

Exiting the European Union Committee

Oral evidence: Progress of the UK's negotiations on EU withdrawal, HC 372

Tuesday 4 September 2018

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Members present: Hilary Benn (Chair); Mr Peter Bone; Stephen Crabb; Richard Graham; Peter Grant; Andrea Jenkyns; Stephen Kinnock; Jeremy Lefroy; Craig Mackinlay; Seema Malhotra; Mr Pat McFadden; Emma Reynolds; Stephen Timms; Mr John Whittingdale.

Questions 2564 - 2685

Witnesses

I: Philip Rycroft, Head of UK Governance Group and Permanent Secretary, Department for Exiting the EU.

Examination of witness

Witness: Philip Rycroft.

Q2564 **Chair:** A very warm welcome on our first day back, Mr Rycroft. It is good to have you before the Select Committee again. We have, as ever, a lot of questions that members of the Committee would like to ask. Can I begin by looking at no deal planning and the role that DExEU has got for this? Is one of the risks you are concerned about that there could be queues of lorries on the M20 because of delays at Dover and Calais?

Philip Rycroft: The role of DExEU in no deal planning is to co-ordinate activity across government. We have been working on that for over two years now. There are 300 work streams across government, which we monitor on a constant basis. Included in that are clearly issues about planning for the border, in both a deal and a no deal scenario. All of that is encompassed in the work across government. I should point out, of course, that the DExEU role in all this is to co-ordinate across government, to monitor the progress against all those work streams, and to give Ministers collectively the assurance that that work is going on across government effectively. The ownership of all those work streams rests with Departments, so in the context of lorries and queues into Dover and so on, the planning for that is the responsibility of the Department for Transport.

Q2565 **Chair:** But can you just confirm to the Committee that that is one of the risks of no deal that this whole set of work is planning for?

Philip Rycroft: What I can confirm to the Committee is that absolutely there are plans for all possible scenarios, deal and no deal, including issues around the border and the flow of traffic across it.

Q2566 **Chair:** It was reported in one national newspaper that the Government is making provisions for portable loos to be stuck on the M20 in the event of there being long lorry queues. Can you confirm whether that is something the Government is doing?

Philip Rycroft: That is an interesting question, Chair.

Chair: It is. I was looking for an answer.

Philip Rycroft: Yes, I am sure you are. In terms of the detail you are taking me into there, as I say the ownership of all these plans rests with the relevant Departments. I am confident that there are plans in place across those 300 work streams and across every aspect relevant to deal and no deal, in terms of domestic preparedness, including planning for the scenarios that you are outlining. If you wish to go deep into the detail of all of that, I would ultimately have to refer you to the Department for Transport, who own that set of issues, in terms of the planning.

Q2567 **Chair:** If you are saying to us that you have not seen a piece of paper, in your role as Permanent Secretary, on which that contingency



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arrangement is listed—and I presume that is what you are telling us—

Philip Rycroft: No. We have plans in my Department. We have seen all of those plans. We hold all of those plans. We ask Departments to keep those updated; so my team has access to all of those plans. There are 300 plans. You are perfectly at liberty to ask me about details such as portaloos on the motorway for queues of lorries, but you would not expect me to be able to answer that level of detail across 300 plans.

Chair: I understand that—

Philip Rycroft: The assurance I can give you is that those plans are in place; that they are at a level of detail which satisfies the team in DExEU; that we are constantly monitoring those plans to make sure they are kept up to date; and that we give the assurance to Ministers collectively that that work is going on adequately across Government.

Q2568 **Chair:** That sounds to me like an answer which says the report in the paper was correct. The reason I raised it is because it was also reported that the Government is using non-disclosure agreements with suppliers in respect of no deal planning. Can you tell the Committee whether that is correct?

Philip Rycroft: There are discussions going on with various actors in the private sector about the actions that they may have to take in a no deal context. There are clearly confidentiality requirements around some of those discussions because there are commercial issues at consideration; but there are also negotiation sensitivities. Quite a lot of the work that we do is kept within Government or close to Government because of those sensitivities. This is a debate that I have had with the Public Accounts Committee on two occasions, about how much of the Government's planning is in the public domain and how much is kept behind closed doors. Clearly across that range of work streams, a lot of the work we do is negotiation-sensitive—and hence the confidentiality.

Q2569 **Chair:** I do understand that. I was just looking for a simple confirmation that the Government is using non-disclosure agreements with suppliers. Yes or no.

Philip Rycroft: The Government has non-disclosure agreements with some of the private sector actors we are talking to in this space.

Q2570 **Chair:** That is helpful. Now, turning to the first tranche of no deal advice notes—technical notes, however one describes them—one of the issues identified was the risk that UK citizens living in other EU countries might have problems about getting their pensions paid because of financial services and the rules relating to that. Can you say anything about what the Government is doing, a) to alert UK citizens—or are you leaving that to the companies—and b) to try and mitigate that potential risk?

Philip Rycroft: What I can say about this is the consequences of Brexit for both EU citizens in the UK and UK citizens in the EU27 have been central to our planning for both deal and no deal. As the Committee is well aware, we have in the deal context a good outcome for UK citizens



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abroad, which is one of the very good reasons why it is important to get a deal this autumn; but we also have planning going on across government to ensure that the interests of EU citizens living in the EU27 are looked after in the unlikely event of a no deal scenario. That includes issues such as pensions and healthcare and so on. That is absolutely at the forefront of Ministers' minds. It will be a decision for Ministers about what information to put into the public domain to offer those reassurances, and when to do that.

Q2571 Chair: But Ministers have already chosen to put into the public domain the fact that there might be a problem. The question I was asking—because not all of those pensioners necessarily have read the technical notices or the papers when they came out—is what is being done to alert them to the fact that this could potentially be a problem, and what is being done working with the companies who are currently paying the pensions to find a way of overcoming this potential risk, which could be very serious for people?

Philip Rycroft: Of course, and this is very high on our list of concerns about a no deal scenario. The notices that went into the public domain the week before last are of course not the end of this story. There is further information to be put into the public domain across the range of our no deal planning work, and it will be for Ministers to decide when to do that in relation to UK citizens in the EU and what information, and how that information is transmitted to them; but clearly for that to be effective we have to find routes to ensure that information reaches the right people. While I am not at liberty to say much more about that now, because that is for Ministers to set out, clearly we are thinking hard about, if you like, the effective routes to ensure that those who need to know about what they might have to do—citizens and businesses, across the range of these issues—do have that right information.

Q2572 Chair: To sum up, working with Ministers, you have identified that as a risk, but Ministers have not yet decided what to do, a) about communicating it, apart from publishing the technical notices—

Philip Rycroft: If I may correct you, we have identified the concern and the risk, but Ministers will make the decision about when to put into the public domain the action that the UK Government will take and to set out how the right information will be got to those people in due course.

Q2573 Chair: Just so that I am clear, you say that Ministers will decide when to put the action into the public domain. Does that mean taking the action or taking it before and then letting people know afterwards?

Philip Rycroft: It depends slightly on your definition of action, doesn't it? A lot of the first round of technical notices was information for businesses, citizens and others about what might pertain in the unlikely event of no deal. They did not require people to do anything at that stage. There is a distinction between information and action. The technical notices that have been put in the public domain hitherto have mainly been about information—telling people and, I hope, setting out very clearly what



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action the UK Government would take and what its policy would be across that range of issues in the event of no deal.

Q2574 Chair: Okay, but we are talking about seven months away, which is not very long. When will the next set of no deal planning advice notices be published? As I understand it, it was indicated that it would probably be done in three tranches. We have had the first lot. When will the second lot appear?

Philip Rycroft: You have the advantage of an oral statement from the Secretary of State, Mr Raab, this afternoon. Again, the decisions about when and what goes into the public domain are ones for Ministers to make—

Q2575 Chair: So we will find out this afternoon. Is that it?

Philip Rycroft: You will have the opportunity to ask him the question this afternoon.

Q2576 Chair: I will do that. Can you tell us who is on the EU exit inter-ministerial group? What is its membership?

Philip Rycroft: That is a group that is chaired by the Secretary of State. I am stretching my mind to think whether the membership of groups is in the public domain, but the Ministers around that table are gathered together to give us an overview of the planning work—the preparedness work—we are doing across government. If you will excuse me, I will write to you if it is appropriate for the membership of that committee to be in the public domain. I cannot for the life of me remember whether it is.

Q2577 Chair: I am struggling to think why it would not be appropriate for its membership to be in the public domain.

Philip Rycroft: Yes—you have me there. As I said, the purpose of the committee—it has met over 20 times—is to act as a checkpoint on the work that is going on across government on deal and no deal planning. It has the ability to call in issues where there are concerns about the state of progress and to cross-examine other Secretaries of State, other Ministers and officials to make sure that that work is advanced appropriately.

Q2578 Chair: The Institute for Government made an FOI request, which is why we know about that committee's existence. The Government obviously was not very keen to release that information. Is the Treasury represented on the committee?

Philip Rycroft: Yes.

Q2579 Chair: Is the Cabinet Office represented on the committee?

Philip Rycroft: Yes.

Q2580 Chair: And you have just said that other Ministers or officials are called in to check on the progress of their planning.

