make sure that the vehicles have the goods movement record that is required, and they lodge that on our system so that we can check it.



What will happen is that at check-in—it might be done at the ferry terminal, but is often done online before the lorry gets to terminal—they will be asked for the goods movement reference, and if they enter a valid one, the carrier will be allowed to admit them on to the ferry. While they are crossing, we will risk-assess the customs declarations that relate to that movement record, and if any of the goods on the lorry need a check, then a message will be sent to the haulier, the carrier and the port saying, “These goods have to report either to infrastructure in the port or, if there is none there, to our inland border facilities for either a documentary check or a goods check.” If they’re cleared, they will get a message saying, “You’ve been cleared; you can just drive off the ferry.”

The two key risks if there is not sufficient readiness is either that lorries will turn up and then be turned away at Calais, or that they will not set out for Calais because when they tried to check in they realised that they don’t have the right paperwork. We will be monitoring that very closely.

For the types of goods that you mentioned, if there are category 1 goods, where it is really time-critical for them to move, our staff and Border Force staff will have some discretion about what they do to ensure that there isn’t undue disruption or animal welfare issues, for example.

But we did see what happened at the end of the transition period last year when, as Ms Kelly mentioned, initially about 8% of lorries turned up on this side not ready to go through French customs checks and had to be turned away. That very quickly dropped to about 1%. I would expect the level of readiness to be greater for what is going to happen the other way, but we will undoubtedly see some lorries turned away, at least initially.

Q144 Sir Geoffrey Clifton-Brown: Thank you very much, that is helpful. You were present at a hearing in 2018, when your predecessor said that it is only physically possible to inspect four lorries coming off a ferry at Dover. What will the enforcement regime be so that Government can ensure security and that the risk of smuggling is minimised?

Jim Harra: In practice, only a small proportion of goods movements require checks, and most of those checks are documentary—they are not physical checks of goods, which we reserve for high-risk goods movements. In the case of Dover, the limitations were in the infrastructure at the port. We have the inland border facility at Ebbsfleet, so if a lorry is on a ferry heading to Dover and we want to check it, they will receive a message to say, “You must report to the Ebbsfleet inland border facility for a check.” We would pursue them if they do not do that.

Q145 Sir Geoffrey Clifton-Brown: I was going to cross over on this with Ms Finkelstein. One of the requirements from 1 July will be the pre-notification. A question that came up with our witnesses on Monday was how the lorry will know whether that pre-notification has been done. I suppose the same system—it would be interesting to know what the system is—will apply: how will the lorry driver be notified that you either want to inspect his lorry or have a question mark over his paperwork?



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Jim Harra: I will pick up on what will happen on 1 January and then what will happen when DEFRA's checks come in in July. On 1 January, if the lorry driver does not have a goods movement reference on our system, the carrier will not let the lorry board the ferry. Only those with valid numbers will be allowed to board the ferry. They will receive a message from our system—

Sir Geoffrey Clifton-Brown: How?

Jim Harra: On their device. Two people will get it; one is the haulier and the other the carrier. The carrier will be under an obligation to take reasonable steps to ensure that the haulier is aware. We expect the carrier to have screens up in the ferries telling the lorries whether they are cleared to go. That is all in place and is, broadly speaking, what the French have been doing at the other end—a similar process. We are also working with DEFRA to make sure—

Q146 **Sir Geoffrey Clifton-Brown:** Before you go on to that, that raises an interesting point. Will there be some sort of number or registration-recognition technology, so that when a lorry gets to a certain point, it will flash up on a screen, "You must go to Ebbsfleet", or whatever?

Jim Harra: Yes. The electronic documentation that the haulier has to provide to check in includes the registration of the vehicle, so we have got a way of linking the vehicle with the goods movement record. The goods movement record then links to whatever number of customs declarations have been made in relation to what is on the lorry, because there can be several consignments on the same lorry. If when we risk-assess those consignments any of them triggers a check, yes, the message goes back to say, "Lorry registration whatever, you have to go to Ebbsfleet when you get off the ferry." We are working with DEFRA to ensure that our system is then enhanced for July so that the same system will provide notifications to the drivers in relation to DEFRA checks.

Sir Geoffrey Clifton-Brown: Thank you.

Tamara Finkelstein: From January, goods will need to be pre-notified on our IPAFFS, our import system, and then we have the phased approach to the physical checks coming in from July, with the products of animal origin from July, dairy products from September and the rest from November, mainly composite goods and fish. Do you want me to answer the question about where the risks are in readiness?

Sir Geoffrey Clifton-Brown: I was coming on to that.

Q147 **Chair:** May I can just check something? What is to stop a lorry that is directed to Ebbsfleet, or inland from Holyhead, offloading the goods that it does not want you to find en route? You will not have cameras following them all the way.

Jim Harra: I am not going to disclose what we have.

Chair: You have some secret plan, a cunning plan.



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Jim Harra: We are alive to that risk. First, the inland border facilities are very close to the port, and there are limited opportunities for offloading, but we will also be looking at whatever surveillance we will need to manage those risks.

Q148 **Chair:** It gets more and more complicated the further out they are, or if you are having to redirect from a port where you have overload. We have talked about that before—it could happen.

Jim Harra: The ideal is to have infrastructure at a port and the goods are controlled at that port, but that is just not possible.

Q149 **Sir Geoffrey Clifton-Brown:** Can I move on to vets subject to SPS checks? The Horticultural Trades Association believes that the current level of red tape and bureaucracy is not necessary to meet the UK's preferred level of SPS standards, and the technology that is being developed will not keep pace with future developments for plant importers and exporters, thereby curtailing the industry's ability to grow. There is a very difficult balance between getting the right level of SPS tests to deal with the potential risks that this country faces and not making them overly bureaucratic so that the job of exporters and importers is made much more difficult. The Northern Ireland bit of the Report says that the EU and the UK could work more closely to align the risks of EU and UK SPS certificates, to make it easier for importers and exporters. A more general answer on the standards of SPS would be really helpful to begin with.

Tamara Finkelstein: It is absolutely a balance of risk to ensure that we have adequate protection against biosecurity risks. We are putting in place the system that we need to ask people to fill in export health certificates. We can get the information we need and trace goods properly. We do not have access to the systems that we had when we were part of the EU, so we need to put those systems in place and get people to fill in those forms.

We are doing a number of things to try to make that as straightforward as possible. A number of digital enhancements include the possibility of using existing products systems within a company to automatically fill forms so that you are able to do automatic cut and paste from one form to another. If you do large numbers of our import forms, you can use one again but change the requisite numbers. We are doing a lot of things to try to make that more straightforward and reduce those burdens.

