HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: Brexit and the UK Border: Progress Review, HC 1595

Monday 5 November 2018

Ordered by the House of Commons to be published on 5 November 2018.

Watch the meeting

Members present: Meg Hillier (Chair); Douglas Chapman; Sir Geoffrey Clifton-Brown; Caroline Flint; Stephen Morgan; Anne Marie Morris; Bridget Phillipson; Lee Rowley; Gareth Snell.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Leena Mathew, Director, NAO, and Richard Brown, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1–158

Witnesses

I: Jon Thompson, Permanent Secretary, Her Majesty's Revenue and Customs, Karen Wheeler, Director General, Border Co-ordination, HMRC, Clare Moriarty, Permanent Secretary, Department for Environment, Food and Rural Affairs, and Paul Lincoln, Director General, Border Force, Home Office.

House of Commons

Report by the Comptroller and Auditor General

The UK Border: Preparedness for EU Exit (HC 1619)

Examination of witnesses

Witnesses: Jon Thompson, Karen Wheeler, Clare Moriarty and Paul Lincoln.

Chair: Welcome to the Public Accounts Committee on Monday 5 November 2018.

Before starting our main session, we felt it would be appropriate to send our condolences to the family and friends of Lord Heywood. As Jeremy Heywood, he served four Prime Ministers and, of course, appeared in front of this Committee. He did not appear too often, which I think was one of the clever things he did as a good head of the civil service, but when he did appear he was a consummate professional. He has quite rightly been highlighted by those four Prime Ministers in particular as an outstanding and skilled public servant. He had those skills tested on many occasions, not least in dealing with Brexit in recent months and years. I know that he was held in high esteem by all those who worked closely with him, including many who are here today. Those warm tributes from our former Prime Ministers speak for themselves. Our thoughts are with his family.

I am sure he would want us to carry on. Today, we will be challenging you about how well you, as public servants, are delivering. We are here to look at the UK border and its preparedness for exit. This is not our first foray into this, and a number of you have appeared in front of other Committees as well. We remain concerned about how ready the UK is to cope, and the National Audit Office Report does not really do a great deal to allay those fears, but today we want to focus on the practical impact on different aspects of the economy. We have the NAO Report, previous work on this and evidence that you have been giving to other committees, so we want to drill down into some specific areas.

Before I hand over to Sir Geoffrey Clifton-Brown to ask about agriculture and animals, let me introduce our witnesses, from my left to right. Karen Wheeler is director general for border co-ordination at Her Majesty's Revenue and Customs; Jon Thompson is HMRC permanent secretary, and a frequent flyer here; Clare Moriarty, who is also often here, is permanent secretary at the Department for Environment, Food and Rural Affairs; and Paul Lincoln is director general for Border Force at the Home Office.

Q1 **Sir Geoffrey Clifton-Brown:** Ms Moriarty, good afternoon. Let us start with phytosanitary checks. Since the referendum, your own plant health register has identified 153 serious diseases that affect plants, yet paragraph 16 of the Report summary says that "Defra intends not to apply regulatory or safety checks on the majority of agricultural and food-related products and other goods arriving from the EU." Isn't this going to be a charter for every rogue producer in the EU to import plants that have diseases?

Clare Moriarty: We are absolutely committed to maintaining the very high standards of biosecurity that the UK has. We are certainly not in the business of reducing that level of protection. What we are looking at here today is what we would do in a no-deal situation, particularly right at the start. We would have to weigh up the importance of maintaining flow in the context of a thorough risk assessment.

As we discussed when I appeared before the Committee three weeks ago, there is no instant step change in the level of risk from plants and plant products coming into the country. We are taking that into account in the regime that we will be operating, but we intend to make sure that we control the same level of risk. Over time, we would expect to extend the checks that we apply to pre-notifications of imports from the EU, but on the first day of a no-deal exit, we do not think that the level of biosecurity risk will be different from the previous day.

Q2 **Sir Geoffrey Clifton-Brown:** But won't the criminals soon work out that checks are not being carried out properly and alter their behaviour accordingly?

Clare Moriarty: That is absolutely part of the risk assessment that we are building into our approach to how quickly we can move to different arrangements. However, within the EU there are regulations that govern the way in which seeds are propagated and plants and animal products are produced. We will not see a sudden change in that, but we certainly need to recognise that people might try to exploit and take advantage of a perceived different regime. That is why we have to balance how quickly we can move to a new regime without causing imports to fall over against the need to bring in, staff and properly organise future controls.

Q3 **Sir Geoffrey Clifton-Brown:** I hardly need to remind you that foot and mouth came in on a ham sandwich and eventually cost the Government and the industry £8 billion. Resources put into this area could therefore be very cost-effective.

Clare Moriarty: Yes, and as I said to the Committee during my appearance three weeks ago, we are absolutely committed to maintaining our biosecurity. We expect to make changes over time. That which we do on 29 March 2019 if there is no deal is not that which we expect to do some months or years later. However, we have to pragmatic about what we can cope with. We do not want to create an environment in which, suddenly, we cannot bring necessary food products into the country.

Q4 **Sir Geoffrey Clifton-Brown:** How long do you think it will take you from now, irrespective of whether there is a deal, to get a phytosanitary inspection system that is up to the job?

Clare Moriarty: We are recruiting additional phytosanitary inspectors at the moment. That is an area in which we are increasing our resources in order to be able to manage the system properly. On the exact point at which we will have particular measures in place, the honest answer is that we have to work that out, looking at our understanding of the movements that are happening. At the moment, we are focusing very much on making sure that we can manage—

Q5 **Sir Geoffrey Clifton-Brown:** So the short answer to the question is that you don't know?

Clare Moriarty: The short answer to the question is that it is something that we are still working on.

Q6 **Chair:** How long will it take to recruit and train these inspectors?

Clare Moriarty: We are recruiting, I think, about 109 inspectors. We have recruited 57, and we are continuing that process.

Q7 **Chair:** When they are recruited, are they ready to go from day one, or do they have to be trained?

