

Exiting the European Union Committee

Oral evidence: Department for Exiting the European Union Sectoral Analyses, HC 653

Wednesday 6 December 2017

Ordered by the House of Commons to be published on 6 December 2017

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Members present: Hilary Benn (Chair); Mr Peter Bone; Joanna Cherry; Mr Christopher Chope; Stephen Crabb; Mr Jonathan Djanogly; Richard Graham; Peter Grant; Wera Hobhouse; Andrea Jenkyns; Stephen Kinnock; Jeremy Lefroy; Mr Pat McFadden; Craig Mackinlay; Seema Malhotra; Mr Jacob Rees-Mogg; Stephen Timms; Mr John Whittingdale; Hywel Williams; Sammy Wilson.

Questions 1 – 110

Witnesses

I: Rt Hon David Davis MP, Secretary of State, Department for Exiting the European Union.

II: Philip Rycroft, Permanent Secretary, Department for Exiting the European Union.

Examination of witness

Witness: Rt Hon David Davis MP.

Q1 **Chair:** Good morning, Secretary of State. Thank you for coming to the Committee today to answer questions. We know that your time is limited, but we have quite a lot of ground to cover relating to the House of Commons resolution of 1 November, which instructed the Government to give to this Committee the impact assessments arising from the sectoral analyses that you have undertaken on Brexit. Now, you told the House in your written statement of 7 November that “it is not the case that 58 sectoral impact assessments exist”. Is it your contention that the reason you have not handed over the impact assessments is because you do not have them? Is that correct?

Mr Davis: Yes. There is a formal definition of impact assessments followed by the Civil Service, published, I think, by the Better Regulation Executive, which lays out what they are. That is not the form of the sectoral analyses.



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The sectoral analyses that were started back in 2016 essentially look at: what the industries consist of; the size of them, in terms of revenue, capital, employment and so on; their involvement with the European market; their regulatory structure, and so on. That is all very useful, and it is the underpinning of a lot of policy, but it is not a forecast of the outcome of leaving the European Union, or indeed various options thereof.

That is the first reason, and that point has been made to the House in the Loyal Address motion. It has been made by me previously in this Committee and, I think, in the European Union Committee and so on. We tried to give you the sectoral analyses, as best we could, under the conditions that I specified in the letter to you: without undermining our negotiating position and without compromising commercial confidentiality or sensitivity—market-sensitive data and so on. That is the instruction I gave to my department. It is the instruction, effectively, it gave out to the rest of Whitehall. Remember, these sectoral analyses are spread out all over Whitehall, and the ownership of the information is all over Whitehall. That is why we did what we did to give you what we thought was the best we could, or the closest we could come to the House of Commons motion.

Q2 **Chair:** Just to be clear, have the Government undertaken any impact assessments on the implications of leaving the EU for different sectors of the economy?

Mr Davis: Not in sectors. The Treasury, of course, has an OBR forecast that has an implication, although even that is pretty crude. That is done from the average of all the external forecasts of impact on the economy and so on, so there is no systematic impact assessment.

Q3 **Chair:** The answer to the question is “no”.

Mr Davis: Yes.

Q4 **Chair:** The Government have not undertaken any impact assessments on the implications of leaving the EU for different sectors of the British economy. There is not one, for example, on the automotive sector.

Mr Davis: No, not that I am aware of.

Q5 **Chair:** Is there one on aerospace?

Mr Davis: Not that I am aware of, no.

Q6 **Chair:** Is there one on financial services?

Mr Davis: I think the answer is going to be no to all of them.

Q7 **Chair:** No to all of them—right. Your experience and that of the Committee is that the Government undertake impact assessments on all sorts of things, all of the time. Does it not strike you, Secretary of State, as rather strange that, on the most fundamental change that we are facing as a country, you have just told us that the Government have not undertaken any impact assessments at all looking at the impact on individual sectors of the economy?



Mr Davis: The first thing to say, Mr Chairman, is that when the sectoral analyses were initiated, they were done to understand the effect of various options and what the outcome would be. You do not need to do a formal impact assessment to understand that, if there is a regulatory hurdle between our producers and a market, it will have an impact; it will have an effect.

The assessment of that effect, as I think I have said to you before, is not as straightforward as people imagine. I am not a fan of economic models, because they have all proven wrong. There was a paradigm change in 2008 when you had the financial crisis, and all the models were wrong. The Queen famously asked, "Why did we not know?" Similarly, we are dealing here in every outcome with a paradigm change—whether it is a free trade agreement, a WTO outcome, or whether it is something between those on that spectrum. We know in terms of not the scale, not the size, but the order of magnitude of impact.

The second point to make is that, when we started the sectoral analyses, I did not know in my mind whether we would end up doing a negotiation sector by sector. That was the first thing to understand: whether we did separate negotiations for automotive, financial services and so on, or for asset managers, to pick one out. We did not know that at the time. It became very apparent very quickly that was not going to be the approach. The approach in the timetable available that would work and would serve our negotiating purpose was an overarching free trade deal, so individual sectoral analyses would not be necessarily informative on that. They are informative in terms of who is vulnerable—I will come back to that and talk about regional effects in a minute—and it is important to know who is vulnerable, but the actual impact assessment, as you term it, is not necessary piece by piece.

We will, at some stage—and some of this has been initiated—do the best we can to quantify the effect of different negotiating outcomes as we come up to them. Bear in mind that we have not started phase 2 yet. In particular, we will try to assess, in bigger categories, the effect of various outcomes in financial services and in terms of the overarching manufacturing industry, agriculture and so on. We will do that a little closer to the negotiating timetable.

Now, they fall precisely in that area that I described as negotiation-sensitive. If, for example, I had two options for an industry, A and B, that I was negotiating with the European Union, and one of them will be beneficial to the tune of £50 billion—just picking a number out of the air—and the other option will be negative by £10 billion, I am not going to publish that just before I go into negotiation with the Commission. That is the point. Now, when they come, I can tell you that they are there, but I cannot give them to the Committee at that point.

Q8 **Chair:** I will come on to what you have not given to us, but you have just said to us that you have not done that work yet. You have said that there are no impact assessments. You were hoping that at the October Council the



door would be open to phase 2 of the negotiations, where the question would be asked, “Okay, so what does the British Government want?” Are you actually telling us that the Government had not at that point, and still have not, undertaken the assessment that you have just described and said you will do at some point, when you were hoping at the December Council to open the door to phase 2 of the negotiations?

Mr Davis: I reiterate the point, Mr Chairman. A strategy we decided way before the October Council, before March, and indeed before the triggering of Article 50, was that we would go for an overarching, comprehensive trade deal that will cover all sectors, not one sector. Within it will be the financial services sector, and then there will be some other tiers—specific ones like data, as I think I said to you, and so on. Some of these you cannot quantify. You could not quantify the impact of data, but it is obviously a high-effect, qualitative impact. Therefore, the usefulness of such a detailed impact assessment is near zero, and given how we were stretching our resources to get where we were at the time, it was not a sensible use of resources.

Q9 **Chair:** If you are saying that the usefulness of that is near zero, why did you tell the Foreign Affairs Committee on 13 September 2016, “There is the sectoral analysis: they are working through about 50 cross-cutting sectors—what is going to happen to them”? That sounds like an impact assessment to me. What did Lord Bridges of Headley mean when he told the House of Lords EU Internal Market Sub-Committee on 13 October 2016, “We have ... segmented the UK economy into roughly 100 production sectors. We have looked at those to understand the size and contribution that each of these sectors makes to the economy and used that to support our analysis of the impact on them of Brexit”? It sounds very clear to me that the Government have been looking at the impact on individual sectors, and yet you told us a moment ago that you have not done that yet. Which is it? Either it has happened, or it has not.

Mr Davis: We are talking about September 2016, when we had basically been in existence over a summer: July, August and September. We were still looking at that point at what strategy we would undertake, so that is the first thing. The second thing is, as you said, what is going to happen? That is the point of the sectoral analysis. You have in there indications for every industry: what the regulatory burden or regulatory effect is, and what the market sizes are. That is what informs you, and size and contribution, ditto. That should be in the analysis you have been given.

Q10 **Chair:** With respect, Secretary of State, that does not answer the question I have just asked you, which is that you have said you were looking at “what is going to happen to them”, referring to cross-cutting sectors, and Lord Bridges said you were using the analysis you had done of 100 production sectors “to support [your] analysis of the impact on them of Brexit”. Either you are looking at the impact or your department is, or you are not, but it cannot be both, so which is it?

Mr Davis: We are looking at the effect. Do not draw the conclusion that because you use the word “impact”, you have written an impact assessment.



I took it, when Ms Malhotra, I think, was pressing me on this, that she was looking for a quantitative economic forecast of outcome. That is not there. We have not done that. What is there is the size of the industry, the employment and so on. That is important; of course, it describes the effect of the policy, and the Government, of course, are looking at the effect of the potential policies but have not written an impact assessment.

Some of these things will come up in the subsequent primary legislation coming through—we have some stuff on customs and so on—and in that there will be an impact assessment, because an impact assessment normally accompanies a Bill. That will be there, but that is an impact assessment. We are looking at the effect. That is why, in response to the motion, we tried to give you as close as we could to what the motion asked for. That is taking the sectoral analyses, making sure that they are up to date, making sure that they are accurate, and giving them to you. That is what we did.

Q11 Chair: Now, in answer to a question from Seema Malhotra when you appeared before the Select Committee on 25 October 2017, the question was, “Has the Prime Minister seen the impact assessments?” You replied, “She will know the summary outcomes of them.” Could you tell us what it was she was looking at?