Philip Rycroft: Yes. We—DExEU—service that committee. If we have concerns about any of the work going on across government, either on



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individual issues or systemically, that is our first ministerial port of call to ensure that those issues are examined and action is taken to resolve them.

Chair: That is very helpful. Thank you.

Q2581 **Mr Whittingdale:** When DExEU was established, it was explained that it would have the overarching responsibility for preparing for Britain's exit from the EU, while the planning at each individual level would be done in Departments, and that DExEU would also represent the UK in the negotiations. You have sort of set that out again today. Why, then, was the overall responsibility suddenly taken away from DExEU and put into the Cabinet Office?

Philip Rycroft: Are you asking about the creation of the Cabinet Office Europe unit, which is going back over a year now, or are you—

Q2582 **Mr Whittingdale:** I am talking about the recent machinery of government change. Overall responsibility now lies in the Cabinet Office, rather than in your Department.

Philip Rycroft: Clearly there is a history here. I came into the Department in March last year as the second Permanent Secretary, to support the then Permanent Secretary, Olly Robbins. I became Permanent Secretary when the Cabinet Office Europe unit was created in October last year, with the prime responsibility for Olly Robbins to act as the Prime Minister's sherpa and to be the official lead on the negotiations. That situation has pertained for over a year now.

There was clearly a recent machinery of government change, which is the subject of your interest today, and which, as the Secretary of State described it, made some modest changes to responsibilities appropriate for the stage we are at in the negotiations. If you give me a minute, I will explain precisely what those changes are, as I think it is worth understanding that.

The formal change was that advice on the negotiations to the Secretary of State, who continues to lead the negotiations politically, in terms of being the Prime Minister's interlocutor with Mr Barnier, will come from one source in the Cabinet Office Europe unit. We have transferred a modest number of staff to the Cabinet Office Europe unit to support them through this stage of the negotiations as we drive to the wire to get this deal over the line. I have loaned them a few other staff in addition to that, which, again, is fit for the circumstances.

The other side of the coin is confirmation of the very wide range of responsibilities that DExEU continues to have, but—critically—also identifying that DExEU is responsible for the preparations for what comes after a deal is achieved in this round of the negotiations and the detail that will be set out in the future framework.

All of this makes sense—certainly from our perspective—seen in the light of the stage that we are at in the negotiations. There is a focus to support



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Mr Raab and the Prime Minister in the negotiations from the Cabinet Office Europe unit and a focus in DExEU on continuing all our other work on domestic preparedness, on legislation, on engagement, on third-country deals and on working with the devolved Administrations to make sure that the Government is ready for whatever comes after the deal has been signed off.

Finally, this is not about excluding DExEU from the conduct and the process of the negotiations. We have built up a deep well of expertise in my Department over the last couple of years with people who understand the policy background and the negotiating modalities of this. Staff from my Department are out in Brussels every week supporting the Cabinet Office Europe unit in the conduct of those negotiations. We have always been very closely aligned—you would expect that—and we continue to be.

Q2583 Mr Whittingdale: But a change occurred. The machinery of government notice says that this is a change of overall responsibility. Why was the change made?

Philip Rycroft: The answer to that question is that, as I said, this is about the stage of the negotiation that we are at. It was a clarification of, if you like, the lines of who provided advice to Ministers—particularly on the negotiations. The Prime Minister deemed it appropriate to have that clarity at this stage of the negotiations as we go into the final furlong of the withdrawal agreement negotiations.

Sitting back from that, a lot of the political focus of the Government is on getting those negotiations completed, but we need to be ready for whatever comes next. The team in the Cabinet Office Europe unit has been tasked with supporting the Secretary of State and the Prime Minister to move those negotiations forward to a successful conclusion.

My challenge in this, as well as continuing to support that work, is to ensure that, when we get over that line, there is not a pause, while we regather our forces and think about what to do next, and that we are ready for that next stage of this journey. That is hugely important. All being well, the implementation period will start at the end of March next year. That gives us a timetable to secure the finalisation of our future relationship. That is something that we absolutely need to be ready for.

Q2584 Mr Whittingdale: But the change did not take place when a conclusion had been reached and a new part of the process was initiated; it took place right in the middle. The only conclusion it is really possible to draw is that the Prime Minister decided that she did not have confidence in her Secretary of State as the lead negotiator and wanted her own person to take over.

Philip Rycroft: I absolutely would not draw that conclusion. The machinery of government change—the recent machinery of government change—took place a few weeks ago. If you look at what has happened subsequent to that, Mr Raab has met Mr Barnier four times, as recently as Friday. That does not suggest to me that you could put the import on that change that you are implying. Clearly, the Prime Minister is ultimately in



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charge of these negotiations, but Mr Raab is her interlocutor with Mr Barnier, works very closely with Olly Robbins and gets support from the Cabinet Office Europe unit in order to transact that negotiation and to support it through to successful conclusion.

Q2585 **Mr Whittingdale:** But arguably, what you have just described is the situation before the machinery of government change was announced. The Secretary of State was conducting the negotiations and had responsibility and obviously the Prime Minister ultimately has responsibility. This was very specifically an announcement that lead responsibility no longer rested with your Department and was now the responsibility of the Cabinet Office under Olly Robbins.

Philip Rycroft: As I have described, it is not as dramatic a change as some people have made out. The clarification is that there is one source of advice to Ministers on the negotiations of the withdrawal agreement that have taken place. That advice comes from the Cabinet Office Europe unit. They will draw, as appropriate, on folk in my Department where they require that expertise, as they will from other Departments. Frankly, that is not a huge change in the work that we are doing, nor is it a change in the position of the Secretary of State who continues to perform, as you rightly point out, the role that Mr Davis performed before Mr Raab.

Q2586 **Mr Whittingdale:** You say it is not a huge change, but from what you are suggesting it barely merited a public notice.

Philip Rycroft: You might suggest that. In terms of the number of staff involved, machinery of government changes usually have hundreds of folk moving this way or that and lots of money going with it. Just to put this in perspective, the number of staff involved in the machinery of government transfer itself was 18, and I have loaned to the Cabinet Office Europe unit a further 16 people. I continue to pay for those folk. For the 18 who have gone under machinery of government rules, the money goes with them—that is the way the rules work. I can assure the Committee, for what is a relatively modest exercise, we have kept the bureaucracy and the distraction around all this to the absolute minimum so that we can all get on with the job that we have to do.

Q2587 **Mr Bone:** We talked about the no deal scenario. Basically, it means not reaching an agreement with the European Union but coming out on a World Trade Organisation deal, as far trade goes. How likely do you think that is?

Philip Rycroft: Thank you for that question. I am flattered that you would ask an official for his views on the likelihood of no deal. That is the sort of question that is more appropriate to put to Ministers. I am here to talk about machinery of government change. I am an official. I would say that the Government line, as you know, is that we hope and expect to get a good deal this autumn. That is what the Government are bending their will towards, but no responsible Government would not plan for any possible scenario, which is why I am tasked by Ministers to plan for a no deal scenario, and that is precisely what we are doing.



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Q2588 Mr Bone: Is the witness able to tell us when he thinks a decision has to be made about a no deal agreement? Clearly, we cannot get to 28 March and then say, "Oops! We're not going to have an agreement." The following day there is what? What is the time frame on that, do you think?

Philip Rycroft: That is a very fair question. Clearly, the work that we have been doing over two years has been giving advice to Ministers, preparing for that scenario. The Ministers determine that now is the right time to put the technical notices into the public domain. There are more to follow, in relatively early course, that will complete that suite, where Ministers think it is appropriate that businesses, the public and others understand what actions the UK Government would take in a no deal scenario.

Clearly, beneath the surface of that is a whole range of other planning work that we are doing. Part of that is about giving advice to Ministers about what would need to be done when in order to be ready for a no deal scenario on 29 March next year. Again, there is a lot of detail there that, in this case in particular, is rather negotiation-sensitive, so I think Ministers would be a bit leery of putting all of that into the public domain. The assurance I can offer the Committee is that right the way across Government work is going on to ensure that we will be ready for the unlikely event of a no deal scenario at the end of March next year.

Q2589 Mr Bone: The Government might be ready, but if I was in the airline industry—I declare an interest: I obviously was involved in the travel industry—where there is a lot of forward planning, I would have thought that if you got to the October summit and there was no agreement, the Government would be obliged to tell industry that both sides have tried and we can't reach an agreement, and what will therefore happen on 29 March. Surely between October and March the Government and the European Union would try to reach an agreement on, say, keeping airlines flying between Europe and the UK. It must be around that region when that decision has to be made. Would that be fair?

Philip Rycroft: You are right to point out that there are not many months left between now and the end of March next year. If we are into a no deal context, there is a lot of action for Government; there is also a lot of action for businesses. Alerting businesses to what might have to be done is part of the process of publishing these technical notices, with more to follow in the wake of that. If you like, it sets business on notice that these are the sorts of things that you might have to consider if we are in a no deal context, but as I said in answer to, I think, one of the Chair's questions, that is about alerting people to what might happen. There then follows a stage where, if we are into a no deal scenario, that would have to turn into action at some point. That is all baked into our planning and the advice that we give to Ministers.