Clare Moriarty: They have to be trained. We are trying to put newly recruited inspectors into the areas with the least training requirements, to release people with more training.

Q8 **Chair:** How long does that training take?

Clare Moriarty: I would have to check. My recollection is that some of the training can be completed in about a three-month period. We may then need to make sure that we deploy our resources so that the most experienced people are in the right place.

Chair: If you could write to us to confirm that, that would be helpful.

Q9 **Sir Geoffrey Clifton-Brown:** Figure 1 on page 14 says that, of the 270 crossing points in the UK, there are to be no major checks at 207 of them. Surely every rogue in Christendom will know where to get diseased plants and animals into this country?

Clare Moriarty: We are doing a piece of work at the moment to understand where the major points of entry are for DEFRA commodities. There are 22 major points of entry at the moment, so we are focusing our efforts on those.

Q10 **Sir Geoffrey Clifton-Brown:** Paragraph 3.22 on page 37 says, as we have discussed before, that there will be some rerouting of exports. Has your Ministry considered the possible animal welfare implications of that? If live animals have to travel longer distances, there must be a possibility of their welfare being compromised.

Clare Moriarty: When we talk about rerouting of exports, we are very much talking about non-live animal exports. The scale of live animal exports is very small. There are 4,000 live animal exports a year, compared with a quarter of a million sheep per week slaughtered within the UK.

Again, as I think I said to the Committee last time I was here, we have very close control over all movements of live animals for export. Before any operator can move live animals, they have to submit a journey log to the Animal and Plant Health Agency. That is assessed and approved, and animal welfare is absolutely front of mind while that process is going on. We would not approve any rerouting that we felt compromised animal welfare.

Q11 **Sir Geoffrey Clifton-Brown:** How far have you got in your discussions with other Government Departments—HMRC and Transport—in prioritising key food goods that might be perishable? Live or dead weight animal exports clearly need to be prioritised and not delayed.

Clare Moriarty: That discussion is starting across Government and colleagues might want to chip in. There is an understanding that the Dover strait and particularly the ro-ro ports are where a lot of the perishable food comes in. We need to make sure that we have got the right mechanism in place. That is how food fits into a broader picture.

Q12 **Sir Geoffrey Clifton-Brown:** To be frank, that answer sounds a little concerning. When the supermarkets and other shops are relying on just-in-time food chains, not only is there a risk that the food will pass its sell-by date, but a risk that the shops will not have the supplies that they need. I would have thought this was one of the highest priority areas for Brexit to be considered.

Clare Moriarty: It absolutely is. It is very much the subject of discussion across Government at the moment. There has been a lot of analysis to understand where food comes in. About 10% of our food consumed comes in through the Dover strait, so we need to understand what can be re-routed, how we make sure that we give it adequate priority, and also how we support the very complex and sophisticated supply chain in food. We are not controlling all of that ourselves. We are trying to support the logistics companies, the retailers and all of the people involved in the food supply chain to make sure that they can bring food in.

Q13 **Sir Geoffrey Clifton-Brown:** Mr Thompson, this is a really important matter—even that 10% from Dover. If there is significant disruption to food coming into this country, it will mean shortages on the supermarket shelves. You are both chairmen of the cross-border committee. What more can your committee do to ensure that that doesn't happen?

Jon Thompson: To be fair, it is not Clare who is jointly chairing it; it's Shona Dunn, the second permanent secretary at the Home Office. But perhaps I can answer your question one back. The question of prioritisation only arises because of two prior steps, the first of which Clare has set out, which is that you need to do an assessment of the capacity loss that might be plausible in the event of day one, no deal. That work about what might be the impact on capacity across the short straits has been done and given to Ministers. As part of that work we have been looking at what might be alternative routes for traffic to flow. Secondly, you have to make a decision about whether the Government should intervene in that market or not, and Ministers have yet to make that decision. Thirdly, if you decide there is a reduction in capacity and that the Government ought to intervene, only then do you get to your question about what our prioritisation methodology would be. So Ministers have considered the first of those steps and seen some early work on intervention and prioritisation, but have yet to make any decisions.

Q14 **Sir Geoffrey Clifton-Brown:** Has there been any discussion with the NFU or anybody else? If foodstuffs or animals are delayed through no fault of the farmer, the exporter or the haulier, is the Government liable for any compensation?

Clare Moriarty: We are in regular discussion with the National Farmers Union and other bodies. As Mr Thompson said, you go back a step, because it is not necessarily a question of food being delayed; it's a question of how the market responds and whether or not particular types of food are transported through particular methods. This is not an area where the Government would expect to be paying compensation, but we absolutely need to work with this very diverse supply chain to provide all the support we can to make sure that the arrangements are in place.

Q15 **Sir Geoffrey Clifton-Brown:** Mr Thompson, we have got an awful lot of ground to cover, so may I move rapidly on to chemicals?

Jon Thompson: It's actually Clare's responsibility.

Q16 **Sir Geoffrey Clifton-Brown:** Yes, it's DEFRA's responsibility. Has a chemicals regime been agreed yet? If not, how will the REACH provisions work? If the UK hasn't agreed it, how will the continent grant REACH licences for chemicals to be exported?

Clare Moriarty: Again, we talked quite a lot about REACH when I was here a few weeks ago. There are two cases in point for REACH. One is for what happens to UK companies who export chemicals to the EU, and the other is companies who import chemicals from the EU. In relation to companies who import chemicals, we are effectively setting up a mirror regime and a mirror registrations process. If companies have previously imported chemicals only from the EU, they will not have needed to have a registration, so we are giving them an amount of time after 29 March 2019, should there be a no deal, to provide the basic data, and a longer period to provide the full dossier that you would expect for a registration system. Companies that are importing will be able to continue importing. Depending on the nature of the products they are importing, they will have 120 or 180 days to provide further information, and about two years to provide the full dossier.