Mr Davis: Well, she would have been looking at the policy documents put in front of Cabinet and Cabinet committees. The point of the sectoral analyses was to provide the underpinning knowledge and understanding for deciding on various strategies. If a strategy on data was being discussed, in that strategy, there would be summary outcomes—which is an infelicitous phrase, but it is a bit more than conclusions. It would be how dependent it is on regulation, the size of the market abroad and those sorts of things. They will be in the policy papers put to the Prime Minister and to the Cabinet Ministers on that relevant committee, whichever one it may be at the time.

Q12 Chair: Therefore, there is material in existence that assesses the impact on different sectors.

Mr Davis: It is what you have been given, Mr Chairman. That is the point. It is nothing more than that.

Q13 Chair: I do not think that is what we have been given, but we shall come on to that point. You were very straightforward in your letter to me in saying that there was certain material that you decided to withhold from the Committee, as you set out in the letter. Could you just explain, on the record, why you took that decision?

Mr Davis: Yes. I have responsibility as a Minister, which includes, of course, protecting the confidence of information given in commercial confidence; protecting market-sensitive information; but most of all, in this context, protecting the negotiating position of the British Government. That is the necessary position, and some of the data that is most sensitive in that would be data prepared just to assess the likely outcome for the UK of the individual policies that we agree with the European Union. That is why.



Q14 **Chair:** Can you point to any wording in the motion of 1 November that either instructed or allowed the Government to withhold such information before passing it to the Committee, and, if there is not, why did the Government accept the motion rather than seeking to defeat it, or to change it in some other way, or bring forward another motion?

Mr Davis: The first thing, as we started out saying, Mr Chairman, is that the motion asks for things that do not exist. That is the point: it asks for things that do not exist, so I tried to get as close to that as I could within the parameters that my duty as a Minister allow. On the second element, regarding why we voted or did not vote, I am afraid that it would not be wise for me to pass comment on decisions made by Chief Whips. It would probably be more than my life would be worth.

Chair: That almost sounds like an expression of regret, but I will not read anything into what you have just said.

Mr Davis: I say what I say, Mr Chairman. I do not express regrets or otherwise unless I say so.

Chair: Fair enough.

Q15 **Seema Malhotra:** Thank you, Secretary of State, for coming to give evidence today. First, did the Committee get, in the two lever-arch files and the 800 pages, the studies that existed before and were referred to as completed in the freedom of information response I received from your Department on 29 September?

Mr Davis: I do not remember the freedom of information request. What date was it? The date is important, Ms Malhotra.

Seema Malhotra: It was 29 September.

Mr Davis: Of this year?

Q16 **Seema Malhotra:** Of this year, yes. However, you had also said on *The Andrew Marr Show* that these studies were completed, and you said that in June 2017. I just want to understand whether what we have received are the same reports as the ones you had said were completed.

Mr Davis: You have my Permanent Secretary coming on later. He can tell you exactly how they were adduced, but I will give you my attempt.

Seema Malhotra: Sorry, Secretary of State—

Mr Davis: I am going to give you a full answer.

Q17 **Seema Malhotra:** I think it is a fairly straightforward question to ask you whether what you have given to this Committee in these two lever-arch files are the same reports as those you had seen and had said publicly in June were completed.

Mr Davis: That is why I am going to give you a full answer, if you will forgive me. You did ask me once before to give you yes or no answers, and it was



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not a very informative outcome. I think I commissioned these reports in the first week of the existence of the department, and they have been evolving over time. None of them are static. New things come in: new understandings of the information; new comments from the industry. You read every day in the *Financial Times* comments from various industries, which is why I asked you the date.

The other thing that has happened over the course of that time is that they started as just DExEU documents but they have become documents belonging to all the various departments, as they update them and inform their own policies along the way. Bear in mind that there are some things that are not in the documents that you have been given, because of what I said. They will be as up to date as possible, so it is very likely that, if there is anything that is not the same as on 29 September, it will be things that have been added in afterwards.

Q18 Seema Malhotra: I am not sure whether I am understanding this correctly. Are these the same reports that were completed and you publicly stated were completed?

Mr Davis: As I said to you, the word “complete” means that we have written a report. It does not mean that they stay the same. They have been evolving over the entire 18 months or more—whatever it is—since they were first commissioned.

Q19 Seema Malhotra: You said that these reports had not been edited, as well, and they have not been redacted. I am trying to understand whether what we have received are reports that have effectively been largely written in the last three weeks, or whether they are indeed the reports that have been shared with the Cabinet committees and sub-committees, as you have just described.

Mr Davis: They are compiled from the existing reports. That was the intention. As I say, my Permanent Secretary will give you the detail when he comes on.

Q20 Seema Malhotra: Secretary of State, when did you share the findings of the sectoral analyses with the Cabinet committees and sub-committees as you have just described, which would have been what the Prime Minister saw?

Mr Davis: I cannot remember the individual dates, and not all of them will have yet made their way to the policy conclusions stage, but there were a number of policy proposals over the course of the summer, in particular. You will have seen that we published 14 papers; the backdrop to that would have been these reports, among many other things.

Q21 Seema Malhotra: The Civil Service is very good at keeping records. Would you be prepared to share with the Committee the date that some of these reports were shared with Cabinet committees?

Mr Davis: The audit trail you are asking for would be quite extraordinary. When I answered your question before, I said “summary outcomes”. It is an



inelegant phrase, but basically a summary outcome—in other words, the information that has arisen from this report. These reports, these sectoral analyses, were there to inform departments on what their own industries, their client industries, would face in the event of various outcomes in the departure from the European Union. They are not chunked in, Lego block-like. They will just inform it. That is why I said “summary outcomes”, rather than “summaries”.

Q22 Seema Malhotra: Secretary of State, the Chair of the Committee just asked you about an exchange that you had in the Lords in September 2016. Following that exchange in the Lords, you had an exchange in giving evidence to the Foreign Affairs Select Committee, where you were asked by Mike Gapes MP whether you were going to be doing a quantitative assessment of the impact of various scenarios on sectors. In your response, you said, “What I said was that we will carry out quantitative assessments and, yes, of course, some of the information will come from [businesses].” You made it very clear that you would be testing that data and looking at how it is calculated, and that you and your department would be undertaking that assessment. That was in September 2016. Did you undertake that assessment?

Mr Davis: No. As I said to the Chairman earlier, at that stage we were not clear whether we would do a sector-by-sector negotiation. The situation now is that we are going to attempt an overarching negotiation, with some components of it. As I said to the Chairman, at the point that we have the options available in front of us, we will assess them.

Q23 Seema Malhotra: What did you intend when you said that you were going to be doing a quantitative assessment over a year ago? Following that, you said, when asked when it was going to happen, “The Department has doubled in one month”—this was September 2016—“and I suspect it will double in size again, and that is about the point at which we will be looking for that information.”

Mr Davis: “Information”—exactly. A quantitative assessment is not an economic forecast. For example, the size of the British car industry is a very important part of the assessment of how much effort we put in and how much negotiating capital we expend in terms of protecting it. That will not be an issue now, because we will be doing it in manufacturing in total, not just the one industry, and we will assess it, on the basis of the information you have, in a way appropriate to the negotiating aims we have at each stage.

Q24 Seema Malhotra: Secretary of State, it would appear that you intended to do quantitative impact assessments, from what you described.

Mr Davis: One of the problems here, Ms Malhotra, is that you use the words “impact assessment”; I have been using the words “sectoral analysis”. They are different, and people seem to assume that impact assessment consists of a quantitative forecast. As we have said—as the Deputy Governor of the Bank of England and any number of people have said—these economic forecasts do not work.



Seema Malhotra: Sorry, Secretary, I will just move on, before I ask you a final question.

Mr Davis: I am sorry; I did not mean to be rude.

Q25 **Seema Malhotra:** We will not dwell on it, but on 2 February 2017, when you were introducing the White Paper, you said, “We continue to analyse the impact of our exit across the breadth of the UK economy.” Secretary of State, is it true you said at the Tory Party Conference this year that, “If the outcome of the negotiation falls short of the deal ... we will be ready for the alternative. That is what a responsible Government does. Anything else would be a dereliction of duty”?

Mr Davis: Yes, and that was in the context of contingency planning. It is not in this, but we have a very major contingency planning operation under way.

Q26 **Seema Malhotra:** However, you have confirmed today that you have not undertaken an assessment of the impact of different scenarios on the economy.

Mr Davis: They are different things. The contingency planning will look at, for example, how one—in the example you are talking about of no deal—facilitates customs traffic with minimum inconvenience, if we do not have a customs arrangement; how one ensures that we have bilateral aviation deals that are in place on the day we leave, so there is no hiccup there; how one ensures that you have an independent nuclear inspection authority, in order to make sure that you can continue trade in fissile materials; or how you ensure that you cannot be stopped from using data from the European Union, because you more than meet the requirements of the European Union. All those sorts of things do not have numbers attached to them; they have actions and practical fact. This is why I keep saying not to conflate that with some sort of forecast.

Q27 **Seema Malhotra:** Did you agree with the findings of the leaked Department of Health study that said a hard Brexit would leave the NHS short of 40,000 nurses by 2026?

Mr Davis: I do not comment on leaked documents, but if you rephrase that as “Do I think that it will cause a shortage of nurses?”, the answer is no.

Q28 **Seema Malhotra:** Finally, I just want to ask you again, Secretary of State, if you could provide at least the date that the analyses that you undertook went to Cabinet or Cabinet sub-committee, bearing in mind that the Civil Service will have records of documents that you shared.

Mr Davis: As I said to you, I used the term—it was not a very elegant one, but it was an accurate one—“outcomes”. That means policy documents that are presented on the basis of the analysis at that point in time, which is what you have here.

Q29 **Mr Whittingdale:** You have made clear that the analyses are an evolving process. Would it be correct to say of the documents we have in front of us, which were given to us on 27 November, if you were to give us the same



documents today, they would be different from the ones we received on that day?

Mr Davis: Very slightly, in that time.