Q2590 Mr Bone: It is that point that I am trying to draw out. Clearly it is not September, and it is clearly not March, so is it the end of October? Surely industry and the public have a right to know when that sort of decision



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has to be made in a ballpark area. Do you think October, November?

Philip Rycroft: As you say, it is somewhere between September and March.

Mr Bone: We know that.

Philip Rycroft: The precise points at which Ministers decide to put information into the public domain is a decision for Ministers, because this sort of information, of course, has consequences. If you are asking businesses to do certain things, that may have cost implications. Those are decisions that have to be taken with some care.

It is my job to ensure that we understand what the implications are for businesses. We may, at some point in this discussion, get on to our programme of engagement. We do a lot of work with businesses to understand where their concerns are, what their own contingency planning looks like and what their timetables are. We funnel all of that advice into Ministers. We consider—

Q2591 **Mr Bone:** I am sorry to interrupt; I think we are aware of that point. I guess you are not going to tell us what your advice would be to Ministers about when that decision has to be made, but you accept that sometime between now and 29 March the Government have to decide, if we cannot reach agreement, to tell the public, industries and business that there is not going to be a deal.

Philip Rycroft: I think that is self-evident.

Q2592 **Mr Bone:** And it has to be earlier than March.

Philip Rycroft: Yes.

Mr Bone: At least we've got it back to February.

Q2593 **Stephen Crabb:** Following on from your remarks in answer to Mr Bone's question, I am not so much interested in specific timeframes, but are you working to the assumption that at the point of no deal you will then move into a different phase of negotiations and discussions with the Commission about handling that no deal scenario?

Philip Rycroft: As is apparent from the work we have done already, which is in the public domain, what the British state can do is to make certain decisions where it has the regulatory ability to do so. On the question of reciprocation, which I think you are referring to, there would be a very big incentive on the part of the European Commission and member states to ensure that if we were in a no deal context, there was not unnecessary disruption caused to businesses in both the UK and the EU27. How that would be transacted and how those discussions would be taken forward is difficult to predict, but we understand well, and it is part of our advice to Ministers, where action by the EU27 and member states is important to ensure that the challenges of no deal are dealt with effectively.

Q2594 **Stephen Crabb:** The Secretary of State told us that he would find it



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difficult to imagine the EU27 not wishing to co-operate with us pragmatically to handle the fallout of no deal. Is the operating assumption for you and your team that the discussions will continue?

Philip Rycroft: It is. We cannot rely on that assumption and we are planning for every scenario, but it is part of our scenarios of planning. If you are a fresh flower-grower in the Netherlands or a strawberry-grower in Spain, or you are deeply integrated into the auto industry supply chain as a manufacturer in Germany, you have a big interest in ensuring continuity of trade with the United Kingdom. The same applies in the financial services industry, and so on and so forth. There would be a very big incentive for member states, under pressure from their own businesses, to ensure that a no deal scenario was not disruptive of trade. That is part of our thinking, but we have to plan across the whole range of scenarios, because there are dependencies there that we cannot guarantee at this stage of the debate.

Q2595 **Stephen Crabb:** That would be a pretty big assumption to be working to, especially given what Michel Barnier told the Committee yesterday afternoon in Brussels—that in the event of a no deal, that is it and the discussions stop. No further discussions, no further negotiations, no side deals, no mini deals—the discussions stop.

Philip Rycroft: As I say, I have not had the benefit of a full read-out—if we will ever get one—of your discussions with Mr Barnier yesterday, what he said and the precise context in which he said that. What I come back to is that this is a context where big interests are at stake both in the UK and in the EU27, across a whole range of issues that impact on real people's lives, on business and business continuity and so on. There would be a very big incentive on both sides to mitigate the consequences of no deal. My job is to ensure that Ministers understand that range of scenarios. They need confidence that we are planning across that range of scenarios, but that is part of the work we are doing day in, day out to inform Ministers about the choices they have to make.

Q2596 **Stephen Kinnock:** There is an important summit coming up in Salzburg on 20 September. I was just wondering what the thoughts of the Department are about that summit. What would you expect to achieve from that, and to what extent do you expect Brexit to be on the agenda in a substantive way? Do you think it will all just be shoehorned in for the last 20 minutes, which is what we have seen in previous summits?

Philip Rycroft: Thank you for your question; I am going to sound like a stuck record, but that is the sort of question that it would be more appropriate to put to Mr Raab. You spoke to Mr Raab and Mr Robbins before the recess, but the planning for Salzburg, the position the UK takes at Salzburg and the lobbying we do in advance of that are ultimately led by the Prime Minister, and it would not be right for me to speculate on what plans she has to get the most out of that gathering.

Q2597 **Stephen Kinnock:** In terms of the view of your Department on no deal and how that plays into the meaningful vote that has been promised in Parliament in the autumn, it will be such a fast-moving scenario if we



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imagine that there could potentially be a stalemate in Parliament. To what extent is your Department prepared for different scenarios—so, if Parliament instructs the Government to take a particular course of action, what that course of action might be and how you would respond accordingly? Do you have a range of scenarios that you are looking at, or is it just one or two different options that you would be working on?

Philip Rycroft: In terms of the work across Government, to reinforce the point, the DExEU responsibility for preparedness in terms of what happens in a deal or a no deal scenario is cross-Government. It is not just about DExEU being ready for that. Our job is to co-ordinate and monitor all of that. In terms of the processes for the meaningful vote and what is put to Parliament, clearly we are not at that stage yet. The work on the negotiations is still going on. Ministers have made it clear that the vote will be on the deal that is on the table. Again, I'm sorry, but it is really not for me to speculate on what might happen beyond that point. Clearly, it is the Government's intention to put a deal to Parliament, which will secure the assent of Parliament, and then we can move on. The job I then have is to support Ministers in the introduction and passage of the EU withdrawal agreement Bill, which will put into UK law the necessary elements arising from our international commitments under the withdrawal agreement, particularly on citizens' rights. We published a White Paper on that, as you know, just before the recess, and a lot of work went on to ensure that we are ready for the introduction of that Bill in due course.

Q2598 **Stephen Kinnock:** Looking at the different sectors—chemicals, food and drink, clothing, manufacturing, cars and retail—it would appear that they would be the sectors most severely impacted by a no deal scenario, by which I assume we move on to WTO terms and the substantial non-tariff barriers in particular that would be created as a result. Do you have a sector-by-sector analysis? What specific actions are you taking according to each of those key sectors?

Philip Rycroft: This comes at various levels, of course, because there are issues that concern businesses across lots of different sectors, but as you hone it down, the impacts are differential depending on the sector. There are macroeconomic issues, some systemic issues—the flow of trade—and then there are sectoral issues. DExEU is working across the piece, ensuring that competent plans are in place to deal with every level of those potential impacts. As Ministers have made clear, no deal would not be without challenges, but it is my job to support Ministers, ensuring that we can make a success of those circumstances as well. That means having a good understanding of the impact right the way across the economy. That is done with a lot of work within Departments where they lead on those particular sectors of the economy. It is also part of the work we do on engagement, almost as a cross-check to ensure that we pick up all the relevant concerns so that we have a good feel for where businesses see the issues that might arise in the unlikely event of a no deal scenario.

Q2599 **Richard Graham:** One of the key obstacles to agreement between the two sides, on the withdrawal agreement itself, is clearly Northern Ireland and the backstop arrangements. Can you remind us what is being



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prepared in terms of technical notices on the Northern Ireland situation?

Philip Rycroft: Every technical notice is relevant to Northern Ireland because it is part of the United Kingdom. If you look through the 25 technical notices that have been published so far, all have relevance to Northern Ireland. There will be some specific issues such as the single electricity market that will need to be addressed, but the great body of technical notices apply to Northern Ireland just as they apply to the rest of the United Kingdom.

Q2600 **Richard Graham:** So there is no intention to wrap up all the Northern Ireland elements, for example, into one technical notice, which could provide for an easier assessment of what we would be facing.

Philip Rycroft: Again, you are asking me, if you like, to get ahead of Ministers on this. It is for Ministers to decide when to put in the public domain what information about our no deal planning, and that includes the question that you have just asked around Northern Ireland.

But I emphasise that, alongside the very detailed work that we do with our colleagues in the Northern Ireland civil service, in terms of domestic preparedness in the deal and no deal context, all of the technical notices that we are publishing take into consideration the specific circumstances, not just in Northern Ireland but in Scotland and Wales, so that they all reflect interests across the whole of the UK.

Q2601 **Richard Graham:** I understand that. None the less, I am sure that you would agree that the Irish border situation is one of the most sensitive areas, if not the most sensitive, and therefore as the Department co-ordinating departmental responses, it would be perfectly feasible for you to make a recommendation, if you thought it was appropriate actually to have a technical notice that combined everything to do with Northern Ireland.

Philip Rycroft: We work very closely with teams across Government on Northern Ireland issues. The Chair, I think, had the opportunity to question the Prime Minister, no less, on the Liaison Committee on the consequences of no deal in Northern Ireland. I can do no better, in terms of how that might be dealt with, than refer to the Prime Minister's answer to the Chair.