Companies exporting chemicals will need to re-register with an EU27 address. If they are part of a broader company group, that may be the address of another company within the group, or via what is called an only representative, which is effectively an agent that holds the registrations. As a company, they will need to change their address. They will have a registration within the EU system, and they will then need to change the address on that registration. That is a technical process. We have had quite a lot of engagement with the EU chemicals—

Q17 **Sir Geoffrey Clifton-Brown:** We must try to keep the questions and answers brief. As I understand it, a chemicals company will have to register under the EU REACH regulations, which is likely to take some time, so there will be a gap, which will surely hit small businesses exporting chemicals particularly hard.

Clare Moriarty: These companies will already have a registration, but will need to change the address on the registration. That should be a technically relatively straightforward process, but it is an unusual process. The engagement that we have had with the European Chemicals Agency suggests that they are planning to open up the capacity to do that in time for the companies that need to do it to complete that process.

Q18 **Sir Geoffrey Clifton-Brown:** The other smaller category is of those companies that have not exported before. How will they work?

Clare Moriarty: In all these multiple cases, I may have to check exactly where we are on them, but my best understanding—as I say, we went through it in quite a lot of detail last time—is that we do not anticipate that there will be a problem with companies being able to continue to export and import, providing that the European Chemicals Agency is able to process the relocation of the registrations.

Q19 **Chair:** Not much has moved on since three weeks ago, but we recognise that it is an important area. Before I move on to Bridget Phillipson, I wanted to check, if I were a farmer in Sir Geoffrey's constituency—for argument's sake—and I was not going to get an export licence because you are worried about queues of lorries and, therefore, that the goods, the live animals and even the dead weight in the refrigerated lorries, could not get through in time, have you done any modelling to see what would happen if that livestock cannot be exported or sold? What would happen to the British market? How would that distort it? Would it affect the imports that we would have from other countries?

Clare Moriarty: Again, can I separate the live exports from the carcass weight? As I say, individual journeys for live exports are individually ratified. For exports, we are standing up the mechanisms to enable people to get the export health certificates that they will need in the new system. We said last time that we are also looking at what the implications might be if there is an impact on exports and how we might need to support the farming industry. I am not yet able to say to you, "This is exactly what we are going to do," but it is certainly an area that we are looking at.

Q20 **Chair:** You are looking at it, but you have not got a conclusion on it. You have not done any modelling to see whether you are going to have extra livestock on farms that might reach the point where it needed to be slaughtered, sold and enter the British market.

Clare Moriarty: We are starting to do the modelling. Clearly, if exports are reduced, there will be an impact on livestock. Part of the question is, with different types of livestock, what is the point at which you can make decisions about—

Q21 **Chair:** It is a huge piece of work. I suppose you will not understand until it happens. How prepared are you to deal with those challenges?

Clare Moriarty: I think we will be prepared to deal with the challenges. Some of it is about understanding what messages we might need to give. For some forms of livestock, you can decide in a three-month period how much you are going to rear. Poultry, for example, has a relatively short life cycle. As we do with everything, we are looking sector by sector to understand what the implications might be. We absolutely understand the potential implications for farmers.

Q22 **Sir Geoffrey Clifton-Brown:** You mentioned the export health certificates, which are anticipated to increase by 300%. You do not know how many resources and staff you will get, let alone vets. Is that not going to be a major problem?

Clare Moriarty: We do not think we will have a problem issuing export health certificates. There is of course a trade-off, because if we find that the difficulty is in exporting due to the flow through the ports, we may find that we have a smaller impact on export health certificates. We have hardened and strengthened the existing system for export health certificates, we have recruited people, and we are reasonably confident that neither the export health certificates nor the capacity in the veterinary market will be a constraint. The Royal College of Veterinary Surgeons has agreed this week to the proposition around non-vets being able to be part of the process for issuing export health certificates.

Chair: We will move on to Bridget Phillipson.

Q23 **Bridget Phillipson:** The car industry is vital to the UK economy. What work has been undertaken by HMRC with reference to the car industry and its supply chain, so that it is prepared for any changes that might be needed?

Jon Thompson: We have done quite a bit of work through a third party with the chemicals industry, the food industry and car manufacturing, in order to understand from them the very practical impacts of what day one, no deal, might mean. Indeed, Karen and I visited a major car manufacturer last month to see what the practical impact of that would be.

The reason why we focused on those three particular areas is because they are generally the areas where the tariff can be highest, or where free trade agreements are subject to the most negotiation. I think we have given Ministers a very clear understanding of what it would mean for the car manufacturing industry if there were to be a day one, no deal, and if the EU therefore charged us the common external tariff on imports and on exports. That has all gone to Ministers.

Q24 **Bridget Phillipson:** Putting aside the issue of tariffs, on the issue of non-tariff barriers, even a small increase in paperwork in the sector could lead to major issues and a drop in productivity. What work has been done around the issue of non-tariff barriers? Also, you mentioned no deal, but I am keen to hear the impact of the various scenarios that could result, not just the no-deal scenario.

Jon Thompson: Sorry; my misunderstanding. In relation to deal, of course the Government's preferred option, and we ought to say this at least once in the course of this Committee, is to strike a deal; that is largely set out in the White Paper.

Q25 **Chair:** We know that.

Jon Thompson: I know you know that, but I say that for the record. If we go through this entire Committee and do not say that the Government's preferred outcome is to strike a deal, as set out in the White Paper, on the free trade area—

Chair: Okay, Mr Thompson. We've got that.

Jon Thompson: I have recorded it once; I do not need to say it multiple times.

Chair: You've said it once; that is fine.

Jon Thompson: The White Paper sets out that there will be a combination of four things under that deal: the facilitated customs arrangement; no tariffs; a common rule book for goods and agriculture; and market surveillance. That does not really have any impact on the car manufacturing sector. Again, when we visited a well-known car manufacturer, they were really clear about that. In relation to no deal, potentially different regulatory arrangements apply, but that is clearly not the Government's preferred outcome.

Q26 **Bridget Phillipson:** So you are saying that there is no impact on the car industry from scenarios other than no deal.

Jon Thompson: From the deal.

Q27 **Bridget Phillipson:** So what would the impact be? I am sorry; I am trying to understand what you just said. Setting aside no deal, and looking at the various scenarios that could result—the Government's preferred model and so on—what is the likely impact, if any, on the car industry and its supply chain?