Q30 **Mr Whittingdale:** Right, but they are constantly changing.

Mr Davis: Yes, they are constantly evolving. Evolution takes place at different rates. It took place at a very fast rate in 2016, and rather slower in 2017.

Q31 **Mr Whittingdale:** You have indicated to us in private that there are some aspects within the document that would not be obvious, or in the public domain, but in large part they are fairly anodyne and largely consist of material that you could get out of the cuttings files. You have also made clear that they do not refer to individual companies. Government departments will be talking to the individual companies within their sectors the whole time, and when it comes to a major investor such as an international car manufacturer, they will be talking about their future investment plans, and whether or not a particular outcome might affect their decision in terms of how much to source from this country. That information will be, presumably, provided to your department, but it will not be in the sectoral analyses.

Mr Davis: Not if it impacts directly on their individual market rating and so on. However, in the fintech sector, for example, there were explicit statements that they would have to move some of their offices abroad, and they are put in there, because although they are—as I say—slightly difficult in negotiating terms, frankly, that is small beer by comparison with the importance of notifying the Committee—but yes.

Q32 **Mr Whittingdale:** What I am seeking to get at is that the sectoral analyses that you have given us are one component of the overall process that has been conducted. There will be other material that will have been supplied, probably in confidence, to individual departments, which will be held within your department—not in these sets of analyses but perhaps in other forms.

Mr Davis: Yes. That is true.

Q33 **Mr Whittingdale:** Do you think that the European Commission is conducting a similar exercise?

Mr Davis: Not on the scale in the UK. They will have been consulting with individual European Governments. There will be a bandwidth issue for them when it comes to the next stage of the negotiation, which is the one that is affected by all this, but they will be consulting mostly with Governments, and presumably their Trade Commissioner will have provided some input to it. However, we will not know, because as they say in their guidelines to the Parliament, they do not release everything they have.

Q34 **Mr Whittingdale:** That was essentially what I was getting at. Mr Barnier will be sitting opposite you; he will have his own set of analyses and documents prepared by his officials, but none of those have been, or will be, made



public.

Mr Davis: I think, if you look at the guidelines, there is an explicit statement that they will withhold things that could undermine the negotiation. By the way, that is why, Mr Whittingdale, when in the first instance I was talking to the European Union Committee of the Lords, I said that we would be as open as we can be, and one test of that will be that we will give at least as much to the British Parliament as the Commission gives to the European Parliament.

Q35 **Chair:** Just on that point, Secretary of State, you did indeed give that commitment to me that we would be kept at least as well-informed as Members of the European Parliament. This week, the Brexit Steering Group in Brussels was briefed on the draft text, as we understand it, that was to be discussed, and we know that because Mr Lambert, who is a Green Member of the European Parliament, came out and said what was in it. Does that not demonstrate that Members of the European Parliament are being better briefed than members of the House of Commons?

Mr Davis: The question is “Europe members”. This is the Brexit Steering Group, which is the guidance group for the Taskforce on Article 50. I was thinking more in terms of the overall Parliament. In truth, I could probably find other areas where you have got more information than they have—this is one of them, right now—and what they were seeing was their negotiating stance and no more than that.

Q36 **Chair:** However, given that we know that members of that steering group are being briefed on text that is being discussed, is that something that you would do with members of the Committee or the House?

Mr Davis: I am not sure quite how indelicate this is; it will probably get me into trouble, but just so that the Committee knows, last year I put in a request that Her Majesty would appoint Sir Kier Starmer to her Privy Council. The reason for doing so, much as I admire him, was not that; it was because I wanted to be able to brief him on a day-to-day basis on some of the inward negotiations, and on Privy Council terms that is what I have done from time to time. On Privy Council terms, I could do the same for any Privy Council member of this Committee, but I would restrict it to that at this stage, if that is what you want.

I add that rider, Mr Chairman, because you will remember—although I cannot tell Ms Malhotra the date—that we had a conversation in the corridor behind the Chair some time ago when I was trying to get to you as quickly as possible the White Paper on the Bill that is now in front of the House, and it was being held up in the Whitehall round by approval procedures. I said to you at the time, “I will show you on Privy Council terms,” and you demurred, because you did not want to see things that your Committee could not see. I have taken that as guidance, but, if I am wrong, please correct me.

Chair: The Committee acts as one, but that is helpful. I appreciate the point.

Q37 **Jeremy Lefroy:** Thank you, Secretary of State, for your time, and thank you also for that comment about Privy Council terms, which is incredibly helpful



and useful. Also, thanks for all of the work going into these documents, which I also found very informative.

I and my constituents, and probably other colleagues' constituents, really want and need to know about that information regarding major impacts on, for instance, their jobs or incomes or on tax revenues and hence public services that they receive. That information obviously comes to you and is, of necessity, often confidential. Are you and your colleagues absolutely in the position where you are protecting the interests of my constituents, of other colleagues' constituents, and indeed of the whole country in those two specific areas: jobs/livelihoods, and tax revenues for public services?

To cut to the chase on this, we need to know that is happening. We do not all need to know the details of that; we do not need to know the specifics, but where there are those major impacts, we need to know that they are being considered and that our negotiating position is adjusted in accordance with protecting those interests of my and others' constituents.

Mr Davis: Mr Lefroy, in the first instance, that was part of the point—and has become almost the total point—of the sectoral analyses. As I have said before, you do not have to do a complicated calculation to know that if the chemical industry has a problem exporting its goods, that is going to have an implication for the North East, or if the steel industry has a problem exporting its goods, it has an implication for Wales. It is the same for the finance industry and London.

Indeed, you raise another rather important point, which is not really dealt with in the sectoral analyses, and that is the tax revenue base, because one of the reasons for concern about the City is that we need to protect the tax revenue base there, because it is very large. Those calculations will only be possible when we know what the range of options is: whether it is alignment, as with the argument yesterday on full alignment; whether it is mutual recognition of a different sort; or whether it is complete convergence.

Those decisions will not be taken on ideological grounds, albeit accepting that we have to deliver on the referendum. We will look at that on quantitative grounds as and when it is necessary for the decision to be taken. You will be pleased to know that the Chancellor accused me once of being an "extreme pragmatist". I have not yet decided whether to sue.

Chair: Thank you very much indeed. That was a very helpful exchange, because I have a number of Members still to come in.

Mr Davis: I am really tight.

Chair: No, I know you are, and therefore I ask for short questions from Members, and succinct answers, as you demonstrated in the House yesterday.

Q38 **Stephen Timms:** Secretary of State, you told us this morning that the documents released to us in these two lever-arch folders were compiled from the Government's existing sectoral reports. We have about 850 pages here.

How long are the full sectoral reports?

Mr Davis: I do not know the answer to that. It may be that my Permanent Secretary does, but I do not know the answer to that. There is not a large amount of extraction, and one of the reasons why I do not know is that, as I said, these things are evolving. There were at least three phases of rewrites of these things along the way. The first round, to be frank—I do not mean to be rude about my own department—were not all that good. Some of them were written in a hurry, so some were rewritten, and there was a second phase and a third phase.

I do not know. I do not think it is a very large removal or abstraction. I do not think it is very large, but again, as I say, I would put that question to my Permanent Secretary. He may know the answer.

Q39 **Stephen Timms:** Perhaps I can do that, if the Chair allows me. Who was responsible for deciding which material from the larger sectoral reports should be included in what has been released?

Mr Davis: The departments involved, broadly. I laid down the guideline of the two or three exemptions, but beyond that it was down to their department and our department. I did not look at the individual mechanics. As I said to you earlier, I abstracted myself from even reading them at that stage.

Q40 **Stephen Timms:** What were the two or three exemptions?

Mr Davis: I cannot remember the exact phrase now, but “cause difficulties in the negotiation”, “commercial confidentiality” and “commercial sensitivity” were the three things.

Q41 **Stephen Timms:** Sorry, I only caught two of those.

Mr Davis: The second two were commercial confidentiality and commercial sensitivity: something that would comment on a change of market price.

Q42 **Stephen Timms:** That sounded like two things.

Mr Davis: There are two things. Those are the two guiding principles.

Q43 **Stephen Timms:** Number one was undermining the Government’s negotiating position, and number two was commercial confidentiality.

Mr Davis: Yes.

Q44 **Stephen Timms:** Who then applied those two criteria?

Mr Davis: The individual departments. I do not know at which level it was. Again, my Permanent Secretary will tell you that, I think.

Q45 **Stephen Crabb:** Since July 2016, whenever members of this House or the other place have asked for reassurance that there are smart people across government thinking through systematically our national interest in these negotiations, and the risks and opportunities, we have been treated to an enormous range of descriptions of the work that is going on. There has been



talk of sectoral analysis; impact assessments; quantitative approaches; mathematical approaches; empirical approaches; broad-brush analysis; fine-grained analysis, and probably lots more. You can understand why members of the Committee and others probably feel a little bit bamboozled by this, and from what you have said today, not all of this work has been undertaken yet. Some of it has been completed.

I would be interested to know how this material is being used in shaping our negotiating strategy. You just mentioned a moment ago that a couple of iterations of reports were not very good. Can you assure us, first of all, that those not very good documents did not go into shaping our negotiating strategy, but, more seriously, can you tell us how, in a practical way, this material is being used in shaping our red lines: what is being left on the table and what is being left off the table as we take these forward?

Mr Davis: The first thing is that I have not used phrases like “impact assessment”, except to say that we do not have one. That is not my phrase. “Sectoral analysis” was used for a real reason: it is the analysis of what the sector looks like.

You will be very familiar, Mr Crabb, with the process of government. There are a number of EUXT committees: the Strategic Negotiating Committee, the Trade Committee, and so on. When a policy proposal is put to them, they will be informed by these documents but not just by these documents. The Treasury will have its own inputs. Some of that will come from the massive outreach programme that has gone on with British industry. My department, for example, has done about 350 contacts with British industry, 100 from outside London, but around Whitehall thousands have been made, and the inputs from that will feed the policy creation process.