Q2602 **Richard Graham:** In terms of how the Government would continue to meet the obligations of the Good Friday agreement in the event of no deal, what sort of notice or information would you expect the Government to put out on that?

Philip Rycroft: The Government has made very clear in any context its commitment to no hard border on the island of Ireland, but also to respect the terms of the Good Friday agreement. That is, again, part of the work that we do within the civil service.

Obviously, it touches on the interests of a number of Departments to bring that advice together, so that Ministers understand what decisions might have to be taken in the circumstances that you describe. The assurance



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that I can give to the Committee is that that work is taking place. Again, this is very sensitive. It is negotiation-sensitive; it is sensitive for all sorts of reasons. Clearly, Ministers have tasked us to look across the range of all these scenarios and how they might impact on Northern Ireland, as for the rest of the United Kingdom.

Q2603 Richard Graham: I understand the sensitivities involved. Would it be fair to assume that, although there are many people, including some on this Committee, who believe that our commitment not to have a return to the borders of the past simply means that we would do nothing at all, in practice, our commitments to a whole range of different organisations, including the WTO, would mean that there would have to be arrangements in place for such a scenario?

Philip Rycroft: I should point out—it would be remiss of me not to do so, of course—that the Chequers proposition put forward by the Prime Minister to get a deal is designed, not least, to ensure that there are no issues around the flow of goods and trade across that border. But I repeat what I have said: clearly, it is part of our work to ensure that Ministers understand what their responsibilities are in an international context and how that would be worked through in the event of no deal and issues arising around the border on the island of Ireland. Again, I refer you to the answer that the Prime Minister gave to the Chair on that at the Liaison Committee. I doff my hat to the Prime Minister.

Richard Graham: We all, of course, obviously want a solution, a negotiated deal that allowed for no need for any potential backstop ever to be implemented, but the reality of Michel Barnier's clear comments, both in Frankfurt over the weekend and to us yesterday, is that his position is that the division between trade in goods and trade in services, which is a crucial part of the ease of business between the two sides of the Irish border, is simply not acceptable. In that scenario, do you imagine the relevant Departments having to step up their work for any possibility of no deal being reached?

Philip Rycroft: I am not going to be drawn to comment on what are live negotiations, which are trying to get us over the line in a way that deals satisfactorily with all the dimensions of the Northern Irish border. What I can say is that the civil service in the Department that I lead, and more widely across other Government Departments, stands ready to up the pace of the work as required to meet any emerging scenario. That is the job I have got to do, so that Ministers get good quality advice at the right time, know what the issues are and know what their options are to deal with those issues. It is for Ministers, clearly, to decide how to respond to that advice and what information to put into the public domain and when to do that. Those are decisions for Ministers.

Q2604 Mr McFadden: On the same subject, Mr Rycroft. I am not quite clear. The Northern Ireland situation is obviously unique because it is a land border with what will be the rest of the European Union. Are you telling us that there has been a decision made not to produce a technical notice specifically on Northern Ireland, or is that decision yet to be made?



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Philip Rycroft: I repeat what I said: every technical notice is looked at from the context of Northern Ireland and from the context of Scotland and Wales as well to ensure that the interests across the UK are reflected in all those technical notices. Decisions on what further technical notices to publish and what they cover are for Ministers and I am not going to pre-empt what Ministers might wish to put into the public domain and when they might do that.

Q2605 **Mr McFadden:** It would be extraordinary if, in the selection of dozens of notices that cover everything, from Horizon 2020 to trade remedies and rural development and all the rest of it, we didn't have one on what is probably the most difficult issue in the whole negotiations right now. Why would the Government choose not to publish a technical paper on the heart of their border issue?

Philip Rycroft: As I say, in terms of publication of technical notices, we have put 25 into the public domain. There are others to follow. The content of those technical notices and the timing at which they are released to the public is a decision for Ministers to take, and Ministers will do that when they are ready to do so. I am afraid I can't go beyond that.

Q2606 **Mr McFadden:** Let me ask you about an issue that lies underneath this, which would be affected wherever it is dealt with. That is the common electricity market. There is reference in a report in the *Financial Times* of 11 July to a Government paper referring to the use of electricity generators to try to cover the gap if there was no deal, which would mean that the single electricity market wouldn't work. Have you seen that Government paper?

Philip Rycroft: I have seen a number of papers about the handling of the issues around the single electricity market in Northern Ireland. It is absolutely a matter in the public domain that that is one of the issues that we are looking very carefully at. It is one of the 300 work streams that I referred to earlier on. A lot of work has gone on across Government on that issue. Again, what information the Government choose to put into the public domain about their conclusions from that work is a matter for Ministers, but clearly we do understand the salience and the importance of that issue for people in Northern Ireland and the need to ensure a functioning electricity market in Northern Ireland in whatever scenario we might be in.

Q2607 **Mr McFadden:** Is it true that that paper referred to generators on barges?

Philip Rycroft: I should have been a little bit clearer in answer to your question; I apologise for that. I said that I have seen a number of papers on—

Q2608 **Mr McFadden:** Did any of them refer to generators on barges?

Philip Rycroft: Again, it would not be appropriate for me to reveal what is advice to Ministers on a sensitive issue in the public domain and in front of the cameras. I am afraid that, again, I have to say that that is a matter of advice that has gone to Ministers. If you wish to pursue that, it



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is more appropriate that you ask Ministers.

Q2609 Mr McFadden: Can you tell me where the advice came from in the trade technical notice that says, "We would recommend that, if you trade across the land border, you should consider whether you will need advice from the Irish government about preparations you need to make."?

Philip Rycroft: You have to regard all technical notices as—these are agreed across the Government. Although the individual policy areas are owned by different Departments, all those of you who have been in government know the processes that we have to go through to get stuff out into the public domain. Ultimately, these are Government products.

Q2610 Mr McFadden: Do you understand why businesses in Northern Ireland might find it a little bit unusual to be given a picture in which there may not be—as you confirmed this morning—a technical notice that specifically covers Northern Ireland? The Government have published a notice that says that people should consider whether they will need advice from the Irish Government about preparations. Wouldn't it be better if businesses in Northern Ireland could rely on sound advice from the UK Government?

Philip Rycroft: There is an assumption there that this is the last word to businesses in Northern Ireland or anywhere else, but as I said earlier, these technical notices are advice for businesses and others about what might pertain in the unlikely event of no deal. Saying that the Irish Government would have an interest in what happens on the island of Ireland in those circumstances is in some respects no more than stating the obvious. If we are moving into that scenario, which we do not anticipate doing—it is an unlikely scenario: we must keep emphasising that—clearly a lot more advice would have to go to businesses, not just in Northern Ireland but across the UK as well. I can reassure the Committee that that is very much part of the thinking that we are doing in DExEU and across Government to ensure that the UK could make a success of a no deal outcome.

Q2611 Mr McFadden: May I just ask a final broader question? As you have heard, the Committee went to Brussels yesterday and met Mr Barnier. I understand that you can't comment on the results of that meeting, and I wouldn't ask you to, but we have had a lot of to and fro with your Department in the past year or so over various Government economic impact assessments for different things. I just want to know whether a similar economic impact assessment was made across Government on the Chequers proposal.

Philip Rycroft: The commitment that Ministers have made, to answer your question, is that when we get to the point of presenting a deal to Parliament, appropriate analysis will be made available to Members of Parliament to inform the decision that they make on that deal. Clearly, the workings of some of that analysis got into the public domain earlier this year. Work on analysis continues. When we get to that moment, Ministers have made that commitment, and that is what we will do. My job is to ensure that Ministers have available to them quality analysis, in order to



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make available to Members of Parliament the analysis that will help you to make a decision about that deal.

Q2612 **Mr McFadden:** So we are not going to find similar work that was done for Chequers, because work is not going to be done in that form until we know the final outcome. We are not going to find, somehow—on BuzzFeed or whoever gets it this time—a set of papers about the Chequers proposals.

Philip Rycroft: I did sort of lose a couple of weeks of my life when BuzzFeed got that information last time. I sincerely hope that this reaches you through the proper channels.

Q2613 **Mr McFadden:** What is “this” though? Does it exist or not? That is what I am asking.

Philip Rycroft: So, the work goes on—that is very clear: of course work goes on in government on analysis, and that has to continue to adapt and change. Ultimately, we will have to respond to the deal that is done. I cannot complete that analysis until the deal is complete, but I can ensure that we are ready to do that. We will be under pressure to complete that in a pretty short period of time, between the completion of the deal and when the meaningful vote happens in Parliament. My job is to ensure that Ministers have that available to them and that the work is of appropriate quality.

Q2614 **Chair:** May I come in on that? That is not entirely satisfactory. Let me put the question again, very directly. We are asking questions about what officials in Government have been doing; we understand and there is no need to repeat that they and Ministers will decide what is stuck in the public domain. In the run-up to the production of the Chequers proposals, which obviously would have implications for business, customs costs and so on and so forth, have officials looked at the economic impact of the proposals?

Philip Rycroft: Yes.

Q2615 **Chair:** So the work has been done, but it has not been published?

Philip Rycroft: The work is ongoing.

Q2616 **Chair:** I got that—work was done specifically on that but it has not been published. Are you indicating that it might be published when we get to the end of the process?