Jon Thompson: My understanding from the extensive time that we spent in the factory recently was that there would be very little, if any, impact on the car industry. Karen may want to add to that.

Karen Wheeler: Obviously, they were primarily concerned about the non-tariff barriers, and they would be removed if the deal included no friction with EU trade. Clearly, there would be different possible impacts on them depending on the shape of a deal, but they were not things that they were particularly worrying about when we spoke to them.

Q28 **Bridget Phillipson:** Naturally, we are all concerned about the impact on the major players, but the supply chain down the line may be less prepared for what is happening. What conversations is HMRC having with small and medium-sized businesses involved in the sector about their preparedness?

Jon Thompson: Still in the car manufacturing industry?

Bridget Phillipson: Yes.

Jon Thompson: We have been through the primes to understand their concern, and there clearly is some concern about what no deal might mean for the viability of companies in the supply chain, particularly in relation to managing cash flow.

Q29 **Bridget Phillipson:** What has the level of engagement from the SME sector been like? Have you found them as prepared and as engaged in what is happening as the bigger players?

Jon Thompson: No.

Q30 **Bridget Phillipson:** Could you expand on that?

Karen Wheeler: It is fair to say that we have tried to reach out to trade rep organisations that represent the smaller organisations. The smaller organisations obviously have less corporate infrastructure and capability to think about and plan for exit; the trade rep organisations are therefore our best route into that, but also, the primes, as with the major manufacturers, are highlighting the implications for those organisations. There is no doubt that what they are all saying is that there are significant impacts for smaller organisations. We are not able to directly engage with them in the same way; there are obviously many thousands of these organisations. We are trying to do that through the trade rep organisations and through the primes, but that's—

Chair: Going slowly.

Karen Wheeler: *indicated assent.*

Q31 **Bridget Phillipson:** I am also concerned to understand the likely impact on regional ports of any additional barriers that may present themselves in the different scenarios. Much is said about the impact on ports in the south, and that's right—we will no doubt cover that in more detail—but what conversations are being had with HMRC about the impact on regional ports and the regional roads network in relation to difficulties that may arise?

Karen Wheeler: We have already been talking, jointly with Border Force colleagues and other departmental colleagues, to every port and airport—about 135—that we have visited about the potential impacts. We are homing in on those that have the biggest impacts. Obviously, we already have a lot of contact with Dover, Eurotunnel and so on, but with all the ports, whether it's Humber, Immingham, Harwich, Tilbury, Holyhead or whoever, we are following up with further conversations, so that they can understand exactly what the implications are likely to be, not just for the port itself—or the airport, because the same is true of airports—but for their immediate stakeholders and, potentially, their customers.

Q32 **Bridget Phillipson:** Are the Department for Transport and Highways England involved in those conversations?

Karen Wheeler: Certainly the Department for Transport is. Where we also think there are potential impacts on transport—for example, in addition to the south-east ports, Holyhead and Portsmouth are two that we are particularly concerned about—we are trying to ensure that we have conversations not just with the ports, but with their local resilience forums, including Highways England and other stakeholders in the locality.

Q33 **Bridget Phillipson:** I was concerned about the impact on the port of Tyne, in particular, in relation to the volume of cars being exported and the importing of parts. I wrote to Highways England to ask them what work was being undertaken there. I appreciate you can't speak for Highways England, but I was a bit alarmed and surprised that, while they talk about the investment that is going into the strategic road network in the north-east, Brexit-related port traffic assessment work has not been undertaken. They say that this is largely because the outcome of the negotiations has been and remains uncertain, as are the ramifications for business and society; trying to predict the impact will be very challenging. They then talk about the work that is being done with the Department for Transport around Kent and the south-east. There may be no impact on the north-east, but I was surprised to hear that work was not going on across the country to understand the impact.

Karen Wheeler: We definitely have had a visit to the port of Tyne. It's certainly not among our top 12 priority ports and locations, but we are organising follow-up discussions with them, because, as you say, those other ports—particularly ro-ro ports—all have degrees of impact, but how great the impact is depends very much on the volume and frequency of the sorts of trade flows.

Jon Thompson: I think we ought to, if you will indulge me, get some actual data in the room, so that you understand the sheer scale of this challenge for us. In 2016, DFT statistics, I think, said there were 2.6 million movements in and out of Dover, and 1.6 million across Eurotunnel. The third biggest port is Holyhead, at 500,000. The fourth largest one is Portsmouth—165,000. Then there is a long tail of ports after that. We focused essentially on where the big volume is, and we have to be realistic about how far can we go through that long tail. I think it is worth understanding the sheer enormity of the big two. Then, as Karen said, we focused on the top 12, but we can't realistically focus on all 135.

Q34 **Bridget Phillipson:** I understand that there are pressures, and the time pressures involved, the volume of the work required, and that there is a need to look at the areas where there is the largest throughput, but at the port of Tyne you are talking about over 400,000 cars being exported in the last year alone. It is a major import centre for Hitachi Rail Europe and Komatsu. This is significant. I was concerned to know just how much joint working there is between HMRC, the Department for Transport and Highways England. I appreciate that this does not all fall to you to resolve, but it requires co-ordination across Departments to sort it out.

Karen Wheeler: On all the meetings that we are organising with all these ports—as I say, we have been round there once already, and there will be some follow-up work—there is definitely joined-up activity, with not only HMRC but DFT, Border Force and DEFRA, where that is appropriate. So we certainly are doing that. I can't point to exactly what we discovered to be the impacts at port of Tyne, but I can take that away and will be following up.

Q35 **Bridget Phillipson:** A final question, Chair, on the freight industry. I just wondered what engagement there had been with the freight industry—how prepared they were, whether guidance had been issued, and the state of play.