Some of it is also down to simple logistical planning. I have mentioned customs before. The Department for Transport and HMRC have practical things that they are looking at; we have been building new software systems, and so on. It is a huge, complex programme, and I do not know about “smart people around Whitehall”, but people around Whitehall are putting in a huge effort to ensure that the best possible outcome is available for the range of three or four possible outcomes.

Q46 **Craig Mackinlay:** Would it be fair to say, Secretary of State, of these potted arrangements of the vast amount of data—I cannot imagine how much has gone in to then pot it down to this—that you have not then looked at them and gone, “No, cross that through; cross that through; cross that through”? You have given those three criteria to your people; they have done that in an open and honest way, and you have left it at that. I can imagine that you do not have time in the day to then take a black marker pen to these reports.

Mr Davis: Yes. For absolute, complete transparency on it, I was provided with a sample of two of the chapters in the week before they were given to the Committee. I did not read them deliberately; I took the view that I wanted to be able to say that I did not read them. Frankly, there is no way I would have a chance to read all 850 pages.



Q47 Craig Mackinlay: You mentioned at the start that the Commission is not this omnipotent being, and I do not suppose Whitehall is, either. When you look at the different reports from the Committees of this House, we often cover the same ground, and we probably could have the same people coming to give evidence and just read what they said before to another Committee. Would there be reports from Treasury, Defra, the Department for Transport and DCMS that are almost doing some replication of what you are doing, which may be useful to bits that your department are up to, that you would never see because they are just doing their own thing? If we were to try to get an assessment of the whole picture, it would be rather wider than your department.

Just another thought: I would imagine that you have accounting and consulting firms and the industry bodies doing their own stuff on the automotive sector or whatever, and I am guessing, because we see reports all over the place, that those three departments—yours, the consulting sector and the industry body—might come up with three different assessments of the same thing.

Mr Davis: They might. My department, as I think I told the Committee the first time I appeared before it, is to a very large extent a co-ordinating department. It pulls a lot of this together, but very often you will have a report written for a Cabinet committee or for write-round between two departments. The most common example of that is us and Treasury together, and so it will be informed by different things.

Secondly, in terms of your comment about external analyses, this is not a hard dividing line. The OBR estimates of the effect of Brexit published in the Budget, I think I am right in saying—please do not hold me to this—are based on the average of more than half a dozen external analyses, so they do rest on each other sometimes, and sometimes I have seen documents come in from other departments where they have basically taken an outside analysis and used it for their own purposes. It is a mixture of both. It is probably the case; I have not seen every document.

Q48 Craig Mackinlay: Finally, you said that the bandwidth of the Commission is pretty narrow.

Mr Davis: That was not intended to be rude, either; it is just the reality.

Craig Mackinlay: No—I can understand that they have 28 countries to consider. Do you think that the provision of this information to them, who, let us be frank, are trying to extract a huge sum out of British taxpayers, gives them information that is useful for their negotiating position?

Mr Davis: This information—I will take Mr Whittingdale's comment on it being bland—is boring but important, so it would save them a lot of work. That is the simple truth. I do not know how many man-years are in it; you could estimate it, but there are probably 10 to 15 man-years or more in it from experts—from the best people around Whitehall to do it. It is beneficial to analysis, which is why I made the point earlier. It would help them.



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Q49 **Chair:** Thank you very much. Could you also just confirm for the record, as you made clear, that the material that you have given does not contain commercially, market- or negotiation-sensitive information?

Mr Davis: That is the intention.

Q50 **Mr Rees-Mogg:** Thank you, Secretary of State, for coming in. My concern is solely that you have met the terms of the humble Address, whereby I think the Government is entitled to keep commercial negotiations confidential, but it also has an obligation to the House of Commons. As I understand your evidence, the humble Address asked for impact assessments arising from those analyses. "Impact assessment" is a technical term, and in accordance with that technical term, no such impact assessments exist. Is my understanding correct?

Mr Davis: That is basically correct, yes.

Q51 **Mr Rees-Mogg:** Therefore, it follows that the Government have gone beyond the requirements of the humble Address. The Government could simply have said, "This does not exist. We are not giving you anything, because we cannot provide the Committee with something that does not exist." Is that also correct?

Mr Davis: Technically, that is correct, yes.

Q52 **Mr Rees-Mogg:** Therefore, in fact, you have responded—rather than meanly and in a redacted sense—generously and fully to the requirements of the humble Address by providing 800 pages of information that is not, in fact, an impact assessment, because those do not exist, but is pulling together, as far as possible, the sectoral assessments that have already been done.

Mr Davis: It is getting as close as we can to meeting what we took to be the intent of Parliament. In achieving that, Mr Rees-Mogg, I also read—because, as you know, I could not make the debate myself—the speech, particularly, of Sir Kier Starmer, and in it he said that they accepted gisting and redaction and so on. We have tried to be as full as possible within that context. You all know Whitehall; you will probably be able to work out that the pressure from Whitehall was to give summaries, gists and so on. I resisted that. We could have sent two-page summaries on all these sectors. We did not.

Q53 **Mr Rees-Mogg:** In a sense, you have looked at the wording of what turns out to be an incompetent motion and the debate surrounding it, and tried to fulfil the requirements of the House of Commons in spirit, even though, in fact, you could have rejected it altogether.

Mr Davis: Yes.

Q54 **Mr Bone:** Following on from that, Mr Chairman, you also have to look, Secretary of State, at the motion that was passed by the House of Commons on 7 December 2016 by a majority of 373, which was amended to say, "There should be no disclosure of material that could be reasonably judged to damage the UK in any negotiations to depart from the European Union." That was agreed by 373. Now, it is my view that if Parliament—or, at least, the



House of Commons—passes a motion, the Government at least has to take that in high regard. I think it should act upon it.

Then, of course, there was the motion on 1 November 2017 that said “the impact assessments arising from those analyses be provided to the Committee on Exiting the European Union”, and that was passed by the House. However, as Mr Rees-Mogg has said, of course, you could not comply with that, because there were no impact assessments. I would suggest that you were slightly unfortunate that the Government did not move an amendment to that motion to say, “There should be no disclosure of material that could be reasonably judged to damage the UK in any negotiations to depart from the European Union,” which was the earlier motion passed by the House. Is it your understanding that you took that motion on 7 December 2016 into account when you prepared the documents that were presented to this Committee?

Mr Davis: Yes, it is. Really, from the context of what Mr Rees-Mogg has said, yes, it is. We did the best we could, meeting all the clashing requests and duties. The point that I am making is that the decision not to undermine our negotiating position is not a leisurely request or consideration from me; it is my duty.

Q55 **Richard Graham:** Secretary of State, I would like to explore how an impact assessment could be done in a particular important sector. Let me take finance. A potential future free trade agreement with the US would be incredibly important to our finance sector, because 50% of all US financial services business with the EU is with the UK alone. If a UK-US FTA, including financial services, were signed, it would have a significant impact on our single largest tax-generating sector.

However, informally, it is also clear from American colleagues that US interests depend on our future relationship with the EU, specifically in regulatory alignment and future maintenance of EU laws. Our degree of future autonomy is, in effect, the key determinant on US interests and our combined value in any potential future relationship. Given that under the EU phasing structure, there have been no talks yet on the future relationship, how could you do an impact assessment on the financial sector?

Mr Davis: With some difficulty—that is the first answer. The real problem for an impact assessment on the financial sector is the sheer range of potential outcomes, and the extent to which the industry itself will respond to, let us say, a requirement to put euro clearing inside the eurozone and so on. We are talking about things evolving over time. You know better than most, Mr Graham, that the City is not a single entity; it may be a single organism, but it is not a single entity. In the course of the last 12 months, the stance of various significant members of the City has changed from, “Oh, my God, we are going to have to move all our business abroad,” although I am caricaturing bluntly, to “Actually, we might be able to put small head offices in Frankfurt or wherever, and then have the huge back office back in the UK.”

Now, which of those options they take, and how many of them take them, will determine in large part an impact assessment, and which of those options



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they take may alter depending on whether we get an implementation period in the first quarter of next year. Indeed, I would guarantee it would alter. It is one of the reasons that has driven the pursuit of an implementation period. It is incredibly difficult to get a point answer to these things.

Indeed, I was just looking at the 2013 Better Regulation Framework Manual, which has the impact assessment definition. It describes it as "a continuous process to help the policy-maker fully think through and understand the consequences of possible and actual government interventions in the public, private and third sectors". It makes the point that it is a continuous process and it changes.

Q56 **Peter Grant:** Secretary of State, could I take you back to the quote that I think Seema reminded you of earlier on, when you told the House on 2 February, "We continue to analyse the impact of our exit across the breadth of the UK economy, covering more than 50 sectors"? Those were the words to which the humble Address motion referred. It referred to the answer to a written question, which referred to another written question, which referred explicitly to those words from you.

Mr Davis: I did not see it in the motion, Mr Grant.

Q57 **Peter Grant:** With respect, the humble Address referred explicitly to the answer to Question 239 of 30 March. Question 239 referred explicitly to an earlier question, whose number I have down here somewhere, from February 2017, I think. If you follow back the precise references in those questions, it is unambiguous that the binding and effective decision of the House on 1 November referred to what you yourself had described as "analysing the impact of our exit across the breadth of the UK economy". It does not ask for forecasts; it does not ask for predictions; it asks for the analysis of the impact. Could you explain why you have chosen to use a definition from the Civil Service of an impact assessment, as opposed to an analysis of the impact? What is the difference between those two?