Q150 **Sir Geoffrey Clifton-Brown:** Given that the Government are having a lot of discussions with the French over the matters that Ms Kelly mentioned around passport controls, is it not possible to align the requirements of the French and the EU with UK requirements, so that everybody knows what the requirements are and you do not have different standards for exporters and importers?

Tamara Finkelstein: We came to an agreement in the TCA and the Northern Ireland protocol as to how we were going to operate. This is really about how we make those operational. There are areas where our



standards are equivalent, but for the processes that we need to put in place, we need the information. We are having conversations about how we can make it as simple and straightforward as possible to communicate and fill in the relevant forms.

Q151 Sir Geoffrey Clifton-Brown: That is helpful. Given the big increase in the number of SPS checks that you will have to do, particularly under the Northern Ireland protocol, will you have a number of vets to deal with those increased numbers of checks?

Tamara Finkelstein: We were very concerned about upping the number of vets in the run-up to January, and about the agreement of support officers who could do some of the pre-work for vets. We have 1,910 official vets now, and that is up from the 1,543 in January, so we are continuing to grow that, and we have good capacity. The surge capacity we put in place was not tested in January.

On what happens in terms of movement of goods from GB to Northern Ireland, we are in conversations and discussions with the Commission now about what exactly will be required to ensure that the burdens there fit with what is needed.

Sir Geoffrey Clifton-Brown: Thank you very much.

Q152 Chair: Can I ask where the vets are and whether they are able to move around?

Tamara Finkelstein: It is a good question. That was one of the things we looked at a lot toward the end of last year. We do have a sense of where they are dispersed. We had some concerns about whether we had people in the right place, so we built a kind of surge capacity that will be able to go to places within the Animal and Plant Health Agency. We could do that again if we needed to—if there was an issue of not having people in the right place.

Q153 Chair: This is relying on private veterinary practices to decide they are going to support you and then be part of your surge team? You have somebody dealing with cats, dogs or sheep or whatever, depending on where they are, and then they do this bit of work on top for you? Will they then drop all their private practice to move to another port somewhere else?

Tamara Finkelstein: It is something that people choose to do. If you are a vet, one of the things you can do is train up to be able to do these sorts of checks. People do those checks as part of their practice and as a portfolio of what they can do. The big thing we did last year was to make the training free and build up the number of people who have that as something that they do. To export to the EU, you need to get a check by those OVs, and we have not hit the point at which that capacity has not been adequate. We have built the surge capacity and could do it again if that was an issue. We keep under review whether it is adequate for what we need, but it has proved so at the moment.

Chair: Thank you. Geoffrey?



Q154 **Sir Geoffrey Clifton-Brown:** When the NAO did its report, we were under the impression that all the SPS checks were going to be introduced in July. Some have now been delayed until September and others until November. Very briefly, could you tell us why that happened and whether you are now absolutely confident in your timetable for all these various checks?

Tamara Finkelstein: Some of this is about the learning of the experience of checks being introduced the other way and what is an effective way in which to do this. Starting the phasing with the pre-notification means that people have to use our system; they register for the system, get used to it, and then start the checks. What we found really worked in solving problems in the other direction was getting feedback—for instance, this thing was blocked because it was the wrong kind of ink. How do you get that feedback quickly to people? It seemed sensible to phase this to allow checks to build up and that feedback loop to be put in place—to take a sort of pragmatic approach.

Q155 **Sir Geoffrey Clifton-Brown:** I understand that absolutely. Are you now confident that those dates—July, September and November, which traders all know—are going to be the final dates?

Tamara Finkelstein: I suppose I am echoing Mr Chisholm from earlier. That is the plan, and we are very much working with a whole range of traders, customs agents and so on, who have to be ready on that basis. I think people, and European member states, welcome that phasing in terms of being ready for those dates and being able to get that kind of feedback.

Q156 **Sir Geoffrey Clifton-Brown:** I was not being critical, I just wanted to be sure.

In terms of the pre-notification, which is a whole new concept for food importers, is it going to work in exactly the same way as Mr Harra was describing—that if they have not got the correct documentation and they have not done it, they will not be allowed into the port? Is that what is going to happen?

Tamara Finkelstein: With pre-notification, that is the way that it will operate. We can take a pragmatic approach as people are learning to use that system, but that is the way in which it is designed to work. As Mr Harra said, we are working to ensure that there are links with the GVMS to make sure that it works and has the notification that traders will get.

Q157 **Sir Geoffrey Clifton-Brown:** This is quite sensitive. If they turn up at Calais with a load of perishable something-or-others, but they have not done the pre-notification, what will actually happen?

Tamara Finkelstein: They would be kept, but as I say, in early days there would be the option for us to take a pragmatic approach as people are learning the system. However, that is the way it would operate.

Q158 **Sir Geoffrey Clifton-Brown:** Hopefully once they have done it once they will not do it again. Thank you for that.



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This is probably a question for either Mr Chisholm or Mr Harra. In terms of the infrastructure that will be needed by your various agencies, Mr Harra, the Report makes it clear that only 39 have been signed off, but I think that is probably not a reflection of the actual situation on the ground. Most of these facilities are now ready, aren't they, because they need to be in place by 1 January?

Jim Harra: I don't know where it is in the Report, but I think that is probably a reference to ports.

Sir Geoffrey Clifton-Brown: It is whoever is responsible for the sign-off. I have looked at this about three times now and will try to give you a reference if I can.

Emma Churchill: Were you referring to the national frontier unit, which does the designation of—

Sir Geoffrey Clifton-Brown: Yes, the national frontiers approval unit, exactly—paragraph 3.28, page 73.

Jim Harra: In order for the new controls to work from 1 January, all ports need to notify us of which customs control system they choose to use. There are two. There is the traditional, temporary storage system, which is generally speaking what Felixstowe and the big ports that deal with the rest of world use. It means that the port has temporary storage on site and there is no need for traders using those ports to pre-lodge their declarations—they can if they wish, but they can take up to 90 days after the goods arrive in the UK to lodge their declaration, and the goods are held in the temporary storage at the port in the meantime. Or ports can use a new pre-lodgement service using GVMS where they do not have the facilities at the port to hold goods for 90 days in temporary storage.

Each port needs to notify us of which control model they intend to adopt and apply for approval, and the Border Force national frontiers approval unit then approves that. The vast majority of those applications are in— in fact, the majority have already been dealt with. We have daily calls with the Border Force NFAU to make sure we answer any technical queries that have arisen on approvals as it has worked through them, and to make sure that it has sufficient resources to clear all these approvals before 1 January. In fact, last month we agreed that HMRC would deploy 30 additional staff into the Border Force NFAU to assist it and make sure it can do them.