Karen Wheeler: We meet with the freight industry—the main stakeholder organisations: the Freight Transport Association, the Road Haulage Association, logistics organisations, and warehousing organisations. We have a logistics steering group that they come to, and we meet with them every month and have done for the last year, they are very sighted on the issues. They of course have a degree of concern associated with this, because they are the key organisations that sit between the ports and the traders. They are concerned because freight organisations, obviously, take their instructions, as it were, from their customers, primarily, so the extent to which their customers are or are not getting ready and prepared will have impacts on freight and road haulage. They are absolutely inside all our discussions. I have been to various conferences as well, to talk about them, and they are a key group and route for us to engage with the wider sector.

Jon Thompson: Last week the Government—

Chair: Very briefly. We have a lot to get through.

Jon Thompson: I appreciate that. Last Wednesday the Government published "Partnership pack: preparing for changes at the UK border after a 'no deal' EU exit". That has 15 sectoral analyses in it, which includes freight, and it is being distributed through our network of approximately 180 different organisations that we talk to, which includes the Road Haulage Association and the British Retail Consortium. That has been widely disseminated.

Q36 **Chair:** It is interesting that you say that, because Madeleine Moon, who is the Member of Parliament for Bridgend, has raised concerns about just-in-time deliveries in particular, and talked about two days' notice being given for a three-hour meeting with a cross-border delivery group; it was a day one scenario planning workshop. When you talk about meetings, this sort of thing worries us. We hear it from our constituencies, too. Are you giving people the time that they need to prepare?

Karen Wheeler: Obviously we are trying to do that, and that is why we set up some of our regular steering groups a year ago—nearly 18 months ago, for some of them—and they get plenty of notice for those. However, we have also relatively recently had a series of workshops with the automotive and agrifood sectors, specifically to talk through and test whether the arrangements that we are trying to put in place do work for them. It may be that some of those meetings have not given them adequate time to prepare, although we try to give people as much notice as possible. We don't just have one-off meetings; we have follow-ups, so there is plenty of time for people to engage either before or subsequent to those meetings.

Jon Thompson: I think we ought to broaden out the Chair's question, if that is possible. We are not going to be naive about whether businesses will be ready for day one, no deal. Customer readiness is one of the three big risks, and that includes the entire border industry. That is currently rated red, in terms of how we see it. To some degree, customers will not be ready for what would happen in the event of day one, no deal.

Q37 **Douglas Chapman:** One of the great strengths of the Scottish economy is our ability to export. Brexit gives us a range of different concerns, which are top of our agenda. In terms of how critical that is to the economy, what contingency plans might be put in place should Dover be logjammed at some point, for example? Have you looked at any other port facilities—in Scotland, for example—that could provide us with alternatives to Dover and ports in the south-east?

Karen Wheeler: We are obviously looking at a range of scenarios. The arrangements and scenarios that you are talking about, in terms of constraints on Dover and the channel ports, arise not because of the controls and checks that we are putting in place, but because of those that member states—particularly France—will put in place to meet the EU requirements and regulations. We know that the EU will require them to treat us as a third country. In those circumstances, there will be full customs controls and agrifood-type checks. What we don't know is exactly how they plan to implement arrangements to enable the flow of goods. We are working through a range of assumptions about what they might be.

Q38 **Chair:** The Dutch, for example, are doing quite a lot of work on their side of the sea. Are you saying that you don't know what is being planned? They are putting in place infrastructure.

Karen Wheeler: We absolutely have a better idea of what Zeebrugge, Rotterdam and Dublin port are doing. Indeed, we know largely what the Calais port and Eurotunnel are planning, because we talk to them all the time. What we don't know is what French officials will require, in terms of customs controls and checks that have to be carried out.

Q39 **Chair:** So certain countries you do know, but you don't know about the French.

Karen Wheeler: We don't absolutely know what the officials of any of those countries will do.

Q40 **Chair:** You know more about what they are doing.

Karen Wheeler: Yes. We take more assurance on the Zeebrugge and Rotterdam side, simply because they have said, and we understand, that they have proper automation systems. They are, of course, international ports that deal with rest-of-the-world goods all the time.

Q41 **Chair:** So that's the difference.

Karen Wheeler: That is the critical difference. They have systems and infrastructure, whereas Calais and Eurotunnel have only ever dealt with the EU.

Q42 **Douglas Chapman:** It sounds like we are passing the buck to the other 27. Taking what you said at face value, what kind of discussions have you had with, for example, some of the devolved Parliaments and Assemblies—in particular, the Scottish Government—about what the implications might be of Scotland's not being able to export through ports?

Jon Thompson: I'm sorry about this, but you can't say that we are passing the buck to the French. If the French Government decides to be legalistic about checking everything that is leaving France—

Douglas Chapman: I said "it sounds like".

Chair: I'm sorry: I couldn't hear Mr Chapman's question.

Douglas Chapman: Where are you on the issue of the discussions you have already had with the Scottish Government?

Karen Wheeler: We have a Scottish steering group that has met on a number of occasions. It isn't necessarily with the Scottish Government, but we have had several meetings with Scottish Government officials about the impact on their ports and airports, and how these arrangements might impact them. We have had those conversations and we are starting—obviously—to talk to them, as we talk to others, about the potential impact of contingencies in respect of the impact on the Channel strait.

Q43 **Douglas Chapman:** How many ports have you visited in Scotland?

Karen Wheeler: We visited all the ports and airports. I cannot tell you exactly, but I think there are about 33 ports and airports in Scotland. I haven't got the list in front of me, although I can give it to you.

Q44 **Chair:** Can you tell us when you visited them? One thing we are picking up from colleagues around the House is that such meetings are often very late. We know you have a lot on your plate, but it would be helpful if you could write to tell us when you met them.

Karen Wheeler: Indeed. We started this round of physical visits to all the Scottish ports and airports in July, so—

Q45 **Chair:** I was asking about the ports around the country, not just those ones. If you could write to us with a list of when you met those, that would be great.

Karen Wheeler: Yes, absolutely.

Q46 **Chair:** Can I just move on to port preparedness more generally? I had the chance to visit a number of the ports, although not recently, and a lot had problems with physical infrastructure, which we have touched on before. Many of them are privately owned and will not invest in bigger physical infrastructure. For some places, there is nowhere to put it. The NAO Report says that there is lots of stuff still to do. Can you update us on where you are at with physical preparedness and where you will put goods if there are problems with flow?