Mr Davis: The use of a single word in a single question over the course of two years does not tell you that impact assessments exist. It just says that I have used the word "impact". I do not really think that is a particularly logical connection. As I have explained in answer to the two previous questions, we have got as close as we can to what we think the House of Commons was after, given what we have and in the time available. Remember, I put the three-week timetable on this to say, "You have to do it in that time to meet the House's requirements," but that does not say that impact assessments exist. It does not. I have never said that, not ever.

Q58 **Peter Grant:** For the purpose of the record, Chair, can I advise that the initial question was number 69306, of 30 March 2017? Secretary of State, you are now telling us that the reason you cannot provide what is asked for is because it does not exist, and it did not exist at the time that it was asked for. Why is it, then, that throughout the entire debate on 1 November, when Robin Walker and Steve Baker spoke on behalf of the Government, at no point did they say, "These documents do not exist"? There were vague



references to “it is not the case that we have 58 separate sectoral analyses” and so on, but at no point in the debate did either of them say, “We have not done an impact assessment.”

Mr Davis: I do not have the Hansard in front of me, but I think you will find that Mr Robin Walker did say that the impact assessments do not exist but sectoral analyses do.

Q59 **Peter Grant:** Well, we will have a look. Would you accept, though, that the thrust of the Government’s argument—which I would imagine you contributed to, although you were not able to be part of the debate—was about possible damage to financial interests if some of this information came out? In fact, almost everyone who spoke against the motion was making it perfectly clear that their concern was that it could damage the negotiating position if some of this information came out.

Is it not the case that any Member of Parliament who thinks that Parliament is about to take a decision that seriously damages the national interest is under an absolute requirement to oppose that, even if it means that they have to step aside from the party Whip and, in the case of a Minister, even if it means that they have to resign from the Government beforehand? That is the expectation of a Minister. If they think that Parliament is about to take a decision that seriously damages the national interest, the expectation is that Minister will resign in order to vote against the Government.

Mr Davis: The motion asked us to do something that is technically not possible, even though we have done the best we can to get close to it. What you are stating is your view and nothing more than that.

Q60 **Peter Grant:** Can I suggest, Secretary of State, that the fact that nobody on the Government side was concerned enough about damaging the national interest to resign from the Government indicates that the arguments about the national interest are a smokescreen? Is it not the case that the reason the Government did not oppose this was because they thought they could ignore a humble Address, in exactly the same way as they have ignored almost every backbench and Opposition day debate for the last two years, and you made a mistake?

Mr Davis: I do not think that is right. It is a peculiar test, and a rather convoluted one, that you are putting. The simple truth is that there are pieces of information that, if released, would undermine the negotiating position. That ought to be pretty self-evident, and it is the case.

Mr Chairman, I am late now, so I am worrying.

Peter Grant: Chair, on a point of order, could I remind you that the very clear instruction from Mr Speaker was that there was nothing the Secretary of State could have in his diary that was more important than coming to give an account of himself to this Committee?

Chair: We are all very aware of that.

Mr Rees-Mogg: Further to that point of order, Chairman, we cannot, except



by motion of the House, command a Secretary of State to stay. That is simply the way it is.

Chair: If we spend less time discussing it, we can just get in one question from the last two people, and then we can release the Secretary of State.

Q61 **Mr Djanogly:** Secretary of State, companies will often provide commercially sensitive information to Government, based on assurances from Government—sometimes assurances given in writing—that that information will remain confidential. I would find it hard to believe that none of the information provided in these files, let alone the redacted information, was not given on that basis, so to the extent that these files were made public, would there be a major exercise involved in going back to those companies to get permission?

Mr Davis: That is one of the reasons why I asked for the Committee to come back to us with whatever it wants to publish. One of the difficulties, Mr Djanogly, is that at the round table meetings that we had, I, as a matter of course, started out by saying, “These discussions are private.” That was not always honoured, by the way, but I said that as a matter of course. I do not think we were required to sign any NDAs, but generally speaking that is the case, and that is why you will not find any companies identified. However, you are right in principle.

Q62 **Wera Hobhouse:** Thank you for coming, Secretary of State, to what must be a difficult session for you, and apologies for delaying you.

Mr Davis: It is just a difficult time, not a difficult session.

Wera Hobhouse: Can you just explain where, in your mind, this misunderstanding arose from: that the House and the public at large thought there were impact assessments, and yet there were not impact assessments? Where did this misunderstanding come from?

Mr Davis: You will have to put that question to the people who used the phrase “impact assessments”. I may be at fault myself for not correcting, for example, Ms Malhotra in the last meeting when she kept talking about impact assessments. I was assuming she meant sectoral analyses, which is the only phrase that I have used. However, in the debate in the House, I am sure Mr Walker did make that point.

Q63 **Sammy Wilson:** Chairman, just to get the public record straight, Peter indicated that there was no denial of impact assessments during the debate. Actually, the Minister did, on two occasions, say that there were no such assessments during the debate. Secretary of State, is there any intention of carrying out a similar analysis for regions as well as for different sectors?

Mr Davis: Yes, there will be. In the first instance, the mechanism for involving the nations, as well as the regions, has been the JMC. Just with respect to your own particular interest, Mr Wilson, of course we have not had political representation from the Northern Ireland Executive since the election. That is the first stage; that is one of the reasons I gave these



documents to the devolved Administrations, and we will, in conjunction with them, talk through the specific implications for them. For example, agriculture in Northern Ireland is 10 times as important as in the rest of the country. For example, Scotland is dependent to a greater extent than most on migrant labour for certain categories. Those things will be dealt with as we go through the process.

Q64 **Chair:** Finally, did the Government undertake an assessment of the economic impact of leaving the customs union before the Cabinet took that decision?

Mr Davis: Not a formal, quantitative one.

Q65 **Chair:** Not a formal one—there was no formal assessment of the economic impact?

Mr Davis: There was no quantitative assessment. There was obviously a judgment made on qualitative things, but not a quantitative one.

Q66 **Chair:** Is that not quite extraordinary, given the momentous nature of that decision?

Mr Davis: No. There are phenomenal numbers of variables in that, Mr Chairman. I relayed some of them to you in the last meeting I was at when I took you through, for example, the impact of free trade agreements, and I said to you, if I remember correctly, that a typical free trade agreement could increase trade by 25%, but NAFTA increased trade by 40%. That is the range of things you have to do, but they are qualitatively different. The free trade agreements carried out by the European Union have not been particularly beneficial to the United Kingdom. The free trade agreements carried out by Switzerland, a much smaller country, have been fantastically beneficial to it, so we would have to make a judgment about our different effectiveness in that upcoming relationship. Those sorts of judgments were taken into account.

Chair: Thank you very much for coming today, Secretary of State. I apologise that we have run a little over time. Thank you for bearing with us.

Mr Davis: My pleasure. As always, thank you for your courtesy, Mr Chairman, and forgive my voice—the vagaries of talking to lots of people all the time. Thank you very much.

Chair: Thank you very much.

Examination of witness

Witness: Philip Rycroft.



Q67 **Chair:** Mr Rycroft, good morning. Welcome, and an especially warm welcome, belatedly, on your appointment and on your first appearance before the Select Committee. Thank you very much for coming along here today. We look forward on other occasions to questioning you about other matters, rather than the issue that we are applying our minds to today.

I think the Secretary of State passed one or two questions to you in the answers we just heard. What instructions were given to your civil servants, and civil servants from other government departments, in drawing up the material that has been passed to the Committee?

Philip Rycroft: Thank you, Chair. It is very straightforward, and I think the Secretary of State has given you the gist of that. Clearly, the basis of the reports you have was founded on the work that was started soon after the referendum. The instruction given to departments was to bring that material up to date, to make sure that it was of maximum utility to the Committee, but to remove from it anything that was commercially, market- or negotiation-sensitive. There was a bit of structuring done to ensure that there was a consistency across those reports, but the endeavour was to make them user-friendly, if you like, for the Committee, based on the original work that was done, responding to the evolution of that work over time. It was a relatively straightforward instruction. Of course, this was done at some speed, and the results you have in front of you.

Q68 **Chair:** Given that, as the Secretary of State made clear in his letter to me, it says in the introduction to all of the 39 sections, "does not contain commercially, market- or negotiation-sensitive information", did you receive any representations from other government departments expressing any reservation about this material being put in the public domain?

Philip Rycroft: We had a very iterative process with other government departments, in terms of the finalising of these reports, and clearly they made their judgments based on what they had heard from particular stakeholders and so on about what material might be sensitive. However, all the departments followed those instructions very closely. As the Secretary of State said, if this material was to go into the public domain, it would offer some reassurance to me and to my contacts in other departments if we could have a last look over it, just to make sure that there is nothing inadvertently left in, particularly in terms of commercial sensitivity. However, I am confident that the bulk of the material does not contain anything that breaches those guidelines that were given to departments.

Chair: That is very helpful.

Q69 **Stephen Kinnock:** Thank you very much, Mr Rycroft, for coming to see us today. I am just interested in the wording of the 1 November motion, which was of course passed unanimously by the House and ruled as binding by the Speaker. I know, obviously, that as a civil servant you are not involved in the political discussions that have taken place between Ministers and Whips, but were you aware of the wording of that motion at a stage at which you could potentially, you feel, have intervened and said to Ministers, "Well, the



House is asking for something that does not exist”?

Philip Rycroft: The response to a motion like that is obviously for the political side of the Government to deal with. I personally was not aware of the terms of the motion when it came forward, but the decision on how to respond to the motion was taken by the Chief Whip, as the Secretary of State said, and the political side of the Government as a whole, not by civil servants.

Q70 **Stephen Kinnock:** Can you maybe just talk us through your thoughts, then, when you saw that motion and you realised that you were being asked, in essence, by the House on the basis of a binding and unanimously passed motion to provide to the Committee information that does not exist? Did you not find that to be a somewhat odd state of affairs?