Q159 **Sir Geoffrey Clifton-Brown:** Thank you very much for telling us what the various systems are, but Ms Churchill, in terms of the physical assets, which are presumably mostly to house either the goods that need to be held or the people needed to operate the various systems, that same paragraph says that only 39 out of 261—or 255, depending—have been signed off. Is that the situation at the moment, or is that just a bureaucratic problem?

Emma Churchill: I think that was what Mr Harra was just referring to, where they have organised surge staff to help with those designations and



port approvals, so that that can be done. So the infrastructure is there; it's just about that infrastructure being approved. That is the thing that was being held up, not putting that infrastructure in place, if that makes sense.

Q160 Sir Geoffrey Clifton-Brown: What the witnesses were telling us on Monday was that there has not yet been a charging regime agreed for recovery—because of course the Government have paid for the capital costs but not the actual running costs. When will that be agreed? These port authorities need to know how much money they will be able to claim back and when.

Emma Churchill: Yes, that's right. Let me just walk it back slightly. The issue arises because we as a Government have built the inland infrastructure to serve ports that did not have the space to build it themselves. We have paid those capital costs. Through the port infrastructure fund we have paid the capital costs for those ports that did have space to build and that are therefore doing so. Those port infrastructure-funded ports will have to set their own charging regime for the facilities that they are running at their ports; that is obviously a commercial decision for them. What they have been looking to us as a Government to do is to say, "What will your charging regime be for the inland sites?" I recognise that they have been rather frustrated that we have not already set that out. There will be a question in due course about whether HMRC will charge for services, but mostly this bites once the Border Control posts start operating from 1 July, because those are the most expensive sites to run. So I'm afraid they are correct to say that we have not yet made a decision on that. We hope that we will be able to make a decision on it and let them know what it is early in the new year, but this mostly bites come 1 July.

Q161 Sir Geoffrey Clifton-Brown: Okay. Mr Harra, there is a lot of HMRC guidance for importers out of that. You will recall that, again at that hearing on 5 September 2018, it was stated that there were three objectives on the UK border: revenue, security and the free flow of trade. Up until now, I think your Department has been prioritising free flow of trade, but you are now going to move more towards a system of security and revenue. If that is correct, will that cause more delays at the border, because you will have to do additional checks?

Jim Harra: I don't expect so, apart from initially, as we described, where some lorries might get turned away if they turn up not ready. The aim of introducing these full controls in a staged way is to ensure that we do maintain the flow as we tighten up the controls, and therefore tighten up our management of, say, fiscal risk. It is not the case that we have changed our priorities. We are confident that we can move to the next stage of implementing full controls without disrupting flow.

As I said before, that is something that we will monitor carefully from day one. I do expect a small proportion of the lorries that turn up at Calais to get turned away in the early days, because there will be some level of unreadiness; that is just inevitable. But our experience from last year for goods moving the other way is that the hauliers who aren't ready on day



one very quickly learn, so the number turned away drops dramatically very quickly.

Q162 Sir Geoffrey Clifton-Brown: A final question for you. At question 44 at the pre-panel on Monday, the witnesses told us that until 2016 “everything was in one place” for HMRC guidance. Apparently, the system has now been changed, so that there are lots of different gov.uk websites, making it more difficult for people to access information quickly. Is there any reason why that was done?

Jim Harra: Obviously, we have much more comprehensive guidance, because we have had to get people ready for procedures that they have never had to deal with before. We have had to use a variety of different methods to communicate with people and maximise our reach.

However, we have one main source of definitive guidance, which is gov.uk. I believe there was some comment from witnesses on Monday about the click-through approach on that guidance, as opposed to what I would call flat guidance. As a person of a certain age, I fully understand that, because different people interact with it in different ways. All I can say is that we constantly road test the guidance, in particular with the 40 representative bodies that are on the Joint Customs Consultative Committee, and we want to improve it all the time.

For example, in the past year, in response to feedback, we made several changes to the rules of origin guidance, because we got feedback to say it was difficult to understand. We made about 15 different changes. We know that we have seen a dramatic fall-off in the contact that we have been getting from people asking for help, which indicates that those changes were effective. We are constantly interested in the feedback and constantly want to improve that guidance, but the modern way of online guidance is that click-through method.

Q163 Sir Geoffrey Clifton-Brown: Again from the pre-panel, at question 46, you apparently consulted recently on professional certification and professional indemnity insurance. Can you give us an update on both those subjects, please.

Jim Harra: That is primarily about tax agents, but we are also obviously interested in the quality of advice in the customs intermediary market, as well. We will respond to the outcome of that, whether we pursue that or some other idea. Our aim is to drive up standards, particularly in the tax agent market. We don't have specific concerns in the customs intermediary market in the same way.

As you will be aware, in the tax advisory market, we have people who feel that they are sold schemes by tax advisers that they don't want to be involved in, and then they get into trouble with HMRC. That is one of the key reasons for wanting to drive that up. We also increasingly see people being sold a claims service, and then sometimes the way that service works is not to their benefit, because they could have done it themselves and got a bigger repayment. That is our main focus, but we will include customs intermediaries—



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Q164 Sir Geoffrey Clifton-Brown: Thank you. You did mention rules of origin there, which is potentially an incredibly complicated subject and was much heralded as a problem. Has it actually been such a problem? It's a logistical exercise, if you like, just going through your product and working out where the various parts come from, or am I minimising the difficulties?

Jim Harra: There is a cost involved in complying with rules of origin and getting all the certification in place, but of course there is a benefit associated with it as well, which is the zero tariff. What both the UK and the EU recognised last year when we agreed the trade and co-operation agreement was that there simply was not sufficient time between that agreement being agreed and its coming into force for businesses to get all the necessary certification of the components in their goods in place. It was basically Christmas eve when it got agreed, and it came into force on 1 January. An easement was therefore agreed by both the EU and the UK that, for the first 12 months, traders would not need to get supplier certification down the chain of the origin of their components.

During those 12 months, which are up on 31 December, traders should have been working to get that documentation in place so that they can meet a higher standard of certification from 1 January, and that is again something that we will be monitoring compliance with.

Q165 Sir Geoffrey Clifton-Brown: My final question may be one for you, Mr Harra, or maybe for Ms Churchill. We asked several questions about this in the pre-panel on Monday. You are all experts, so you know what the rules are, but there are an awful lot of small businesses out there, and I think they are going to have quite considerable difficulty meeting some of these regulations. Despite your having given £87 million to the intermediaries to scale up, are you confident that we have the level of intermediary advice in place to be able to help those small businesses?