Karen Wheeler: One of our assumptions, almost from when we started on this many months ago, was that, even then, it would not be possible to create and implement significant infrastructure changes at all the ports.

Q47 **Chair:** The last time you were in front of us we were talking about putting things down the road. Putting it down the A55, off Holyhead, is quite challenging. In Larne it will be very challenging. I don't need to go through the geography of every port—we know that, for a lot of them, it will be challenging.

Karen Wheeler: Yes.

Chair: So what is the latest?

Karen Wheeler: We are still working through it. On day one in March, as it were, we are not expecting that any of that infrastructure—

Q48 **Chair:** So it is the same as last time?

Karen Wheeler: It is the same as last time, with the same assumption.

Q49 **Chair:** What has changed since last time?

Karen Wheeler: Obviously, apart from trying to work out exactly how we will deal with customs controls and so on at all those locations without that infrastructure, which has been progressing—

Q50 **Chair:** You say it has been progressing. What has changed since then? What is different now compared with last time?

Karen Wheeler: We have now, with HMRC and others, worked through exactly how we will deal with freight arrangements and control processes, for example, without any additional infrastructure. There has been some—

Q51 **Chair:** That's a lot of words, but what does that mean? Does that mean that you will let things through without checking? Will you be doing pre-paperwork automated checking?

Karen Wheeler: For example, for freight going through ro-ro ports, which do not have those systems or infrastructure, we will not have customs controls stopping the freight at the border. There will continue to be security controls and checks on that freight to the same degree as today. That will not change. However, additional customs controls will not happen at the border. We anticipate that the highest-risk trade that comes through those routes will be directed to inland facilities.

Q52 **Chair:** Which are still not built.

Karen Wheeler: The inland facilities will be available at the beginning of December.

Q53 **Chair:** Do you have a list of where those will be and what they are?

Jon Thompson: There will be two. One in Heathrow and one in Milton Keynes.

Q54 **Chair:** That is a long way inland. They are not down the road from the ports.

Jon Thompson: That is not a big deal. We have hired a logistics contractor that can move the goods as we do now.

Q55 **Chair:** From Holyhead to Milton Keynes?

Jon Thompson: To wind back a bit to why, the reasons—

Q56 **Chair:** We know why.

Jon Thompson: You know why?

Chair: Yes. We covered this last time.

Jon Thompson: The deal or no deal is a binary choice, so why would we invest if there is a deal?

Q57 **Chair:** We covered that. However, you now have two locations, which are a long away. You are talking about goods going from Holyhead, for example, to Milton Keynes, or from Dover to Milton Keynes.

Jon Thompson: If we think there is any risk to them.

Q58 **Chair:** How will you make sure that they get there?

Jon Thompson: We have hired a logistics contractor that will move the goods, as is currently the situation. HMRC has had an inland pre-clearance centre for four years.

Q59 **Chair:** So we are talking about moving containers?

Jon Thompson: No, we can move anything.

Q60 **Chair:** Just to be clear, are you unloading these lorries anywhere?

Jon Thompson: We would do.

Q61 **Chair:** So you unload them and transport them to Milton Keynes.

Jon Thompson: If we wanted to. If we think there is a risk.

Q62 **Chair:** Physically, where do you do that?

Paul Lincoln: We do this collectively already. We have an inland facility, where currently we jointly do a proportion of high-risk trade, in the midlands.

Q63 **Chair:** So what do you do? Something arrives at the port and your staff have a worry about it—then what? It gets unpacked and put in something else? How do you do it?

Paul Lincoln: The logistics contractor will transport it to the inland clearance site. It will then be unpacked, and we will conduct the checks for security and other things. We will look for prohibited and restricted items like firearms and drugs.

Q64 **Chair:** So in a sense you've got the systems in place but you just need more volume. You've now got two additional places to do that.

Paul Lincoln: Yes.

Q65 **Chair:** Okay. That is interesting news. In terms of redirecting freight generally, if there is a queue at one port or another, who is responsible for making sure freight is directed to another port? Can the container ports, like Immingham, Tyne and others, take in any of that ro-ro work? Have you planned for any of that, Ms Wheeler?

Karen Wheeler: Obviously, we are still very much working through the possible options for dealing with the issues associated with capacity constraints, as Mr Thompson described.

Q66 **Chair:** Who is responsible for it?

Karen Wheeler: The Department for Transport is leading the work associated with the potential capacity and routing options that are being explored at the moment. They haven't been agreed or decided yet, but they are being explored at the moment. They will be working very closely with whatever local arrangements are in place. For example, we have been working very closely with the Kent Resilience Forum, which deals with planning and preparations for any issues that may arise at the channel ports as a result of freight getting held up.

Q67 **Chair:** If there is a queue or a problem somewhere, who is ultimately making the call? Is it you—the Border Planning Group? Probably on the day, you are not going to be a gold group, are you? Who will be making those judgments?

Jon Thompson: In the Report, the NAO very helpfully gave you a diagram of the governance of this.

Q68 **Chair:** The governance is one thing, but who makes the decision on the day when you have got a large queue? That's what I'm after.

Karen Wheeler: We are absolutely working through what some of these arrangements might look like with the Civil Contingencies Secretariat. We would envisage this being the Department for Transport. Obviously, others may well have a role to play in that, but that hasn't been agreed yet.

Q69 **Douglas Chapman:** I am looking at figure 6 in the National Audit Office Report. These are the key system projects monitored by the board of delivery. Obviously, there is a big impact in how goods are moved in and out of the country across all these issues. Out of the 12 categories, one is amber/green, eight are amber/red, one is amber and two are red. This was taken last September. Given that we are told that we are 95% of the way towards a deal, how confident are you that these issues will be resolved? How many will be green by next March?

Karen Wheeler: I can't predict how many of them will be green. At the moment, we are working through all of them and identifying where we think we may need a contingency if the main system is at risk of not being delivered. We are working through a contingency for each of them, and we are aiming to ensure that, at the very least, the contingency is green by the time we need to implement it.