Philip Rycroft: I found it a little odd, I have to say, Mr Kinnock. My initial thought was, “How do we provide information to the Committee that is useful”—so, “What process can we put in place that overcomes the fact that there are not those impact assessments but nevertheless assures the Committee that there are sectoral analyses that are thorough, full and competent, in order to meet the spirit of the humble Address?” That is the process that we embarked on.

Q71 **Stephen Kinnock:** I have a final question, just to dig in a little on this definition of what an impact assessment is, in your view as, obviously, a very highly experienced civil servant. I do not know the semantics of the Better Regulation Executive’s definition, which the Secretary of State just shared with us, but I would have thought that there would be a common-sense, layman’s definition: it would need to be something that outlines the expected costs and benefits of a scenario, or a set of scenarios. That surely is the definition of “impact” and how you assess that impact. Would you agree with that? Could you share with the Committee how you would define what an impact assessment actually is?

Philip Rycroft: As you know, civil servants are creatures of guidance and of form, and there is a very formal definition of what an impact assessment is—rightly so, because those impact assessments inform the decisions that are taken in Parliament about legislation and regulation. The form that has been devised, guided by the Regulatory Policy Committee over time, has been honed to make sure that the information that Parliament receives at the moment it takes decisions on specific regulatory and legislative propositions is well informed by an understanding of the impact of those propositions.

I have here an extract from chapter 14 of the Cabinet Office’s legislative guidance. It does give quite a detailed technical description of what we think of as impact assessments. The issue we are dealing with as we are coming to the negotiation, of course, is that—as the Secretary of State, again, has said—there is a huge variety of variables, and when applying judgment to those in terms of informing the decisions that Ministers might take, the impact assessment methodology is not as useful in that context as it is when you are describing the cost-benefits of a specific proposition that is to be



decided on by Parliament. That is what guides the guidance, if you like, so when you ask civil servants about impact assessments, they immediately go to that guidance. It is just worth saying that there is an impact assessment of the withdrawal Bill, for example, and we are duty-bound to do those impact assessments for all major, and indeed minor, legislative propositions.

Q72 Chair: Just on that point, we heard the Secretary of State earlier say very clearly that no impact assessments had been undertaken. There had not been an assessment of the economic impact of leaving the customs union. In your experience as a civil servant, have you ever come across a range of decisions that government have taken of such significance where no impact assessments, or assessments of the impact, it seems, have been undertaken?

Philip Rycroft: In my experience as a civil servant, Chair, I have never encountered such a range of circumstances as those we are encountering at the moment.

Chair: That is certainly true, yes.

Philip Rycroft: We are in unprecedented territory. I have had quite a lot of experience of internal governance issues within the United Kingdom: for example, supporting the passage of four devolution bills, now, through Parliament. When you are engaged in these big political decisions about the shape of future relationships, it is very difficult to do a precise economic or impact assessment analysis of those decisions. So many factors come into play, so the more honest answer to your question is, yes, I have encountered very major decisions taken that impact on the future of the country, where a very precise economic analysis of the sort that you are hinting at has been very difficult to do.

From the point of view of the Civil Service, the broad impact of these decisions is something that we do work on with Ministers, but ultimately you are taking decisions in a space where the political decision-making has to inform the direction of travel and, ultimately, the decisions that are taken.

Q73 Hywel Williams: How confident are you that the territorial departments—the Wales Office and the Scotland Office—were involved fully and engaged in producing these documents? I have to say that the references that I saw, looking through them to the extent that I did, were rather sparse.

Philip Rycroft: Thank you for that question. I can give you absolute assurance that the Scotland Office, the Wales Office, and indeed the Northern Ireland Office—the UK Government territorial departments—were fully engaged in this process, right from the start. When the original process kicked off, I was at that point running the UK Governance Group, which includes the Scotland Office and the Wales Office, as well as the Constitution Group in the Cabinet Office. One of my jobs was to make sure that the thinking, not just in DExEU but right the way across Government, was informed by an understanding of where the sectoral and economic interests lie in the devolved parts of the UK.

If you look through the reports, clearly, the reports do, in most instances—I would hope the majority of instances—reflect where those important economic interests lie. For example, on the steel side from the Welsh perspective, or if you look at the fish report and so on and so forth, quite a number of them break down the employment and economic impact, where the information is available. It is not always available by each part of the UK, but where that information is available, some of the reports include it.

Q74 Hywel Williams: Can I just refer to an answer that we got from Laura Dunlop QC? She said, very briefly, “Who speaks for England?” Were the other departments sufficiently apprised that in some respects they were speaking for the UK, and in some respects they were speaking for England? I am thinking specifically of Health, for example.

Philip Rycroft: As far as UK government departments are concerned, the clue is in the title a bit: they are UK government departments. They have to think about the whole of the United Kingdom. Clearly, when you go into devolved domains, the Department of Health and the Department for Education for example, a lot of their knowledge and understanding will relate specifically to the running of the health service or the education services in England.

If information is required at a macro level for the whole of the United Kingdom, it is their job, supported by the territorial offices, the Cabinet Office and in this instance DExEU, to ensure that they talk to the devolved Administrations and they garner from them the relevant information in order to create the picture for the whole of the United Kingdom. I have to say that Whitehall has got a lot better at that over the last four or five years, and through a lot of hard work departments do understand both the necessity of talking closely to the devolved Administrations and also the cross-UK effect of the policies that they are pursuing.

Q75 Hywel Williams: That leads on to my last question: were the Governments in Wales and Scotland engaged in any way in producing these documents? Were they consulted? Did they contribute opinions? Lastly, do you know why the Welsh Government has commissioned its own impact assessments?

Philip Rycroft: I cannot answer for the Welsh Government. What I can say is that there has, at official level, been extensive consultation with colleagues in the devolved Administrations throughout this process, in order for them to understand what we are doing and for us to understand their take on where the economic and other interests of the devolved parts of the UK lie. I hope you will see that reflected in the reports. As the Secretary of State said, the political side of that is captured in the JMC(EN), particularly the European negotiations machinery, in order to ensure that there are opportunities at the political level as well as the official level to discuss these very important issues.

I chair a regular meeting at least once a month with the Permanent Secretaries from the devolved Administrations, not least to give them the opportunity to say, “We think we are falling behind a little on the work that is



going on. Can you please accelerate the contact in this domain or the other, in order that we can give the advice we need to give to our Ministers?" This is contested territory, as we know from the discussion of the Bill on Monday, in terms of the returning powers and so on, but in that space, as well, there is a huge amount of work in terms of the discussion of UK frameworks for the returning powers at both political and official level.

Q76 Mr Chope: Has your department, or the Government, made any assessment of the value of this material before us that we could sell to the EU in an open market situation?

Philip Rycroft: That is a very interesting question, if I may. The straight answer is no; we have not done that. I am not sure what price they would put on it. It comes back to what the Secretary of State said earlier on. This does represent a huge amount of work across Government. Clearly, it is not the sole archive, if you like, of the work that has been done across Government. It does have immense value; it is the foundation stone, if you like, for all of the analysis we are doing that supports the advice we give to Ministers on their negotiating strategy. I am sure that we could ask the Commission, but I am not sure that they would give us an answer.

Q77 Mr Chope: There is a serious point behind this. This is being funded by the UK taxpayer, and we know that the European Commission is not making its own equivalent material available to us on a reciprocal basis. Why should we be effectively offering this material to the EU when they are not prepared to offer anything to us? Would there not be something to be said for having another subsidiary area of negotiation based upon "Let us have mutual exchange"—rather like you would in a court case—"of documents that are not confidential"?

Philip Rycroft: You are quite right; the Commission will, of course, do its own analysis, as it would do as it heads into any major negotiation. My experience of the Commission, certainly in the run-up to the negotiation before they get into the triaging with member states and so on, is that it would not be their habit to put that sort of material into the public domain. As the Secretary of State said, there is a decision for the committee to make—it is not my decision—about what to do with this material. I would not anticipate the Commission reciprocating.

Q78 Mr Chope: Do you think that the Commission would make its material available to the parliaments of the other 27 EU countries?

Philip Rycroft: That depends on what stage the material has reached, but I would not anticipate, from what I know about the way the Commission operates, the Commission putting anything to other parliaments if they thought that material was sensitive and, by giving it to other parliaments, it might find its way into the public domain.

Q79 Mr Chope: There is a certain partisan element to this, even in the European Parliament, because when we went to take evidence from the European Parliament, we were told that members of the European Conservatives and Reformists are not allowed to sit on the Brexit Steering Group, because they



do not wholeheartedly support the EU policy. Is that not another example of partiality?

Philip Rycroft: It is really not my judgment call about the way that the European Parliament operates and makes its decisions, but the fundamental point you make is that I would not anticipate getting from the European Commission something akin to their analysis, and not just their analysis of the UK's interests in all of this but their analysis of the interests of other member states. That is information, clearly, that we are interested in, and we will do our own work to understand where the economic effect is in other parts of the EU. If the Commission were to provide us with that file, it would save us an awful lot of work, but I doubt that they will.

Q80 **Mr Chope:** Finally, can I just ask you whether it would be possible for you to provide this Committee with the best estimate of the financial value of this information?

Philip Rycroft: I could not put a financial value on it. Civil servants do not count their hours quite the way that consultants do, so it would be a very big exercise in its own right to add up all of those hours, including weekends and late into the night, that people have put in to produce this material for you. However, it is a large cost.

Chair: Just for the information of Mr Rycroft and the Committee, you referred to the European Parliament, Chris. They did publish an assessment of the economic impact of Brexit on the EU 27 in March 2017, which I must admit I have not read yet, but we will circulate that so that members of the Committee can have a look.

Mr Chope: When you say they circulated a report on the economic impact of Brexit, what sort of Brexit were they talking about, or how many different sorts of Brexit? How could they make an assessment when they do not know what our future trading agreement is going to be? That comes to the heart of what we are discussing today.