Jim Harra: Yes. We publish online a register of all the customs intermediaries. There are 1,500 intermediaries on that register, and 93% of them report that they currently have capacity available to take on clients. We also look at what kinds of work those different intermediaries can and cannot do. For example, 61% of those 1,500 intermediaries report that they are able to support ro-ro journeys, which is obviously important for 1 January when the new full import controls come in with that pre-lodgement model. We do look carefully at what each firm can and cannot offer, and we provide all that information on that site to give transparency small businesses who might be engaging one of those intermediaries for the first time. We are happy to keep that under review and improve the quality of that—

Q166 Sir Geoffrey Clifton-Brown: My final question is probably the most important question of all. With these import controls that are coming in on 1 January, have you done any sort of surveys? What you did with exports is that you targeted 10%, but that 10% covered 90% of the trade, so have you done any testing out there to see how ready small businesses are for these big changes that are coming in?



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Jim Harra: Yes. About 85% by value of the imports that come into Great Britain from the EU are imports made by businesses that already are familiar with customs procedures because they also import from the rest of the world and are therefore used to making customs declarations. We have a high level of confidence in their ability to operate the new controls. However, about 15% by value come in from a large number of smaller businesses. Many of those, of course, have been importing from the EU over the past 12 months and have been making customs declarations under the staged procedures, so they are already familiar with making declarations. What they have to do by 1 January is be ready to pre-lodge those declarations, rather than to take a bit of time. I think we have quite a high level of confidence in trader readiness. For that group that accounts for that 15% by value, we have segmented them into three groups, and we are targeting those three segments.

Sir Geoffrey Clifton-Brown: That is very helpful. Thank you.

Chair: Thank you for now, Sir Geoffrey. We have some quick-fire questions—

Tamara Finkelstein: Can I correct something that I gave in answer earlier? You asked about pre-notification and holding people who had not pre-notified in January. We will not be doing that in January. We will be starting pre-notification, and people will be required to use the IPAFF system to pre-notify. But it will be in July, when the checks start, that we will be in a position to hold freight that is supposed to be coming through, because we will by then have done the work with HMRC to be able to notify people. That will start in July, not in January.

Q167 **Sir Geoffrey Clifton-Brown:** I thought that. Sorry, Chair, do you mind if I ask just one more question? We had a bit of evidence at the pre-panel session about the IPAFF system and compatibility with the goods vehicle system. Will the IPAFF system be fully built by July, and will the two systems be compatible?

Tamara Finkelstein: The IPAFF system is fully built, being used and can be used. What we are still working on is how the IPAFF system speaks to GVMS, and that is very much on track. And if not, there are also contingencies and other workarounds that we will have in place. So that is work very much in hand.

Q168 **Chair:** Some quick clarifications from me. Ms Kelly, you talked about information much earlier for EU hauliers. There is a danger there that you could be broadcasting it to EU hauliers. How are you assessing whether they are actually receiving, understanding and going to be acting on that information about any future changes?

Bernadette Kelly: We do do evaluation of all our communications campaigns. We did extensive evaluation certainly of the work last year. And as I say, what the evidence shows—

Q169 **Chair:** But this is slightly different, because it is a lot of different countries, across the European bloc.



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Bernadette Kelly: Of course a lot of our communications have been in multiple languages all along. We were always doing “The Haulier Handbook” in 14 languages, and now in 17. I will have to give you details of exactly what evaluation methodology we are planning to deploy. What we tend to look at for our information and advice sites, of which we expect to have some in Spain and France, is the number of customers helped. There is customer feedback as well on whether the information they have received has been useful and relevant—that sort of thing. These are the things that we are routinely using to assess this as it goes along, so I imagine we will be extending that to any new sites and communications that we use.

Q170 **Chair:** It is still quite a big task, though. It is no mean feat, because you are putting it into different languages—

Bernadette Kelly: Absolutely. Indeed it is. But as I say, what we are doing is asking: are people using it, and are they satisfied, when they use it, that it has been useful. Those are the key questions—

Q171 **Chair:** Well, we will soon find out whether your confidence is well placed or not.

I do not want to go too much into one individual case, but I have a constituent, Andrea Garland, whose business is an example of the small businesses that we as a Committee have for many years been concerned are getting left behind. She met with officials from four departments, so I want to thank the Cabinet Office, the Office for Product Safety and Standards, HMRC and the Department for International Trade, which sent officials along to a meeting with her. But what was fascinating—and no detriment to the officials who turned up—there were a lot of questions they asked of her about the problems that she had. She has a small business exporting cosmetics. She has around 40 product lines and therefore has to do many things 40 times over. The annual pre-product fee is around £80 to £100 per product. She has to pay that to a third-party, EU-based company, to help with her exports. She is having to register with the third-party company to facilitate a DDP service, which means extra costs added to every order. She has lost a number of wholesalers. She has exactly the sort of business—I highlight her because she is a constituent, but we all have had examples of similar businesses that have seen a huge increase in the price of their products. They were businesses that were potentially going to grow, but they have now shrunk right back; they have lost a lot of business.

So, first of all, Mr Harra, on the practical side—perhaps HMRC is well placed to talk about this—and then Mr Chisholm: what is the plan for these businesses, which Mr Veitch told us on Monday are the long tail of SMEs? He felt that the big companies—we have talked a lot about them today—are getting to grips with it. Are you confident that all that information on your websites and so on is enough to help them? Also, is there anything that you can do to ease the pressure on these small companies, where a small cost has a bigger impact because of their turnover?



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Jim Harra: I think it is a big challenge for small businesses. Customs, which obviously applied only to non-EU trade in the past, is a highly intermediated process. Usually, only large traders try to do it themselves. Most traders will employ an intermediary to manage their compliance for them, and obviously that comes at a cost. I think it is quite challenging for a small business to try to take that on board and learn it themselves.

Q172 **Chair:** Will HMRC's self-service customs, which we heard about with enthusiasm on Monday, be something that will help businesses of Ms Garland's size?

Jim Harra: Under the spending review, Departments as a whole have been given about £1 billion to invest in customs over the next three years. That includes developing a single trade window to make the process of dealing with all the different parts of Government easier, because you can make one submission of your information and get all the different relevant clearances. We in HMRC have a whole range of different authorisations and simplifications that can benefit traders. We are looking at how we can bring those all together in a single authorisation service.

Q173 **Chair:** That sounds really great in theory, but you and I have been round the block a few times on new IT programmes and new systems. These are big things on their own, let alone what each of your Departments are already dealing with, with Brexit and your internal improvements to other systems. Realistically, what will the landscape look like in three years' time for a small business that is currently having to pay a lot, struggle a lot to get through the system, and perhaps cannot afford to pay an intermediary—or maybe does, but it hits their bottom line very hard? How quickly will we see real, useful change for those small and medium-sized enterprises?