Jon Thompson: To be clear, you shouldn't walk away from this rather helpful figure 6 thinking that it is all about technology. If you read the summary position, which the NAO set out on the right-hand side, four are about business readiness, four are about technology, two are about legislation, one is about staff numbers, two are about the negotiations and the setting of policy, and one is about the practical arrangements should we re-accede to the common transit convention. When we talk about systems, it isn't necessarily just about the technology. It might be that the technology is ready, but the interaction of the business—

Chair: We are going to touch on some of those. Talking of which, Sir Geoffrey Clifton-Brown wants to ask about businesses.

Q70 **Sir Geoffrey Clifton-Brown:** Figure 7 shows us how interdependently all Government Departments work, but that figure is entirely predicated on the private sector being able to do the necessary customs checks and declarations.

Jon Thompson: Correct.

Q71 **Sir Geoffrey Clifton-Brown:** So why wasn't the private sector involved at a much earlier stage? We are now 26 months on from the referendum. Why wasn't it involved at a much earlier stage?

Jon Thompson: A much earlier stage of what?

Sir Geoffrey Clifton-Brown: Well, since the referendum.

Jon Thompson: Are you asking me about deal or no deal? You keep switching from one to the other.

Sir Geoffrey Clifton-Brown: I am talking about a no-deal scenario.

Jon Thompson: I don't want to answer the wrong question. I'd like some clarity.

Sir Geoffrey Clifton-Brown: Okay. On 29 March we will have 145,000 to 250,000 traders having to make customs declarations, and they have never done so before. That is a massive task. You are only engaging with them at any level of detail now.

Jon Thompson: Correct.

Sir Geoffrey Clifton-Brown: Why wasn't that done much sooner?

Jon Thompson: Because Ministers made a delicate decision. Their preferred outcome was to get a deal. If you add full engagement and transparency about what you need to do in the event of a no deal, that wasn't sending the right signal about striving for a deal. That is the balance that Ministers had to strike.

Q72 **Sir Geoffrey Clifton-Brown:** So in the event of a no deal, is that doable? Will those businesses be in a position to make the right declarations by 29 March?

Jon Thompson: Some will and some won't.

Q73 **Sir Geoffrey Clifton-Brown:** What will happen to the ones that don't? So the goods turn up at the ports. They haven't got adequate paperwork or the paperwork isn't correct. What will happen to them?

Jon Thompson: We were talking about that only this morning. We have conceived of something called the "managed transition". Let's say that on 9 April a Polish driver turns up and they haven't quite got the right piece of paperwork. What would we actually do in Dover in those situations? Ministers have been clear about their risk tolerance. First, you let them into the United Kingdom subject to the checks that Mr Lincoln would normally carry out on your passport or your other forms of identification. We would identify which businesses were not compliant and would try to help them to be compliant. There would be a period probably of several months through which you would have to manage yourself to a situation where everyone understood what their obligations were. But that won't all be in place for April. You cannot anticipate that all businesses will be ready for April 2019 under no deal.

Q74 **Chair:** How long is sub-optimal going to last? You talked about it being sub-optimal here and elsewhere. How long will the sub-optimal situation last?

Jon Thompson: For most of what we are having to deal with, a few months. But the ultimate system that we would like, the so-called inventory linking system that would provide Mr Lincoln and HMRC with significant amounts of additional data, could take up to three years.

Q75 **Sir Geoffrey Clifton-Brown:** I am not quite clear on what you are saying. If I am a small business and I turn up at the port, and my paperwork is inadequate, will those goods be allowed through or sent back home?

Paul Lincoln: Are you talking about imports or exports?

Sir Geoffrey Clifton-Brown: Exports.

Paul Lincoln: Exports will be a matter for whichever country those traders are going to. It will be a matter for the French authorities, if we are going from Dover to Calais, as to whether or not they were expected to turn those around. Hence why Mr Thompson and Ms Wheeler said that one of our biggest issues in terms of risk is the actions of member states in implementing controls.

Q76 **Sir Geoffrey Clifton-Brown:** Right. Let's flip the coin: imports, which we can control. Have we made decisions on how the VAT charging regime will work on those imports?

Jon Thompson: Yes, the Chancellor set it out some time ago. I think it was subject to various questions from Caroline Flint about the VAT quantum versus timing problem. It's not a quantum problem; it's a timing problem. The Chancellor has made it clear that, in the event of no deal, he would legislate through secondary legislation to change that on VAT. And the partnership pack sets out the VAT impact.

Q77 **Chair:** You wrote to us on the 10th of this month saying that you would provide further details in due course. Obviously, it's a political decision ultimately, but when do you think that "due course" will be, because we are running out of time? When would you like it to be? When would you like to know this in order to be able to set up the system to deliver it?

Jon Thompson: I think, to give you the same answer that I have given several other Select Committees, the time to implement an optimal no-deal system has gone.

Chair: So you will be running to catch up.

Q78 **Sir Geoffrey Clifton-Brown:** Final question. A few hearings ago, you told us that the compliance costs to small businesses would be £17 billion. You then gave us an update, saying that you didn't think it would be anything like that, because the two things would balance each other out. Where do you think that figure is now?

Jon Thompson: I don't remember the second turn of that handle. The administrative cost of 200 million additional customs declarations—

Sir Geoffrey Clifton-Brown: No; you said £17 billion.

Jon Thompson: Plus the tariffs.

Sir Geoffrey Clifton-Brown: Yes.

Jon Thompson: I have not moved from that position at all.

Sir Geoffrey Clifton-Brown: So that figure still pertains?

Q79 **Chair:** So the figure hasn't moved?

Jon Thompson: Correct.

Q80 **Chair:** You have had death threats because you raised that figure, haven't you, Mr Thompson?

Jon Thompson: Yes.

Q81 **Sir Geoffrey Clifton-Brown:** That is in the event of a no deal. Can we be absolutely clear that, in the event of a deal, that figure falls away, doesn't it?

Jon Thompson: In the event of a deal, our estimate is £700 million a year, as opposed to £17.5 billion to £19 billion.