Chair: I do not know. One would have to ask them. There are sections on various preferential models: simple free trade agreement; customs union; Swiss model; comprehensive economic and trade agreement; and deep and comprehensive free trade area. It is just a point of information, that is all, since we were discussing who had produced what.

Q81 **Stephen Crabb:** The decision not to commission impact assessments feels like a pretty specific, deliberate decision. At what point was that decision made in Government? Was that a July 2016 decision, right at the beginning of the process, or is that a much more recent posture that the Government have struck?

Philip Rycroft: Thank you for the question. In the early days, clearly, that was not part of the decision-making I was involved in, but as far as I understand it there was never a decision not to produce impact assessments. There was a decision to produce sectoral analysis, because at that point, as now, people understood the difference in terms of developing our



understanding of the different sectors: the value to the UK economy, how the regulatory environment works, and how trade is facilitated—all the information in there. That is what we were pursuing.

In the early days, as in the later days, in a sense, an impact assessment would have been a diversion of activity into a frame that would not, ultimately, have given Ministers the sort of information that they might require, given the uncertainties involved at that stage and as we have worked through this. The direct answer to your question is that there was not, if you like, a decision taken not to do impact assessments; it was a positive decision taken to do sectoral analysis.

Q82 Stephen Crabb: When the word went out across departments commissioning this very significant body of work that we are now calling the “sectoral analysis”, as part of the guidance, did it stipulate, “Beware, Department for BEIS, with all the work that you will be doing on the automotive sector, that you do not get into the business of doing an impact assessment”?

Philip Rycroft: Again, every civil servant, if you mentioned the words “impact assessment”, would go to the guidance that I have described to you, and that was not part of the brief or the remit for the generation of this work.

Q83 Stephen Timms: The Secretary of State has told us that the documents that we have received have been compiled from the Government’s sectoral reports, which are a bit larger than what we have had. He said you would be able to tell us roughly what proportion of the total material we have received here. I wonder if I could invite you to tell us that.

Philip Rycroft: Yes; I was prepped for that question, clearly. In terms of the rough order of magnitude, if you took a snapshot of the material that was available relatively early in this process, you would be looking at roughly the same volume. However, I would like to emphasise two things. One is that what you see here has a direct lineage to that earlier work. It has been brought up to date, as I said earlier on. Negotiation-, commercially and market-sensitive material has been taken out of it, but if you think about it as the foundation for a huge amount of other work that has continued and moves forward in terms of informing the decisions that Ministers take, we draw on this sectoral analysis constantly to inform that further work. However, what we are not depriving you of is a stack of 17 or 18 lever-arch files that are sitting there from July, September or whenever last year, in terms of the sectoral studies themselves.

Q84 Stephen Timms: The Secretary of State told us that most of the material is here. I am just wondering what proportion. Are we talking about three-quarters that is here? Is it 90%?

Philip Rycroft: In terms of the detail of the sectors, I would say that you have the majority of the material. If you look at the way that the thing has been pieced together in the analysis of the sectors, you will have the majority of that material. That will have been updated. You have the regulatory impacts and so on, so you have in these files the majority of the factual

material that has been pulled together from the off, from July 2016 through to now. As I say, what has been removed from it is the stuff that is commercially or negotiation-sensitive etc.

Q85 **Stephen Timms:** In terms of the pages, roughly what proportion of the material has been removed?

Philip Rycroft: I cannot give you an absolute number on that, but in rough proportion you are seeing our full versions of the sectoral analysis. We have not removed whole swathes of material that pertain to the purpose of these documents, because that material is informing our work, and it is material that was relevant for the Committee in terms of the Government's response to the humble Address.

Q86 **Stephen Timms:** I am now getting a bit confused, because I thought that the Secretary of State told us that there had been an exercise of going through the sectoral reports and taking out the things on those three criteria, and the rest has come to us. In terms of size, how much material has been removed?

Philip Rycroft: To give you a sense of that, this has not been an exercise in ripping out whole chapters or whole sections. If you had an analysis of the stakeholder response, there might have been a reference to a company, saying, "Company A believes that this would have this or that impact on them, and that might have a share price impact," or whatever it is. That is taking out a sentence or, indeed, it is turning that sentence into: "There is concern in the sector that such-and-such a thing might happen." In a sense, this is a qualitative rather than a quantitative assessment of going through the reports and making sure that the material does not contain that sensitive stuff. It has not reduced the volume of material substantially. It has improved the material in terms of the sensitivity of it and the work that has been done to update the material.

Q87 **Stephen Timms:** Do we perhaps have 95%?

Philip Rycroft: If I were to put a rough estimate on it, I would say somewhere in the order of 80% or 90% of the material, in terms of volume.

Q88 **Stephen Timms:** That was all; 80% to 90% is very helpful. The Secretary of State has made it clear to us that he takes rather a dim view of economic modelling. Have other government departments undertaken economic modelling of the impact of different versions of Brexit on the sectors for which they are responsible?

Philip Rycroft: There is a lot of work going on to understand the broad effect of EU exit. There are economic models around; the Treasury notoriously had economic models that they deployed in the run-up to the referendum. The question about what they are doing for their own Secretaries of State is a question that you would have to put to them.

In DExEU we need to understand a broad range of what the economic analysis is saying externally, to ensure that Ministers understand that, and to



have a broad understanding of the economic effect of how this might unfold. However, the point that the Secretary of State was making is that, at this stage of the negotiations, there are so many variables in the possible outcomes, not just in terms of the future relationship with the EU but in terms of our future relationship, as per the other question, with third countries and what our trading relationships might be.

Q89 Stephen Timms: You chair a government-wide group of senior civil servants. In the course of that, have you become aware of economic modelling work being undertaken by other government departments?

Philip Rycroft: I am certainly aware that other government departments, where they are responsible for particular sectors, are clearly thinking about the quantitative, as well as the qualitative, impact of those.

Q90 Stephen Timms: They are modelling.

Philip Rycroft: I am not going to put a definition on what you describe as “modelling”. If you want to know precisely what they are doing, you would have to ask them about what they are doing. My job is to aggregate that understanding in a way that informs the decisions that Ministers make about their negotiating strategy, and because of the number of variables in this, as the Secretary of State said, you cannot put your foot on any particular economic model. The risk is that quite quickly you begin to sink deep into it, because of the number of variables and the number of uncertainties in it. There are a whole series of judgments that Ministers ultimately have to take, informed by the work we do, on the possible effects across the whole range of circumstances of the choices that might be made.

Q91 Jeremy Lefroy: Referring to an earlier statement you made, Mr Rycroft, you talked about the Civil Service preparing detailed impact assessments for Parliament prior to taking major decisions. The result of the negotiations will, at some point probably next year, come to Parliament in some form or other for a final decision. Clearly, the impact assessment at that point is going to be absolutely crucial. What form would you expect that impact assessment to take, at this stage? How extensive would you expect it to be, and would you expect it to have a very substantial quantitative content?

Philip Rycroft: That is a really difficult question to answer at this stage, because what I cannot do is peer into the future next year and determine precisely what would be put to Parliament and when, as an outcome of negotiations that have not yet started. I would expect, however, when we get to that point—both for any legislation that Parliament might be looking at and any other decision that Parliament might be expected to take—that I and my team would be guided by the formal guidance on impact assessments, certainly for formal legislation, and would be expected to follow that guidance. Precisely what form that might take really depends on precisely what Parliament will be looking at.

Q92 Jeremy Lefroy: Given that the decision that is being taken, or has been taken, and the way in which it is implemented in the coming months is one of the most substantial decisions taken by Parliament in many decades, would



you expect the kind of information available to Parliament when taking that decision to be at least as substantial, if not more so, as we would receive, for instance, for an annual Budget?

Philip Rycroft: Again, it would be misleading of me to give you a precise answer to that, because I cannot pre-judge precisely what the form of that decision will be; how far we have reached in the negotiations; what shape that has taken; or what decision Parliament is being asked to take. Certainly, what I can say—as we have done with the withdrawal Bill, and will do for all other Brexit-related legislation that comes before the Houses of Parliament—is that we will go through the formal impact assessment process, and doubtless Parliament will judge us on the quality of those impact assessments. We are bound to do that, and that is what we will do, but precisely what form that will take will clearly depend on where we are, what sort of negotiation has been done, what the outcome of that has been, and what question has been put to Parliament.

Q93 **Jeremy Lefroy:** Finally, this clearly would be an impact assessment beyond any other legislative impact assessment that has been drawn up to date. Are you already preparing for the scale of the resources, in terms of time and people, required to produce an impact assessment commensurate with the importance of the legislation?

Philip Rycroft: In a sense, you are asking me about the whole work of my department, and all the work we do is obviously related to exit, ultimately understanding what is in the best interests of the country. Our job is to advise Ministers on that as we go into a negotiation. Clearly, we cannot predict precisely where we will come out of that negotiation, but every step of the way, our work is informed by the understanding of what ultimately will be in the best interests of the country and how we prepare to deliver a smooth exit over the course of time.

There will be, at some point, a summation of that work, I expect, but in a way it is not a discrete piece of work whereby I have carved off a bit of the department and said, “You start on that now,” because it involves pretty much the whole range of the department I have the privilege of looking after, as well as lots of other bits of Whitehall.

Q94 **Mr Bone:** Following up on what Mr Timms was asking you, you started by saying that we had the majority of the information here. That could be 55% to 45%. You narrowed it down a bit to say that 20% or 10% had been retained. There is quite a significant difference between one in five pages missing and one in 10 pages missing, and certainly a great deal of difference from “the majority”. Could you perhaps narrow it down a bit further? Are we closer to 90% than 80%?