Jim Harra: It will be a simpler system, and it will be well supported by an ecosystem of intermediaries that can offer a whole range of services. But can I say that, in three years' time, a small business will find it simpler to go and self-serve customs? I think that is quite challenging.

Chair: That is very honest of you, and it is useful to hear. Mr Chisolm?

Alex Chisholm: I think Jim has answered most of it. I have just a couple of things to add. One is that the Department for International Trade has this month launched a new export service, which is very much geared to trying to help people such as your constituent. I am probably a bit more positive than Jim about the potential of moving to digital systems sooner rather than later. The single trade window that he mentioned has already begun to launch some initial products, and I think that will really help. Those would be the two things that I would highlight. Is there anything else that you want to bring out, Emma?

Emma Churchill: No; I wanted to advertise the export support service, which is precisely about bringing different Departments together so that exporters, particularly small businesses, have a one-stop shop. That is now online and has a telephone service, and it has been operational since 1 October. I think it is doing quite good business.



Q174 **Chair:** I was impressed that four officials from different Departments had come together to meet one small business. They were very keen to learn, and what was slightly worrying to me is that these were predictable problems that a small business would have. In reality, Mr Chisholm, or maybe Ms Churchill, you were dealing with understandably huge bits of infrastructure. You were dealing with big IT changes. You were dealing with the big companies—the volume trade. Is it fair to say that maybe small businesses were not just the tail, but a bit of an afterthought? You did not have the capacity to provide certainty and support for them to the same level, ahead of Brexit in January.

Alex Chisholm: I think we really focused on them, because we knew it would be harder for them. But there are more of them to reach, and they have less capacity to engage. When we look back at when people came online, we can see that they did it at the last possible moment in many cases. That is understandable, given their diminished capacity.

Q175 **Chair:** May I just ask about Brexit fatigue, which was raised with us quite thoughtfully on Monday? A lot of businesses are complying, so they are doing what Mr Harra wants, what Ms Finkelstein needs and so on. There are others that are not doing so, because they think it will change and there will be deferment again. There seems to be no penalty for those that do not comply. Have you thought about how you are going to handle the confidence of businesses, hauliers and so on to comply with the rules? Mr Chisholm, do you want to take an overarching view on that?

Alex Chisholm: Actually, we would be very positive about the extent to which hauliers, logistics companies and traders big and small adapted to the changes at the beginning of this year. If you think where we were a year ago—

Q176 **Chair:** The point is that there is no real penalty for anyone who did not do anything.

Alex Chisholm: We have not needed to. The positive thing is that people have actually adapted incredibly well, and they have understood that this is a big change to be going through. They have accessed the guidance and support. Certainly, some of them have really appreciated the financial help that we have been able to provide around intermediaries, ports, agri-food and small business, but on the whole, the business community doing trade with Europe have adapted and have understood that they needed to do that.

Q177 **Chair:** You sound very positive. Everyone is always very positive at these sessions, and we really want realism.

I just want to go back to the issue about the infrastructure at ports, because we have covered this quite a lot over the years, but also on Monday. I just want to point to paragraph 16 on pages 12 to 13 of the National Audit Office's Report. I am reminded that the NAO's Report covers up to 22 October: today is 24 November, so it is only a month, yet they are reporting concerns raised by organisations such as the UK Major Ports Group about infrastructure not being finalised and what they



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actually need to put in place physically to meet your requirements not being 100% clear. Today, we have had a very positive message that it is all great—the port infrastructure money has been spent, it is all going very well, and the work is going on on those other inland sites that we have discussed over time—so why the discrepancy in what you are saying, a month since the NAO's fieldwork?

Emma Churchill: Can I pick up on that? I probably know what the Major Ports Group was talking about there: I think there was some frustration over the late summer and early autumn that some of the specific Home Office Border Force requirements changed at some ports. I think a small number of ports had to do a small amount of re-work for the facilities as a result of that, so these are not big, significant changes, but just changes that meant some re-work in respect of the infrastructure they had put in place. Those, I think, were the frustrations that the Major Ports Group was talking about.

Q178 **Chair:** But that re-work was paid for out of the port infrastructure fund.

Emma Churchill: Yes.

Chair: Okay. I could go into all these a lot more, but I am just going to bring in Mr Nick Smith very briefly, and then Mr Grant.

Q179 **Nick Smith:** Thank you, Chair. On security, Mr Harra, earlier on you described the distance between ports and UK centres for checking as "short", but having looked at expert witness Google—I am not sure it is the case—Dover to Ebbsfleet is about 60 miles. If that is one of the journeys you have to make, at least superficially, it looks to be a challenge.

Jim Harra: Yes. Ebbsfleet is not the long-term solution because we are building a facility at Dover White Cliffs, but that will take longer to be ready, so I think it is something that will improve over time. Obviously, as I said, the ideal is to have the infrastructure in the port itself, but we have had to accept that for ro-ro ports in particular, and particularly Eurotunnel, Holyhead and Dover, that is just not going to be feasible. We have what we have in terms of the existing IBFs and where they are, and we have made them as close as possible, not just for security reasons but also for traffic management reasons. Obviously, when Dover White Cliffs comes online, it will be even better placed than Ebbsfleet.

Emma Churchill: Also, of course, Eurotunnel to Sevington is a very short journey, so trucks using Eurotunnel may be directed to Sevington, which is much closer.

Chair: I think this is one to watch. I think there are going to be a lot of people around the ports looking to see whether your covert officials are jumping out of hedges to catch people in laybys. Mr Peter Grant.

Q180 **Peter Grant:** Thanks, Chair. Mr Chisholm, in one of your answers to Sir Geoffrey earlier—I think it was Mr Chisholm; it may have been yourself, Mr Harra—I think you said that part of the confidence you had about traders being ready for the new controls was the work you had been



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doing with firms in the UK that would be looking to import. That seemed to suggest to me that it was the UK exporters who had to do the work to get ready to export when the controls were imposed on the other side of the channel, and now it is the UK importers who are going to have to do the work in order to be ready to import. Is that because you are not getting co-operation from across the channel? Why is it that, regardless of which side of the trade process you are on, it seems to be the British firms that are having to take on the extra burden of bureaucracy and the extra cost?

Jim Harra: That is a good point. Obviously, in terms of the people who owe the obligation to HMRC, it is the importer and they have to make the declaration, but just as UK exporters had to really support that at the end of the transition period to make sure their goods could get through to the French importer, so I would expect that for 1 January, the counterparties to those UK importers are having to engage with them to make sure they are providing the information and are ready for that. Really, it is the same in reverse.