Philip Rycroft: The commitment that Ministers make is clear—

Q2617 **Chair:** I’ve got that—you do not need to repeat it. Secondly, on Northern Ireland technical notices, if Ministers said to you tomorrow, “We want to publish a technical notice on Northern Ireland”, has the work been done to enable officials to given them a draft?

Philip Rycroft: I am confident that the work has been done across Government to ensure that Ministers have the information they require.

Chair: Okay, that is clear.

Q2618 **Peter Grant:** Mr Rycroft, for clarification, may I check what the usual process would be to prepare and approve the technical notices, particularly about no deal? You said that they were published in the name of your Secretary of State, Dominic Raab. Does that mean that you prepared the final civil service draft and that you submitted it to the Minister for consideration?

Philip Rycroft: The technical notices are products that come from Departments but go through a classic cross-Government clearance process, which people who have been in Government will understand, to ensure that there is collective ownership of what Government put in the public domain.

Q2619 **Peter Grant:** Okay, but you confirmed that part of your job as permanent secretary is to ensure that your Secretary of State gets good-quality advice and analysis. Does that mean that, either explicitly or implicitly, all these technical notices would have had some kind of sign-off by you and from—

Philip Rycroft: They go through a complex process, which my Department manages and which the Secretary of State is closely involved in. In terms of DExEU engagement, we have to ensure that we are happy with the notices through that process.

Q2620 **Peter Grant:** You mentioned an area that is not yet in a technical notice, which is Portaloos on the approaches at Dover. You confirmed that that detail would come from the Department for Transport. Looking at the technical notices that have been issued to date, I imagine that the one on studying in the UK and the EU would have had input from the Department for Education, and the ones about trade would have had input from the Department for International Trade. Many of the technical notices cover areas where responsibility lies with the devolved Administrations. Where there was a clear application to Scotland, Wales and Northern Ireland, did the Governments of those devolved nations have the same degree of input in the technical notices as the relevant Whitehall Departments did for England? For example, on the study one, did the Scottish Government have the same degree of input in that as the Department for Education did for England and Wales?

Philip Rycroft: The brief answer is yes, we have consulted closely with the devolved Administrations—the Welsh and Scottish Governments—particularly on those notices that touch on devolved issues, to ensure that we have their input in those notices. Ultimately, that is the responsibility of the UK Government, but it is very important—and part of the wider stream of work that DExEU is a big part of—to ensure that the interests of all parts of the UK are taken into account across the range of our work.

Also, not just on technical notices, but on the necessary adjustments to the statute book flowing from the withdrawal Act, on domestic preparedness generally and on the progress in negotiations in Brussels, it is important that the Scottish Government and the Welsh Government are



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kept fully abreast of all of that. You will be familiar with the infrastructure we have set in place with Ministers to achieve that with the Joint Ministerial Committee (EU Negotiations), the ministerial forum.

Beneath that, there is a huge amount of work going on at an official level to ensure that Brexit works for all parts of the UK and that there is no interruption to business, in particular, across the United Kingdom, which is an important objective of the Government. Obviously, with Scotland and Wales, we work very closely with their officials, but Ministers work with their Ministers. In the context of Northern Ireland, we work extremely closely with our colleagues in the Northern Ireland civil service to ensure that we understand and reflect the concerns they have across the very wide range of issues that we are dealing with, including Erasmus and programmes like that.

Q2621 Peter Grant: Were external stakeholders specifically invited to contribute to the technical notices? For example, for Erasmus, were universities invited to comment specifically on the technical notice, or did you just base it on what they told you about it before?

Philip Rycroft: You were quite right to say earlier that DfE would have been the originator of the draft of that. You would have to ask them precisely about what discussions they had had with the universities in putting together that proposition. What I can say with absolute confidence is that every Department, thinking through their technical notices, will have had very close engagement with the stakeholder community relevant to that technical notice before they put pen to paper. Indeed, those discussions continue beyond the publication of the technical notices.

Q2622 Peter Grant: Thank you. Finally, in a no deal scenario, and possibly even in a deal scenario, there are things that could play out—that we hope won't—where the Civil Contingencies Act 2004 would need to be implemented. In Scotland, the responsibility for civil contingencies, planning and action lies with the three regional resilience partnerships. Has your Department had discussions with those three regional partnerships about their state of preparedness should the worst happen after Brexit?

Philip Rycroft: Our main interlocutor is the Scottish Government, appropriately, and our discussions with the Scottish Government cover the range of scenarios we are looking at.

Q2623 Peter Grant: So they wouldn't cover a potential need to be ready to use the Civil Contingencies Act?

Philip Rycroft: We understand well where competence lies in terms of devolved and reserved responsibilities. Our discussions with the Scottish Government, as well as the Welsh Government and the Northern Ireland civil service, cover the range of scenarios, from deal through to no deal, to ensure that we understand any issues they have got and to ensure that the United Kingdom as a whole can succeed in the context of no deal.

Q2624 Andrea Jenkyns: My colleagues have been talking about engaging with



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businesses and keeping them informed and in the loop. How effective do you believe your Department has been in engaging with stakeholders such as businesses, Government, EU member states and civil society?

Philip Rycroft: Thank you for that question. Managing was probably the biggest engagement exercise that any Government have attempted in the past few decades. It is hugely important that we get out there to ensure that people in other member states, Government, civil society and businesses understand why it is in their interest to do a good deal with the United Kingdom. It is equally important that we have the feedback loops for businesses in the UK and in the EU27 to understand where their concerns are and where their interests lie. We manage that overall programme of engagement. We have upped the ante again post Chequers. We have had a lot of Ministers out and about through the summer, who you will have spotted going out round the EU27 to make the point to other member states. We have a very active programme of engagement at every level of the Department, official and ministerial, both in the EU27 and domestically.

Q2625 **Andrea Jenkyns:** Thank you. Regarding businesses, can you give an example of how you have engaged with businesses and got feedback, especially on the Chequers deal?

Philip Rycroft: Thank you for that question. I can give you a specific example. This is entirely coincidental, but I happened to be in Leeds on Friday, at Asda House. I spent a morning with Asda, talking to different folk from that business to understand where their concerns, as one of the major supermarkets in the United Kingdom, lay in terms of the Brexit process. I was able to give them a bit of information about where we have got to in the negotiations and they were able to consolidate my understanding of their supply chains and what mattered to them—not just in terms of supplying to their stores but of their staff, workforce and so on. It was a very useful visit that, for me personally, builds on a number of other interactions I have continued to have with businesses. I was at a business dinner last night in the financial services sector. I met one of the major manufacturing associations only last week. I met another financial services player on an individual basis last week.

Q2626 **Andrea Jenkyns:** What about SMEs? In my constituency we have tons of SMEs—I am sure the same is true for everybody here. How have you been engaging with them?

Philip Rycroft: That is a very good question. Clearly, in terms of the normal flow of business, big businesses find it easier to get to Government, because they employ public affairs folk and so on.

Q2627 **Andrea Jenkyns:** So how can you overcome that?

Philip Rycroft: The main way we have to do that—because we cannot reach directly, personally, every SME—is through the trade associations: the Federation of Small Businesses and the chambers of commerce, with whom we have regular interaction. Also, where we can, meeting small businesses directly—meeting those like Asda who have many small



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businesses in their supply chain. So there are different ways of getting understanding where the interests of SMEs lie in this context. We try to bring all that together, triangulate that to understand therefore what informs policy decisions but also what informs the information that is put into the public domain to help businesses plan for exit, in whatever form it might come.

Q2628 Andrea Jenkyns: Thank you. Do you believe that your Department is fully geared up and ready to leave on 29 March?

Philip Rycroft: Yes.

Andrea Jenkyns: That is good to hear.

Philip Rycroft: If I may expand on that answer a little, the Department I have the privilege of leading has grown very rapidly over the piece, consequent on the needs of the business. It started off at under 50, and we are now past the 670 mark. We will pass the 700 mark over the next three or four months, in response to the demands that are, rightly, placed on us by Ministers to be ready for exit on 29 March. We are not constrained budget-wise; we have got a generous settlement from the Treasury. We recognise the uncertainties about business and how that might be moved forward.

If I may, I want to put on the record—because this is important—the quality of the people in the Department. We recruit from over 35 Government Departments and agencies. That is about two-thirds of our staff. About a third of our staff come into the civil service from outside it. So there is an incredibly diverse range of experience and talent and a hugely talented bunch of people doing an incredible amount of hard work to deliver what is a very challenging programme. May I use the benefit of this Committee to put that on the record, so that you understand that a lot of brilliant people are working very hard to deliver a successful Brexit?

Q2629 Andrea Jenkyns: I am sure that the whole Committee would also like to commend that. We know that they have got one of the toughest jobs and it is a very historic time in British history. As head of the Department, are you aware of any discussions between yourself, colleagues or Ministers about extending the transition period?

Philip Rycroft: That is not Government policy, so it is not something that I am invited to comment on.

Q2630 Andrea Jenkyns: But are you aware of any discussions going on, whether it is Government policy or not?

Philip Rycroft: I am not aware of any discussions.

Q2631 Andrea Jenkyns: So you have not heard any yourself. Okay, thank you.