Philip Rycroft: Without having gone through and done it page by page, I would be slightly leery of giving you a very precise page-number response to that. The important point on this is that, as I said earlier on, the material that has come out has been the sensitive material that has been marbled through these reports. With some of that, you may have a paragraph that



would come out. Some of that will have been a question of changing two or three words, maybe, to remove that sensitive information. In the updating of the material, there will not have been a significant shortening of the material; there will hopefully have been a significant improvement in the quality of the material, to ensure that the information that the Committee has is up to date.

We could go through and do a page count; I am not sure it would add much to your knowledge of the basis of these reports. The assurance I can give you is that in terms of comparing the information that was in the original reports with the information that you have in the reports now, you have the substantive information on the sectors, the regulatory impact or regulatory management of those sectors, how it works in the trade space, and, indeed, the summation of the stakeholder views on it. In terms of the quality of the reports, I am very confident that that matches like-for-like, in terms of where the starting point was, but improved, in order to bring the stuff up to date.

Q95 Mr Bone: Mr Chairman, that is very interesting; the words give us a sort of reassurance as though there is not much missing. If there is not much missing, why is it that we are still talking about maybe only 80%? If you are so very confident that only an odd sentence or paragraph has been removed, why can you not say that it is much more than 90%?

Philip Rycroft: Because I have not gone through and counted the pages. The difference between 85%, 90% and 95%—

Mr Bone: Have I got you up to 85% now?

Philip Rycroft: Somebody could come back and say, "Actually, it was 82% or 83%." I am not sure how far we can take this debate.

Chair: We will move on, then.

Q96 Mr Bone: Let us put it the other way around, Chairman. If the Government change their opinion and decide to give us all the papers, how much more are we likely to get?

Philip Rycroft: In quantitative terms, as I said, not a lot.

Q97 Mr Bone: Let us say in number terms, then—numbers of pages, for instance.

Philip Rycroft: I have said that I cannot give you a number. In a sense, the spirit of your question is, "Does the material that is before us accurately reflect the starting point for this exercise?" Yes, it does.

Q98 Mr Bone: I have got that point. One particular point was slightly worrying me. I have talked about this in general terms. Is there any one sector where a very significant amount of detail has been removed?

Philip Rycroft: From my knowledge of it, the answer is no.

Chair: We do seem to be chasing a number of very elusive things during our evidence sessions this morning.

Q99 Seema Malhotra: Thank you, Mr Rycroft, for coming today. Could I ask a



slightly different question? What proportion of the material that we have been given is material that was previously written, and what proportion would you say has been written in the last three or four weeks?

Philip Rycroft: All these reports are based on the original work. Again, it is the understanding of the process that the Government are going through here. What is the purpose of this material? The purpose of this material is to give Ministers an understanding of the interests of different sectors, the size and shape of those sectors, and the impacts on the economy.

Q100 **Seema Malhotra:** Would you say maybe 60%?

Philip Rycroft: I am sorry, but I am slightly reluctant to be pursued down a numerical path. The point is it is the quality of the analysis that matters. What you have before you is that analysis that has been updated in order to give you a better quality product. What we have not done is abstracted from it anything that would give you information about the size and shape of the sector, the value to the economy, the regulatory context in which it sits, and how it works in the trade context.

Q101 **Seema Malhotra:** I do understand. The reason why this is important is because it starts to look like the material has been written in order to seek to ostensibly comply with the motion in Parliament, rather than provide reports that have been seen by Ministers, the Prime Minister and Cabinet committees. I am sure that there is not a straightforward answer; we have all been in similar situations. I have worked in the Civil Service as well, and I understand that you write reports and they might get tweaked or updated or just brought up to date, but largely 80% or 90% of them, for example, might be original material.

Philip Rycroft: In respect of the motion itself, as the Secretary of State said, that motion asked for impact assessments. It did not ask for sectoral studies, so we have provided the sectoral studies in the spirit of the motion, and we have brought those up to date in order to give you, the Committee, the information that the Government ultimately thought was useful for your considerations. There would not have been a lot of point in giving you out-of-date information, because that would have set off a whole series of questions about why the information is out of date. The Secretary of State indicated that some of the analysis perhaps was not of the highest quality, so clearly we have taken the opportunity to make sure that it is of a standard quality.

Q102 **Seema Malhotra:** I understand that, and I appreciate that. Clearly, a lot of work has gone into these. I will just make this point, and then I want to move on to one other question: would it not have been for this Committee to decide whether or not the material that was out of date was too out of date, or was incomplete, and would that not be quite important to understand in terms of the quality of information that was being used to inform policy in your department?



Philip Rycroft: Given that relates to the relationship between the Committee and the Secretary of State, that is probably more a question for the Secretary of State than for me.

Q103 **Seema Malhotra:** Do you believe that policy coming out of your department is evidence-based?

Philip Rycroft: Absolutely. We undertake a huge amount of work to ensure that it is properly evidence-based. We have a team of analysts who will pore over the data from different sectors, and, as the Secretary of State said, we spend a huge amount of time talking to businesses and other interests to understand how they see this process of exit and where they think their interests lie. It is absolutely central to the work that we do that we have that evidence to inform the decisions that are taken by Ministers.

Q104 **Seema Malhotra:** The Secretary of State confirmed to me that he had said that if there is no deal—if we fall short of a deal—we would be ready for the alternative: that is what a responsible Government does, and anything else would be a dereliction of duty. Has there been any other analysis or evidence provided to the Secretary of State on, for example, the impact of no deal, if he is making those statements in public and in Parliament?

Philip Rycroft: You take us into another domain of work that I am responsible for in the department, and, as it happens, your colleagues on the Public Affairs Committee will be cross-examining me on precisely that point on Monday next week, because they have produced a report that looks at the 300 or so work streams that we are conducting across Government, or we are helping to co-ordinate across Government, which look at the preparedness to deal with any exit scenario. There is, again, a huge amount of work being undertaken in that space, and we give advice constantly to Ministers on the state and the implications of that work, and, ergo, what decisions at what points Ministers will need to take to ensure that we are ready for exit of any description.

Q105 **Seema Malhotra:** I just want to clarify this. Currently, if we do not know the impact of no deal on the economy—and we are talking about no deal with 16 months to go, and businesses and families needing confidence in what the Government are doing and how well we are preparing—would this not get very close to what the Secretary of State has described as a dereliction of duty?

Philip Rycroft: I see absolutely no dereliction of duty on the part of Ministers or of civil servants. There is a vast amount of work going on across Government to prepare for both the negotiations and the outcome of those negotiations, whatever they might be. I have a very brilliant team, coming up to 600 folks, in DExEU now, who help co-ordinate that work across Government, but every department impacted by this is putting in a huge amount of effort to help guide the decisions that Ministers will take about the way that we approach the negotiations, and hopefully, therefore, to shape the outcome that is in the best interests of the country.

Q106 **Peter Grant:** Mr Rycroft, can I go back to the definition of “when is an



impact assessment not an impact assessment"? You have referred us to chapter 14 of a publication entitled *Guide to Making Legislation*, published by the Cabinet Office in July 2017. Would it be fair to say that chapter 14 of that document does not set out to give a general definition as to what an impact assessment is? It is more by way of requirements and guidance as to what needs to be included within the specific context of making legislation.

Philip Rycroft: Exactly; this is what I was saying to you. When we think about impact assessments, the frame of reference for that is the approach we take to putting before Parliament the assessment of the costs and benefits of particular pieces of regulation and legislation so it informs the decisions that Parliament takes. This is designed for a very particular stage in the decision-making process of government, and it is generally applied to specific propositions that are bounded propositions. It is a very different matter to apply that methodology to a very open domain of policy-making where the number of variables is huge, and where the number of those variables has not narrowed down to a point where you can do that very precise impact assessment and cost-benefit analysis.

Q107 **Peter Grant:** Thank you for that. The International Association for Impact Assessment, who you would imagine might know a thing or two about this, have published a definition in which they say that impact assessment is simply defined as "the process of identifying the future consequences of a current or proposed action". Using that more general—and, I would expect, more publicly understood—definition, have the Government carried out an impact assessment of Brexit and its potential scenarios?

Philip Rycroft: That is not the definition we use.

Q108 **Peter Grant:** No; with respect, I am going to rephrase the question. Have the Government done work that would fit within that definition of "impact assessment", even if the Cabinet Office would not define it as such?

Philip Rycroft: The work that we do within the Government, as I say—sorry to be a creature of habit on this—is not impact assessments as we define them. However, in terms of the broad understanding of the interests of different sectors and the effects of different exit scenarios, clearly we are working across the range in order to inform ministerial decision-making on its negotiating strategy and what it pursues in the course of those negotiations.

Q109 **Chair:** We are, unfortunately, going to have to conclude at this point. The Secretary of State told us that he had not read the documents in front of us. Have you read them?

Philip Rycroft: I have read the documents. I cannot claim to have read every last page, but I have read the documents.

Chair: You have read them. That is helpful to members of the Committee.

Philip Rycroft: I was, indeed, refreshing myself on those documents just last night.

Q110 **Chair:** The Secretary of State indicated to us that he thought there was



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nothing that would preclude publication, but I indicated to him that we would come back in line with the commitment that I had given to him personally, on behalf of the Committee, to give you one last look. If that is what the Committee decides to do, a very speedy turnaround would be required by the Committee, in order to give us the information that we need to reach that decision.

With that—which is, I am sure, a point you will appreciate—thank you for appearing before us today, and could you pass on from the Committee our thanks to you and your colleagues? We know you are doing an enormous amount of work in very testing and difficult circumstances, and despite the sharpness of some of our questions, we really are extremely grateful.

Philip Rycroft: That will be appreciated not just by me but by the very hard-working civil servants in DExEU and well beyond. In response to your other point, Chair, I can assure you that, if you instruct us to turn something around quickly, we will do just that. Thank you very much.

Chair: Splendid.