Alex Chisholm: Just to add a couple of things to that—it is a very good question—obviously, we have been targeting businesses around the rest of Europe. On 8 November, we had a technical event for users of the short straits, which was jointly designed with the French authorities. Around 2,000 people apparently came to that. We have also just done a central Europe industry day on 9 November, and 550 businesses came to that. These are the types of things that we are trying to do to target firms based overseas who will need to be familiar with these rules and the requirements.

Q181 **Peter Grant:** One of the previous consequences of targeting a relatively small number of big exporters was that a lot of small and medium-sized businesses felt they were left out, and they really struggled. What are you doing to make sure that smaller businesses and importers are not adversely affected once again? Smaller businesses cannot necessarily afford to take on additional costs.

Jim Harra: As I mentioned before, about 85% by value of the imports from the EU are by large traders who also trade with the rest of the world. In fact, we have had pretty light engagement with them because we have checked that they are going to be ready. We are pretty confident that they are going to be ready because they are already using customs procedures.

We have put a lot of effort into reaching the smaller businesses that account for that remaining 15% by value of the imports. One advantage that we have now, compared to the end of the transition period, is that those traders, if they have been importing in the meantime, have been engaging with customs. They have been making customs declarations and they have their EORI numbers in place. So, they do not start from a state of unreadiness, but some of them start from a point where they have been complying with an eased set of procedures and they will have to tighten up.



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We have segmented that group by reference to the value of their trade. There are altogether about 90,000 traders in that group that account for that 15%. About 41,000 of them have what we would call a material level of trade—a value between £5,000 and £1.5 million. About 60% of those had already submitted customs declarations by the end of October, so they already had EORIs and were familiar with what they needed to do. So, what we had to do with them was contact them and say, “You now need to tighten up in time for 1 January.”

The remainder have not made any declarations, so they have almost certainly not imported during that period. They may have stopped altogether, or they may just be firms that import infrequently. They are the ones that are hardest to reach. We have been making a lot of efforts to get to them. As I said before, we have a high level of confidence about the readiness of the traders. Our main focus is on the EU hauliers and making sure that they know what to do.

Q182 Peter Grant: When you talk about a high level of confidence, that can mean that we think a substantial proportion of the trade is going to get through without too much difficulty, but even though a substantial amount of the trade gets through, there could be serious effects on a significant number of small businesses, who collectively might make up only 5% or 10% of total trade.

You gave the numbers earlier, and I think it was equivalent to about 150 small businesses per constituency. If 60% of them appear to have got things right, potentially there are still an awful lot of jobs at stake among the other ones, as far as we know. They may not need to do it, but there are still potentially a lot of businesses out there that have not done what they need to do in order to survive.

Jim Harra: I agree. It is a large number of small businesses, some of whom, it appears, import only infrequently. They may have moved to a way of bringing in their goods using couriers that take care of all this, so then they are not featuring as declarants from our point of view, but that is because they have got someone else to make the declaration and to handle all the logistics for them.

The proof of the pudding will be on 1 January. The likelier scenario is that someone importing goods will have done what they need to do, but they might find that the haulier who is bringing the goods to them has not done what they need to do and therefore they suffer a delay through no fault of their own. That is why we are really concentrating at this stage on reaching the hauliers. That is the priority.

Q183 Peter Grant: You gave quite a lot of answers earlier about the controls that will be in place at ports on the other side of the channel to make sure that lorries that have not completed the correct declarations do not get on. How do you know that the carrier will not let on people who do not have the necessary documentation? Are you going to have people there or are you relying on French Government officials? Are you entirely relying on the honesty of the carrier to stick to the rules?



Jim Harra: We are not relying on French authorities. The responsibility for managing the compliance of carriers rests with us. They have obligations that they need to meet, and it is our job to check that they are meeting them. In practice, we have very good relationships with the carriers, and I am very confident that they will do what we need them to do. Also, particularly at the start, we will probably have daily contact with them, because we will want to monitor what the effect is going to be and they will want decisions from us; if they are confronted with a difficult case, they will deal with us. So I do not have concerns about the compliance of the carriers, but it is obviously something that we need to monitor and take action if we need to.

Q184 **Peter Grant:** You have mentioned that carriers are under an obligation to comply. Everybody is under an obligation to give you an honest account in their tax returns, but you still have to spend an awful lot of money making sure that people comply with that, and you have to take enforcement action against quite a lot of people who don't. By all means, if there is information that you don't want to disclose in public session, I can understand that, but I still have not heard what it is—other than trusting the carriers and having a good relationship with the carriers—that will prevent a few dodgy individuals working for a carrier from taking backhanders to allow lorries on that shouldn't be on. At what point can we be sure that that would be stopped at the time, rather than potentially having to be chased up months later?

Jim Harra: First of all, we are talking about a pretty small number of known firms—they are the ferry operators, for example. Unlike with tax returns, it's not millions of people. It is actually a very small number, with whom we liaise individually very closely. For each of them, we understand what their systems are. For many of them, particularly the bigger ones, this is actually all done electronically. To get checked in, you have to show your GMR, not just at the ferry terminal but when you go online; and if it isn't a valid GMR, you will not get your boarding pass. We are able to audit those systems and understand how each carrier is going to make this operate. I doubt whether we or, indeed, any carrier can completely guard against a rogue employee letting someone do something, but I think the controls at ports are pretty strict in terms of lorries getting access and getting on to the ferries.

Q185 **Peter Grant:** What assessment have you made of the risk of, in particular, businesses that are based close to ports just using private vehicles to smuggle stuff in without customs declarations?

Jim Harra: There is obviously quite a lot of traffic and vans and cars, and there are different rules that apply to those. If you are a passenger travelling with your own goods—you may be a holidaymaker or someone who makes frequent trips—a different set of allowances and rules apply to you. That is a risk that we do monitor. We have a relatively low level of fiscal risk attached to that, but it is different in its nature from haulage firms and it is something that we have to separately monitor.

Q186 **Peter Grant:** Thank you. This is the final question from me. What are the



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implications if we get it wrong, either on 1 January or 1 July, and if significant numbers of importers and their suppliers in Europe don't get it right? What does it do to the supply chain within the United Kingdom?

Jim Harra: Sorry, if they don't—

Peter Grant: If they don't get it right. We think that they are going to send stuff that has all the declarations to get through. But if it becomes necessary for a significant amount of trade to be stopped at the channel ports, either in the UK or in continental Europe, what impact does that have on the supply chain throughout the rest of the economy?