Chair: Can I just echo what Andrea said, expressing the Committee's appreciation to you and your colleagues for the important work you are doing? It is much appreciated; it is a tough job.

Q2632 Seema Malhotra: It is indeed a tough job; we all appreciate that. Thank



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you for coming to give evidence to us today.

You were talking earlier about the preparedness of government and the 300-plus work streams that you oversee. I understand that the implementation task will vary across Departments—some have many more work streams than others.

They will be involved in the formulation of draft legislation as well, the consultations that need to take place, the risks, and so on. There were 313 to 314 work streams originally identified, then that went up to 324 or 325 in your letter to the Public Accounts Committee. Is that still the number, or has it increased further?

Philip Rycroft: This is a question from the Public Accounts Committee. I had a private session with them in June or July and I was asked about it. The number does change to reflect the evolution of departmental planning. We are not obsessed with the number as a total. Our job is to ensure that all the relevant issues pertaining to exit deal or no deal situations are encompassed within those 300-plus work streams.

Q2633 **Seema Malhotra:** I understand that, but you have the master database. There will be a number in there.

Philip Rycroft: Exactly. Not only do we hold that information, we need to have the assurance that Departments are not just saying, "Here is the title of our work stream," but have a confident plan to deliver that work stream and are hitting the milestones in the work that they are doing. We have a monthly reporting mechanism to ensure that Ministers are kept abreast of that.

Q2634 **Seema Malhotra:** You do have a number of them, but you do not know what the number is.

Philip Rycroft: The number is around the 300 mark. I do not have the precise number today in front of me.

Q2635 **Seema Malhotra:** But it is more than 324, is it?

Philip Rycroft: No, it is around the 300 mark.

Q2636 **Seema Malhotra:** So the 324 to 325 number that you gave to the Public Accounts Committee in your letter in April has gone down since then.

Philip Rycroft: It has changed. There is no great surprise in this. Departments will sometimes split their issues.

Q2637 **Seema Malhotra:** We do not need to spend too long on it, but has it reduced or increased?

Philip Rycroft: It has reduced.

Q2638 **Seema Malhotra:** It has reduced. In terms of what has been identified, it was estimated that 1,000-plus pieces of secondary legislation had to be in place before we leave. Is that still the case?

Philip Rycroft: There is a very large quantity of secondary legislation that needs to be taken through. Again, the numbers shift, but we now estimate

that it is rather less than 1,000. There is a very big body of work to do to ensure that the statute book is competent at the point of exit.

Q2639 **Seema Malhotra:** That is a body of work for Parliament.

Philip Rycroft: Agreed, and supplied—obviously—by the statutory instruments that have to come out of Departments. We have an active programme working with the Cabinet Office in terms of those looking after the legislative programme to ensure that those statutory instruments are delivered to Parliament in good time to allow Members of Parliament to deliver the appropriate scrutiny.

Q2640 **Seema Malhotra:** So between October and February, approximately how many pieces of secondary legislation do we have?

Philip Rycroft: We have started this process already. A number of these have been laid, but there are probably about 800 to come through the system.

Q2641 **Seema Malhotra:** Still to go through the system by about February.

Philip Rycroft: Yes.

Q2642 **Seema Malhotra:** Do you think it is possible to achieve that?

Philip Rycroft: Our planning demonstrates that it is possible to achieve that, but there is a lot of work to do in order to manage it.

Q2643 **Seema Malhotra:** In terms of some of the challenges that have been put about the way your Department is working, the Institute for Government had said that some of the greatest challenges to your work stem from splits within the Cabinet on major policy decisions. Is that something that you have experienced?

Philip Rycroft: It is not something that I can comment on. I get clear instructions about what I am expected to do, and I transact to the best of my ability, with the support of my Department.

Q2644 **Seema Malhotra:** Is that holding up any of the work streams at the moment?

Philip Rycroft: No. There is no hold-up to the work that I have to do. I have not experienced any hold-up in the work that I have to do since I joined the Department in March last year. There is a lot of work to do, but that work continues at pace across the range of the responsibilities that I have.

Q2645 **Seema Malhotra:** A culture of secrecy has been commented on. Would you say that there is a culture of secrecy across Whitehall?

Philip Rycroft: I recall the IFG report that you are referring to. I wouldn't call it a culture of secrecy; I would say that there is necessary secrecy around some of the work we do, because of the sensitivities of that work. It is actually quite difficult to get the right balance, because a lot of the work that we do requires engagement right the way across Whitehall. A lot of what we do is also very negotiation-sensitive, so finding the right



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balance is quite tricky. We keep that under constant review to ensure that Departments have access to the right information. We have new IT systems to manage that, to hold stuff at a different level of security, which help us to get over the problems that the IFG alluded to in its report. It is a difficult issue and it is one that we are concerned to get right.

Q2646 **Seema Malhotra:** Finally, just to come back to you on the SIs and, obviously, the amount of work for Parliament that is going to be coming, you talked about 800 SIs that we may need to go through in approximately four months, which is 200 a month or, ballpark, 50 a week. Do you still think that is realistic?

Philip Rycroft: This has been discussed a lot within Government, obviously including Ministers. We recognise this as challenging for us and for Parliament—

Q2647 **Seema Malhotra:** Do you think Parliament's hours will need to be extended? Is there any discussion of that?

Philip Rycroft: Again, I would refer you to the Leaders of both Houses for those sorts of issues. The job I have got to do on this is to ensure that Departments are delivering competent SIs, ready to be laid and in a sequence that will allow Parliament to do its work. We are very conscious of the load that we are putting on Parliament, but this is a necessary consequence—

Q2648 **Seema Malhotra:** But have there been any discussions about extending the hours of Parliament in order to achieve—

Philip Rycroft: Again, that is not part of my job, and it is one of those questions on which I would refer you to the appropriate Ministers for that sort of discussion. My job is to ensure that they understand what the challenges are and to provide support for Departments, with the help and support of the Cabinet Office, to ensure that they are delivering their SIs according to the timetable that they said they would do. That is ongoing work.

Q2649 **Craig Mackinlay:** I am hoping to cover some things that you might be able to comment on—rather than ones you cannot—which is really about the machinery of government. Last October is, I understand, about the time that Mr Robbins moved over from your current position to the Cabinet Office Europe unit. We have also heard from the previous Secretary of State that he was developing his own White Paper, only to resign after the Chequers deal and subsequent White Papers came to light. You, obviously, are senior in that Department—no one more senior—so what is your recollection of what was going on over that period? It seems to me that parallel works were going on. Were you responsible for both sides of those parallel works—the Cabinet Office, Olly Robbins, Chequers-type deal, and the David Davis view of where we should get to—and were you doing work for two Departments?

Philip Rycroft: I know you had the opportunity to ask similar questions of Olly Robbins before the recess. The answer I will give you on that is that there was a DExEU White Paper. We led that work and drafts of that White



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Paper were prepared in normal course, which reflected decisions arrived at collectively by Ministers over the course of consideration in the months prior to the Chequers meeting—

Q2650 **Craig Mackinlay:** Doing what I think you call the cross-Government clearance process—

Philip Rycroft: At that point those clearly say, “This is a draft,” but we engage—we work incredibly closely with the Cabinet Office Europe unit, but also with other Departments about iterations of the draft. Ministers went away to Chequers to look at some of the critical issues which would inform the position the Government took, particularly on the future framework. A collective decision was reached at Chequers and the White Paper draft was adjusted and finalised on the basis of that collective agreement. So the DExEU White Paper was published on 12 July, led by Mr Raab, the Secretary of State for DExEU.

From that point of view, it was one single process. Obviously Government is complicated—there are lots of interests coming into that, and part of our job is to ensure that, as material goes forward to Ministers, it has been winnowed and that it is clear, factually correct and all the rest of it—but ultimately that White Paper reflected collective agreement across all of the policy component parts in it, and it went through a further process of collective agreement before it was published post Chequers, to ensure that all members of the Cabinet were confident that the agreement at Chequers was accurately captured in that White Paper.

Q2651 **Craig Mackinlay:** So are you telling me that the White Paper that was being developed under the previous Secretary of State became the Chequers White Paper by means of a subtle evolution, or was an alternative White Paper being developed within the Cabinet Office Europe unit?

Philip Rycroft: The answer to your question is in the first—

Q2652 **Craig Mackinlay:** It seems to me, from my discussions with Mr Davis, and there have been bits and pieces on various websites, that it was a very different document. I cannot believe that it was a simple evolution; it almost seemed like it came from different parents.

Philip Rycroft: The answer of your two alternatives is the first, though I would not necessarily use the word “subtle”. Clearly Chequers was a big moment: this was when some of the most difficult issues were discussed by the entire Cabinet. They took decisions, and that was reflected in the finalisation of the White Paper. That is the process that was undertaken.

Q2653 **Craig Mackinlay:** So you are absolutely telling me that there was one process and at the final stages it became Chequers.

Philip Rycroft: Yes.

Q2654 **Craig Mackinlay:** Okay. Just to go back to some of these analyses—sectoral analyses—that we had lots of discussions about earlier in the year. We had to have the parliamentary processes to get them published,



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eventually. It seems the Treasury is very much involved with its own views on what post-Brexit Britain might look like under different scenarios, and they do not always coalesce in full agreement with what your Department might have produced. Can you understand people's concerns about estimates of where Britain might be in 15 years' time when various Government Departments do not seem able to get the estimation of what next year will look like exactly right?

Given that the Treasury's forecast before the referendum of about 500,000 to 800,000 being unemployed, a contraction of GDP, an emergency Budget, higher interest rates and general damnation has not come to pass, can you understand people's concerns when they see some of these analyses coming out from your Department, the Treasury or the Bank of England? They are not as assured as they might be, because you can judge the future from what you have seen in the past, and what we saw then did not come to pass. Should we have greater confidence in what we see now?

Philip Rycroft: Thank you for that question. It is quite important that people understand the nature of the work we are doing. It is analysis of different scenarios. You are aware of what work was done, because it has gone into the public domain, and that work continues, as I have said. The crucial landing point for that in the next little while is the commitment of Government to make analysis available to Members of Parliament to inform the decisions taken on the deal that is done.

But, just in terms of what that analysis is, it is not forecasts. This is very distinct from the normal Budget/OBR-type short-term economic forecasts. This is economic modelling, which takes a range of inputs and factors, knowing what the world is now, and projects from that, to try to understand, through that modelling, what might happen in the economy under different circumstances. That is the first point.

The second point is equally important: this is not deterministic. The model does not say, "Given these circumstances, this is what would happen in that future," because Government can do things with that information. If there is a risk over here—for example, there may be skill shortages in a particular sector of the economy—the Government can take action to address that, particularly over the timescales that we are taking.

I am very confident of the quality of this work. We are drawing on the best economic analysis and analysts from across government. However, it is important that people understand the nature of the work being done. This is not about short-term forecasting.

Q2655 Craig Mackinlay: You can understand my concern that, pre referendum, there was lots of Government output trying to change peoples' votes, effectively, through fear or whatever reason. Most of it was fear—that there would be a dreadful outcome and Britain would fall apart. That has not come to pass.

Now, say that Chequers is actually put forward and codified into something to be put to Parliament, your Department will no doubt put



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together what that might mean economically for Britain, and I am sure that the Treasury and the Bank of England will do the same. The main reason for that would be to inform our vote and perhaps to steer us toward either supporting it or not. Should we have greater confidence in that than what we have seen in the past?

Philip Rycroft: The main purpose of the analytical work that I do and oversee, from a DExEU perspective, is to ensure that Ministers take decisions based on the evidence that they have before them. Again, it does not constrain those decisions; it informs them. The same applies when that information is presented to Parliament. Of course, Ministers will determine—as is quite appropriate—what analysis is put forward in meeting their commitment to ensure that Members of Parliament are informed when taking their decision on the deal that is done.

Q2656 **Stephen Timms:** Can I just press you a little bit further on the questions of the fiscal impact and the work being done on looking at the fiscal impact of a no deal outcome? The Chancellor has written to the Treasury Committee on this in the last couple of weeks. His letter makes the point that: “The January analysis estimated that borrowing would be around £80 billion a year higher under a no deal/WTO scenario by 2033-34”, which is the 15-year time horizon that Craig Mackinlay referred to. Is that estimate the outcome of the cross-Government process co-ordinated by your Department that you have described to us today?

Philip Rycroft: The Chancellor’s letter makes clear that that draws on analysis that went into the public domain in January. It is not a complete analysis and clearly does not reflect Chequers, because it was way before Chequers, and it does not reflect the deal that will hopefully be done over the next few weeks. The job I have, working with my team and across Whitehall, is to ensure that that analysis is brought up to date for Minister’s to reflect the progress in the negotiations and the deal that is done. That is what we are doing.

Q2657 **Stephen Timms:** Is the £80 billion figure a Treasury figure rather than a co-ordinated cross-Whitehall figure as a result of the process that you now lead?

Philip Rycroft: That reflected the cross-Whitehall work that had been done on the analysis that went into the public domain at that time.

Q2658 **Stephen Timms:** So it was a cross-Government estimate?

Philip Rycroft: There is a process that we in DExEU help to co-ordinate as part of our work. However, what came into the public domain was of course not the finished article by any means. It was work in progress.

Q2659 **Stephen Timms:** The Chancellor’s letter goes on to say what you have just told us: “The initial, January cross-Whitehall analysis is now undergoing a process of refinement in the run up to a parliamentary vote on the deal. However, we expect the analysis to show that for scenarios in which we have higher barriers to trade with the EU there will be a more damaging effect on the economy and public finances.” Can I just check that that second sentence reflects a cross-Whitehall view?



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Philip Rycroft: That reflects the Chancellor's view of what he knows of the analysis at this stage. Of course, neither he nor anybody else can have a complete picture of that analysis at this stage, because we have not yet got to the end of the process of negotiating that deal. That is where the analysis will reach its conclusion at this stage of the process, and from that will be drawn the information, as the Chancellor's letter reflects, that will be put to MPs.

Q2660 **Stephen Timms:** So you are saying that the view that higher barriers to trade with the EU would lead to a more damaging effect on the economy and public finances is not yet a cross-Whitehall view—it is simply the Chancellor's view?

Philip Rycroft: The Chancellor is reflecting the work that has been done hitherto, drawing on the January analysis. Clearly, we are not yet at the point where that analysis has been concluded in terms of what the UK Government anticipates will be the outcome for the UK assuming a deal is done. That is the work that continues across Government as we speak.

Q2661 **Stephen Timms:** Yes, but the Chancellor says he expects the analysis to show that higher barriers to trade mean more damage to the public finances. Do you expect that is what the analysis could show too?

Philip Rycroft: That was one of the conclusions you could draw from the analysis from January. That is why it is in the Chancellor's letter. What the conclusions are from the completion of that work, I cannot say—and nor can anybody else, because the work is not completed.

Q2662 **Stephen Timms:** The Chancellor's letter of a fortnight ago does state that "we expect the analysis to show that". You are clearly not willing to endorse that, which I understand. Can you tell us a little more about how your Department is working with the Treasury and, no doubt, other Government Departments, specifically on the fiscal impact of no deal?

Philip Rycroft: Ministers obviously need a collective view from across the civil service on the analysis and what it tells us about the deal that is on the table, so we have to draw that together. That is part of the work that we do: involving the Treasury and other Government Departments, such as DIT, so that the Cabinet Secretary ultimately can take an informed view of that analysis and present it as a civil service product to Ministers.

Q2663 **Stephen Timms:** So when, in the end, a revised version of the £80 billion figure is produced, will it be your Department's responsibility to produce that number or the Treasury's?

Philip Rycroft: This will be a cross-Government product.

Q2664 **Stephen Timms:** But who will actually work out the figure?

Philip Rycroft: It is like a lot else that goes on in Government: part of the job of the civil service, working across different Departments, is to give Ministers as clear a view as we can of what the analysis is saying. That is what we will endeavour to do. Therefore, if there are numbers in this analysis, those numbers will be derived from cross-Government work,



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with the Cabinet Secretary ultimately taking a view on that and presenting a product to Ministers.

Q2665 Seema Malhotra: Mr Rycroft, aren't the responses you have just given indicative of some of the challenges identified in the Institute for Government report? Its criticisms included the co-ordination of work across 20 Departments, the absence of a clear end state, poor information flow and competing ministerial preferences. Is this not another illustration of you being unable to give a straight answer about even who would be responsible for a particular—

Philip Rycroft: No, I think that is a bit unfair. I did not necessarily agree with all the conclusions of the IFG report. We have an extensive programme of engagement across a whole range of issues.

Q2666 Seema Malhotra: But somebody has to take responsibility.

Philip Rycroft: I take responsibility for the co-ordination of Brexit-related work across the many domains of Brexit. The analysis is one of them, as are domestic preparedness, deal or no deal; dealing with international agreements; engagement, and relations with the devolved Administrations. There is a very big programme of cross-Whitehall work. We sit down with Departments constantly to ensure that this is well co-ordinated. That is the job that I have to do, and I hope that I transact that job to the best of my abilities.

Q2667 Jeremy Lefroy: Good morning, Mr Rycroft. One of the major impacts will be on foreign and trade relations. We will be a third country to 27 other countries to which we are not currently a third country. That will have a considerable impact on the conduct of foreign affairs and trade matters. What is being done or has already been done to strengthen bilateral representation, first, in the 27—actually, as we must include the four EEA countries, so 31—other countries to which we will be a third rather than a second or a first country as of March next year?

Philip Rycroft: That is absolutely identified as one of the issues we have. The Foreign Office leads and has responsibility for ensuring that the missions in the EU27 are up to scratch now. This work has increased already. It is not about waiting for exit on 29 March or the end of an implementation period; this is now. It is their job to ensure that the staff and the capability are there. On the details, I would again refer you to the Foreign Office on how they manage that, if I may. I have a particular concern with UKRep. You were there yesterday and met some of the very talented folk in UKRep, who are doing a very tough job in these circumstances. UKRep has to transform itself from a permanent representation of a member state to a third country mission, and that is a conversation and a planning exercise with Sir Tim Barrow and with the Foreign Office that we are deeply engaged in.