Jim Harra: We are working through our contingency plans now and what the scenarios would be when we invoke them. Obviously, I don't want to say too much about what we would do in the event of people not being ready, because the focus is on getting people ready, but we are alive to the possibility that either there will be severe disruption, where we need to intervene and operate some contingency, or there will be individual consignments where there is a special need to apply discretion because it's a very important consignment or it's live animals or whatever and they cannot be turned away. We have contingency plans and we will be monitoring very closely, but I am not going to say to trade, "By the way, if you all don't get ready, I'm not going to operate this." Lorries that do not get ready will find on 1 and 2 January that they are going to get turned away at the port in Calais, and they will learn a lesson from that.

Chair: Thank you. We have Sir Geoffrey Clifton-Brown next.

Q187 **Sir Geoffrey Clifton-Brown:** Mr Chisholm, where exactly have we got to with the negotiations? We were operating under the protocol a trusted trader scheme, but that was not agreed by the EU. We want to replace the role of the Court of Justice with the International Court of Arbitration. What are the sticking points that we need to get agreement with the EU on?

Alex Chisholm: I think the UK position was quite clearly set out in the Command Paper in July. Those are the things that we consider are necessary. At the core of them are the rules that apply to goods going from Great Britain into Northern Ireland, but not on into the rest of Ireland; we feel that they do not need to be subject to checks in the same way. There is a risk-based approach to what actually goes on into Ireland and therefore into the EU customs area. That is the core of it, but there are some other special cases around, for example, medicines, which we were discussing only in the last few days. Also, there is subsidy policy, the treatment of VAT and, importantly, governance. Those are all very relevant issues to this negotiation. You have seen that there have been some proposals put forward on both sides, and the negotiation continues.

Q188 **Sir Geoffrey Clifton-Brown:** Is there any sense of when these negotiations will be completed?

Alex Chisholm: I think both sides said they are urgent. That's promising.

Q189 **Chair:** There is a meeting on Friday. How long after that?



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Alex Chisholm: Officials are meeting every day, but the David Frost and Maroš Šefčovič meeting is on Friday.

Q190 **Sir Geoffrey Clifton-Brown:** On medicines, I gather there are checks on medicines already on the market, but what about new medicines?

Alex Chisholm: I'm not sure about that.

Sir Geoffrey Clifton-Brown: Perhaps you could let us have a note on that. The movement assistance scheme was limited by state aid rules.

Chair: To be clear, new medicines could include a new vaccine, but you don't know.

Alex Chisholm: I do not have the detail on that, but I am happy to write to you about that.

Chair: It is quite important.

Q191 **Sir Geoffrey Clifton-Brown:** On the movement assistance scheme, you have been limited by state aid rules. Given that the whole Northern Ireland protocol was brought about by negotiation with the EU, why has that scheme been limited by state aid rules?

Tamara Finkelstein: The movement assistance scheme is partly about providing advice. We are able to do that. We are also able to meet people's costs in terms of certification, so it will cover the costs of an official veterinarian doing a check. We have extended that into the attestations that need to be done. We have extended it into a range of costs that people have.

Q192 **Chair:** Can you give us examples of those costs? You say attestations. Can you unpack that?

Tamara Finkelstein: It is basically the certification that people need to do for various goods that they might want to move across. It is the cost of that. If you take the straightforward one where you need to get a vet to check things, that is covered. If you check plants, they require APHA, our agency, to provide certification. That is covered. A whole range of costs are covered under the movement assistance scheme. We have spent £10 million so far on the scheme.

Q193 **Sir Geoffrey Clifton-Brown:** You have spent £1 billion?

Tamara Finkelstein: No, £10 million.

Q194 **Sir Geoffrey Clifton-Brown:** A slight difference. How far have the state aid rules limited you in what you would like to do on the movement assistance scheme?

Tamara Finkelstein: I am not aware that that has been a limitation on what we are seeking to do on the scheme, which is basically to remove the basic certification costs and provide advice. It would get into state aid rules if you were seeking to cover the costs of filling in forms, and so on, so that would be a limitation.



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Q195 **Sir Geoffrey Clifton-Brown:** Mr Chisholm, will the digital assistance scheme be in operation by early 2022? As we have discussed many times on this Committee, technology can surely solve a lot of these cross-border dispute problems.

Alex Chisholm: That is the successor to the MAS, isn't it?

Tamara Finkelstein: That is also with me. We are working on a whole range of digital solutions. Ensuring that the certification element can be done digitally is one of the elements. The other is about pre-populating our IPAFFS system. I cannot give you an exact timeline for that, but we are getting quite a lot of traction in developing those systems. Elements will be in place for July, but some of them are for the import system, so there is a range of elements that we are working on.

Q196 **Sir Geoffrey Clifton-Brown:** Mr Chisholm, you neatly skated over my two specific questions on trusted trader schemes and the role of the European Court of Justice. I am not going to press you on the role of the European Court of Justice, but the trusted trader scheme is quite a useful mechanism to facilitate trade between GB and NI, but it has not been agreed by the EU. What exactly are the problems that the EU has with it?

Alex Chisholm: Probably I am not the best person to ask about that, but I know that mutual recognition of our trusted trader schemes is something that we very much want to encourage. We have some recognition of it within the trade and co-operation agreement, but it was not written back into the Northern Ireland protocol, so that is one of the areas where we see an opportunity to modernise in the light of the trade and co-operation agreement, also taking much more of a risk-based approach.

Q197 **Sir Geoffrey Clifton-Brown:** If goods are clearly not going to go out of Northern Ireland, I cannot quite see why there is such a fuss about taking them from GB to Northern Ireland. There seems to be an awful lot of suspicion about this.

Alex Chisholm: You must join our negotiating team. That is our position.

Chair: Mr Chisholm is being very enigmatic—or perhaps not. You can raise it with people on your side, Geoffrey.

Q198 **Sir Geoffrey Clifton-Brown:** We have raised medicines. Are there any problems with any other specific categories, for example chemicals, and not just in Northern Ireland but more generally? We were anticipating an issue with chemicals being exported and imported from the EU. Is that now resolved?

Alex Chisholm: Do you mean on REACH—GB-EU? I think there may have been a transitional regime for that. I am just thinking about it. It is not my area of responsibility, but I have a feeling that there might have been.

Tamara Finkelstein: In terms of REACH, it has been operating as we were expecting. We have put in place a range of grace periods, effectively. As we set up the UK REACH regime—we have discussed this with the Committee before—and as those grace periods come to an end, costs are

involved to companies in terms of building up the data files that they need to be part of the UK REACH system. That will be a challenge to industry, but it is on track, in terms of the work that we are doing to set up the UK REACH regime.