All of that nests within a wider context of the preparedness of the civil service, both on its diplomatic and trade side and on the domestic side, to be ready for the very big challenges that come with Brexit—to be able to take up the opportunities, undertake and transact the business that comes



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back to the UK on regulation and so on. This is a very big challenge, and it is part of my job, working in this case with John Manzone's team in the Cabinet Office, to think about that from a resourcing perspective, and from a capability perspective to work with Sir Simon McDonald in the Foreign Office and Tim Barrow in UKRep to understand the implications of that for the diplomatic network and specifically for UKRep. It is a big programme of work and we are on it.

Q2668 Jeremy Lefroy: Do you know how many additional staff the Foreign Office and the Department for International Trade have recruited for those 31-plus different missions?

Philip Rycroft: For the different missions, no, I don't know the precise number. I am very happy to write to you, if that would be convenient.

Chair: That would be helpful.

Philip Rycroft: In terms of DIT itself, that Department has grown very substantially over the last couple of years in order to be ready to take on the task of negotiating new trade deals and managing our trade relationships across the globe.

Q2669 Jeremy Lefroy: Of course, it is not just within Europe. There are many parts of the globe—or some parts—where we do not have a representation in each country but the European Commission does have a representation, which acts on our behalf as a member state. It will no longer act on our behalf as a member state. How many new missions, where we are currently effectively represented through the EU, are you aware that the Foreign Office is proposing to open to counter the deficiency that will be there from the end of March 2019?

Philip Rycroft: I don't have the precise number. It is one of those issues that is of concern across Government. I can include the numbers in the letter that I will write to you, if I may.

Q2670 Jeremy Lefroy: I would like both the numbers and the names of the countries, so that we can match where we currently have representation through the EU when we do not have our own mission with where we will be in April 2019.

Philip Rycroft: I am very happy to do that, with the caveat that I do not have the precise numbers there and that, in terms of the roll-out of Foreign Office plans, some of this may be in being at the moment, some of it may be planned and in the public domain, and some of it may be—

Q2671 Jeremy Lefroy: But clearly this matter is so germane to exiting the European Union that it has to be of the absolute highest priority, and the Foreign Office must be disclosing that information to you?

Philip Rycroft: Yes. I will get you the information that is in the public domain.

Q2672 Jeremy Lefroy: Thirdly, going back to within the European Union, we will now be excluded from all sorts of contacts on a daily, weekly,



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monthly and annual basis, where we pick up valuable information that will no longer be available to us. What additional resources are we seeking to put in place, so that we can be aware of that kind of information? I am not talking about top secret information; I am talking about the day-to-day business that currently we are party to and we will be excluded from unless we go into some kind of EEA-type arrangement from April 2019, which requires a lot of human resources.

Philip Rycroft: I agree with that. There are two or three dimensions. Part of the negotiations for the implementation period itself, but also for the future relationship, is about what access the UK will have in terms of working groups, technical committees and so on, to be able to participate in those discussions, even if without voting rights. How much access we get is a factor in the negotiations.

Your underlying point is absolutely right; we are not going to be a member state. We are not in the institutions and it is partly a question of numbers, but it is also partly a question of different capabilities and skill sets. To be able to work the Brussels beltway in a way that elucidates the information that is required to inform decision making by Ministers back here will require UKRep, in particular, to act in a very different way—that will come as no surprise to you.

I don't know whether you discussed this with colleagues in UKRep yesterday, when you had the opportunity to do so. It is about talking to other third country missions, whether Canada, the US or Norway, to understand how they go about that business. We recognise that it is a different sort of challenge. Just as in DExEU we are growing the capability of a lot of folk who will be able to take that understanding of how we manage our relationship with the EU as a non-member state around Whitehall in the future, so we have to work with UKRep to ensure that they can make that transition in good time, and that is what we are doing.

Q2673 **Jeremy Lefroy:** Are you aware that the Department for International Trade is reducing its representation in certain parts of the world, at a time when it would seem obvious to us that it should be increasing it?

Philip Rycroft: I am permanent secretary at the Department for Exiting the European Union. You should raise this issue with DIT itself.

Q2674 **Jeremy Lefroy:** But of course that has a direct impact on us exiting the EU, because one of the main gains that is supposed to come from exiting the EU is that we can increase trade in parts of the world where we currently underperform, yet in those very parts we are seeing reductions in the number of Department for International Trade staff. You must be aware of that.

Philip Rycroft: Clearly, future trade deals and improving our trade and relations across the globe is one of the big opportunities emerging from Brexit. How that is transacted beyond the EU is a matter for DIT. How they deploy their resources, and whether they have sufficient resources to do that, is a question that you should take up with them.



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Q2675 Jeremy Lefroy: Finally—I hope you have an answer to this question—what is the estimate of the additional cost of all the overseas representation that we are now going to need, quite rightly, to put in place, whether it is on diplomacy, information gathering or trade, compared with what it is at the moment?

Philip Rycroft: I don't have that estimate. Again, I can cover this in the letter I have promised to write. There are no fixed points in this. How that evolves and changes over time will have to reflect the circumstances that we find ourselves in. This is about good, sensible planning across Government, in this context by the Department for International Trade and the FCO. In terms of a more detailed understanding of that, it is appropriate for those Departments to respond to it.

Q2676 Jeremy Lefroy: If I were to put a figure in the hundreds of millions, as opposed to the tens of millions of pounds a year that we are going to need to spend additionally to ensure that we have that representation globally and within the EU that is required with the new circumstances, you would not demur from that?

Philip Rycroft: From the point of view of my own Department, we have 670-odd folk now and this year in the region of £65 million. That gives you some idea of the quantum in financial terms. Across Whitehall there are plans already committed to recruit staff to support exit work, and we are approaching around the 7,000 mark. There will be 9,000 or 10,000 on current plans to come into the Whitehall context. That is all supported by the money that the Treasury has made available—the £3 billion over two years—so the money is there to support that activity. I am confident that, for my Department, I have the resources I need to do that.

I emphasise the point that this is not just about quantum; it is also about capability and quality. This is a very big challenge for the civil service, and one that no doubt this Committee will have an interest in over time—how the civil service is adapting and responding to circumstances, and how it can be ready for life once we leave the EU on 29 March next year and, again, once we leave the implementation period at the end of December 2020.

To give you an assurance, part of our thinking—I come back to the purpose of this discussion: thinking about the machinery of government changes—is the very clear instruction to me, captured in the Prime Minister's written ministerial statement, to think about preparations for what happens beyond achieving a deal later this year. It is hugely important that the Government have the capability to think ahead, and that is part of the job that we have.

Q2677 Mr Whittingdale: I have just one very quick question. We have spent a lot of time discussing the sector-by-sector analyses that DExEU has conducted on the impact of no deal on British business. Can you confirm that DExEU has also conducted a parallel exercise looking at the economic interests of each member state in the UK and how they would be affected by no deal?



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Philip Rycroft: The brief answer to your question is yes. Of course we understand the nature of the business links from the EU27 in the UK and the trading links, and the dependencies across different sectors. That is part of the work we do.

Q2678 **Mr Whittingdale:** So there is an analysis country by country of what the effect on them would be.

Philip Rycroft: Yes.

Q2679 **Mr Whittingdale:** And are you intending to publish those?

Philip Rycroft: We do not have any immediate plans, but it is certainly information that is informing decisions that Ministers take about their position across the range of scenarios that we are planning for.

Q2680 **Mr Whittingdale:** But if the Committee asks for the publication of those documents, obviously that will be for Ministers to decide.

Philip Rycroft: Yes.

Q2681 **Chair:** Just thinking about that point, it would be hard to argue that it would damage the negotiations, because presumably the countries themselves know what their economic interests are in the UK.

Philip Rycroft: There are arguments on that both ways, I think, but again this is probably a discussion for Ministers.

Q2682 **Chair:** What is the other way, against publication?

Philip Rycroft: It is just that I think I remember, when I was previously before the Committee, that in terms of the sectoral analysis it is a little bit like doing the Commission's homework for it, and something applies in that space—but this is a decision for Ministers.

Q2683 **Chair:** I have one final question, coming back to the point that Mr Bone was making earlier, which is on the timing of notifying businesses if it turns out that a deal is not going to be reached. The question I wanted to ask was this, because clearly this has enormous financial and reputational implications for businesses: have you discussed—I am not asking you to talk about legal advice—as one of the possibilities you might have to consider, the possibility of either private litigation or judicial review against the Government on the grounds that there has been late or inadequate notification that has then impacted upon commercial operations?

Philip Rycroft: As I said in answer to earlier questions, the work that we do covers a very wide range—

Q2684 **Chair:** No, I have got that—there is no need to repeat it. The question was: is that one issue that you have considered—that there might be judicial review or private litigation?

Philip Rycroft: We have to understand all the possible implications—

Chair: And this is one of the possibilities.



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Philip Rycroft: We have to understand all the possible implications for Government, if I might leave it at that.

Q2685 **Chair:** So you are not willing to say whether it is one of the possibilities that you have thought about.

Philip Rycroft: I am not going to reveal in further detail the planning that we are doing.

Chair: Okay. Thank you very much for coming today and for giving evidence. We really do appreciate it.