Q199 **Peter Grant:** I have one quick question, Mr Chisholm. What assessment have you made of the views of businesses in Northern Ireland about the current speculation about the Northern Ireland protocol? Do they want to see it done away with? Do they want to see it kept? Do they see changes that need to be made?

Alex Chisholm: We have done a lot of surveys—our own, through users of the trader support scheme, and the ones that have been published by the Food and Drink Federation and others—and they show real concerns about the operation of the Northern Ireland protocol at the moment. They show that people are reducing the number of lines that they are bringing into Northern Ireland and that there are costs associated with that. The administrative costs are higher than expected and that is causing trade diversions. That is one of the reasons why we were so concerned, and that evidence is referred to in the Command Paper published in July.

For example, the Manufacturing Northern Ireland survey in April showed that the largest issue faced by businesses was the supply chain: 39% of respondents reported that that was a huge issue, 55% were struggling with new processes as a result of the protocol and 36% believed difficulties were likely to persist. It is that type of information. The Enterprise Northern Ireland survey done in February showed 29% of small Northern Ireland businesses reporting a decrease in business with Great Britain. There is quite a lot of survey evidence, and of course that is quantitative-type surveys. We are always in conversation with businesses in Northern Ireland, and with Ministers and officials there.

Q200 **Peter Grant:** Are those difficulties genuinely down to the protocol, or was something like that not inevitable as soon as you had Ireland in the customs union, Britain out of the customs union and Northern Ireland somewhere in between?

Alex Chisholm: In these ongoing discussions, it is acknowledged by both sides—in fairness, the European side too—that there have been serious difficulties caused by the implementation of the protocol.

Chair: Thank you very much. There is so much more we could discuss. This on its own could be an entire session, but we appreciate you are restricted by the negotiations of those above you—perhaps that is not how you see it, but those who are negotiating.

Q201 **Sir Geoffrey Clifton-Brown:** Mr Harra, inevitably a last question on CHIEF and CDS, I am afraid. I am returning to paragraph 3.39 and 3.40 on page 78 of the NAO report. Paragraph 3.39 says: “By mid-October 2021, only 42 users out of a population of around 5,000 had migrated to CDS.” Admittedly, 12 of those were high-volume users, but that seems to make it very ambitious—I am going to the next paragraph—that you allow CHIEF to retire by the end of June 2023. Is that still on track?



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Jim Harra: Yes. We need to get the full import controls out of the way in January, and then we would expect to see a big uplift in the number of businesses starting to migrate to CDS. Between now and then, first of all, the businesses dealing with customs arrangements hate to make any changes in the run-up to Christmas, because it is their busiest period for moving goods and they don't like to change their systems. They also have to make sure they comply with the arrangements on 1 January. After that, we expect to see a significant uplift in that. That is our plan. It is staged—first imports, then exports. We spent the money on CDS, we have it scaled, and we have traders using it already for Northern Ireland and a small but increasing number of large declarants in relation to GB trade. That is a plan that we will deliver.

Q202 **Sir Geoffrey Clifton-Brown:** I take that as a yes; you are on track to retire CHIEF by the end of June 2023. If that is the case, why did you renew the Fujitsu contract for another five years at a cost £85 million?

Jim Harra: I don't know enough about the commercials to be able to do justice to answering that. Perhaps I will take that away and get back to you.

Alex Chisholm: I think it was "up to five years". I believe we can exit earlier from that contract.

Chair: Up to five years, and we can exit earlier at less cost?

Q203 **Sir Geoffrey Clifton-Brown:** It says very clearly in the report, and I am quoting from paragraph 3.40: "extended its contract with Fujitsu to provide CHIEF for another five years, at a cost of £17 million per year," which is my £85 million.

Alex Chisholm: It is a five-year extension, but I believe it is possible for us to exit earlier.

Chair: I think you need to write to us, because if we can exit earlier at less cost—

Sir Geoffrey Clifton-Brown: That is the point.

Alex Chisholm: At reduced cost, yes.

Q204 **Chair:** We know that in the post-covid climate, millions does not seem like much money, but it is still millions of taxpayers' money.

I have one final question. We have seen delays, easements and deferments. We have now got dates in September and November that people have to comply by. When will everything be up and running normally? What is the ambition? I am going to look at Mr Chisholm first—you can bring in anyone else, if you want. Mr Chisholm is going to say it, and Ms Churchill, then you will have to deliver it.

Alex Chisholm: Exactly. By the end of the year. The last scheduled changes are in November, so by this time next year we should be looking back happily at all of that. I hope you don't think it is too optimistic of me, since you don't like my optimism—



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Chair: I love optimism, if it is delivered on.

Alex Chisholm: Extending it over a period of time is designed to avoid a big bang, to learn as we go and to reduce the load and the impact on businesses. That is what they have asked for, so I think that is actually quite a good approach. It is less dramatic, but that incrementalism is easier.

Q205 **Chair:** So, basically, when you are in front of us this time next year, it will all be running fine and there won't be any further changes.

Alex Chisholm: That is the expectation.

Q206 **Chair:** You smile wryly, Mr Chisholm. Ms Churchill, are you happy to take up that challenge?

Emma Churchill: Absolutely. The model will be fully in place by then, but that won't be the end of the story. I think you know that we have already published a strategy to have the most effective border in the world by 2025, so I expect that is what we will be talking to you about next time.

Sir Geoffrey Clifton-Brown: I was going to say somewhere along the line that you all did tremendously well to get the export scheme operating in the way that you did. The previous concerns we had did not actually materialise. Congratulations to you all on that.

Chair: Eased by covid, I think.

Sir Geoffrey Clifton-Brown: Well, that helped.

Chair: Ms Churchill has added a caveat, but also a further challenge. As we approach 2023, you will have two years to deliver the best border in the world.

Sir Geoffrey Clifton-Brown: It is 2025, I think.

Q207 **Chair:** Exactly—two more years after that. Do you mean by the beginning of 2025, or is it a civil service loose 2025?

Emma Churchill: I don't think we ever specified a season in 2025, Chair.

Chair: Very wise. There might have been an election by then, so who knows what will happen.

I thank our witnesses very much for their patience and their time. I should not really thank you for your patience because it is your job to come here and explain what you are doing and how you are spending money, but it has nevertheless been a bit longer than we expected. There is so much we could have gone into in so much more detail. We have been covering this, and we will continue to cover this.

I want to again record my thanks again to the National Audit Office for its very detailed and thorough report, which we are across, even if we haven't gone into every detail of it. I thank Emma Churchill, Bernadette Kelly, Tamara Finkelstein, Alex Chisholm and Jim Harra for their time.