Q82 **Anne Marie Morris:** The technical notices have been released in big chunks. Have you had any feedback?

Clare Moriarty: We had a small number of queries from people about the technical notices but relatively little direct feedback. However, they are obviously the first tranche of information. We continue to engage more directly, both in regular discussions with stakeholder groups and by starting to put more flesh on the bones and give more detailed information of the sort in the partnership pack.

Q83 **Anne Marie Morris:** Okay. The feedback that we have had—I have read most of it—is that they are not very helpful; they are all about doom and gloom, with nothing about what anybody, whether the Government or the individual businesses concerned, can do to resolve the issue. Will you now issue further notices that will not only help businesses to understand the problem but will actually give them guidance as to what you will do to help them and what they can do to help themselves?

Clare Moriarty: We are engaged in the process of going from the technical notices, which were just about setting out, as a starting point, what we think the position will be, and moving towards guidance on the things that people will need to do. We have a planned programme over the next few weeks to provide that information, in order to allow people to make the changes that they need to. There are different timescales for what people need to do differently. We will try to plot the issuing of the guidance against the timescales of when people need to take action.

Q84 **Anne Marie Morris:** Do you have a full plan as to what will be issued and when? What is the last date that you will issue anything?

Clare Moriarty: I couldn't tell you off the top of my head when the last date is that we will issue guidance. As I said last time I came, we have put in place a new directorate specifically in order to pull together, and act as the owner of, the plan. I don't know whether we yet have the plan to the level of granularity of exactly what we will issue on each day. However, that is definitely what we are moving towards.

Q85 **Anne Marie Morris:** We are looking here at risk and crisis management. Can you write to us to tell us the plan when you know what it is, which I hope will be in the next week?

Clare Moriarty: I won't guarantee that it will be in the next week, but I will certainly write to you within the next week to tell you what I think we will have.

Chair: Do you have any questions for Mr Thompson?

Anne Marie Morris: Mr Thompson, you have been left out of this.

Jon Thompson: I am happy with that.

Chair: Don't get too happy; Ms Morris is on the case.

Q86 **Anne Marie Morris:** On crisis management and risk planning, we have heard an awful lot of problems. We have heard that flow and security are the most important things, compared with other risks. Flow and risk conflict, because giving more flow will probably give rise to more risk. How will you square that circle?

Jon Thompson: I think Ministers have been relatively transparent that, of the three objectives—the flow of trade, the security of the United Kingdom and revenue risk—revenue risk will be deprioritised. That is where Ministers will take the risk. I think a Treasury Minister made that public.

Q87 **Anne Marie Morris:** Right. Will that be clarified in technical notices?

Jon Thompson: Not in technical notices.

Paul Lincoln: I don't think this has been in technical notices. Ministers have certainly made it clear in Committees, and I have certainly described it publicly.

Chair: Ms Morris, are you asking what technical notices businesses will need in order to comply?

Anne Marie Morris: To be honest, I think Ms Moriarty dealt with most of my questions. I hope to get most of what I need in the written response.

Jon Thompson: On customs, the answer to your question to Clare is that the partnership pack includes a section that says: "Things you can do now…you should consider now the effect of a 'no deal' exit on your business." There are points 1, 2, 3, 4, 5 and so on, and it gives people a guide as to the things that they could do now if they wished to. It runs through different sectors: businesses, agents, freight forwarders and so on. It gives different lists, according to where you might feature in the landscape of the border industry.

Q88 **Anne Marie Morris:** Would I be correct in assuming that you are not monitoring what they actually do?

Jon Thompson: Correct.

Anne Marie Morris: I thought so.

Q89 **Gareth Snell:** Mr Thompson, let me ask you this very briefly on trade remedies. When the United Kingdom leaves next March, if we leave in a way that involves no deal, what legal authority will there be to impose trade remedy tariffs on goods like steel and ceramics?

Jon Thompson: It will be for the Government to consider and publish its position on that. The lead Department is the Department for International Trade, working with the Treasury. It's connected to the question of what tariffs the UK would adopt. My understanding is that under the WTO rules, tariffs and remedies need to be the same for all countries until you either are in a customs union or strike a free trade agreement, at which point you can vary both ways. But those are the two lead Departments.

Q90 **Gareth Snell:** The trade remedy works by calculating the injury margin of a non-market economy status good into the UK. The investigations that determine what the remedy tariff may look like are lengthy. What work is your Department, HMRC, doing with the DIT, BEIS and the Treasury to try to do some of that preparative work now to ascertain what sort of levies may be necessary? Or is that something that is not actually being thought about at the moment?

Jon Thompson: I need to be careful here. I have seen the papers that have been drawn up by the Department for International Trade, but I don't think they have yet been formally considered by Ministers.

Q91 **Gareth Snell:** For your Department to collect the duty or tariff that is due on a good that is subject to a trade remedy, is additional infrastructure required in your systems, or is that something you can simply bolt on to any tariffs that may be due under any particular trade deal that already exists?

Jon Thompson: The current system, Customs Handling of Import and Export Freight, which you are fully familiar with, having looked at it at considerable length, currently handles the common external tariff, plus 44 variants to that tariff because of free trade agreements struck by the EU, plus any further trade remedy variants to that. CHIEF handles that now and, we think, could handle it in the future. Of course, if we can implement the CDS, which we may or may not get to at some point in this conversation—

Q92 **Chair:** How long will it take you to adjust?

Jon Thompson: I am told it takes seven hours for somebody to load up the 17,500 additional tariffs that you require.

Chair: Seven hours.

Jon Thompson: I went and visited the team in Southend, and that is what I was told, but to be clear, in answer to Mr Snell's question, the primary Departments are the Department for International Trade and the Treasury; it is for them to set both what are the trade remedies and defence and what might be our common tariffs in the United Kingdom.

Q93 **Gareth Snell:** This is my final question, Mr Thompson, and apologies if this is not an area of your responsibilities. The investigation into potential tariffs on dumped tableware and tiles is currently ongoing, but will not be concluded until after 29 March, within the European Union. From your working practices, if we leave with a deal that maintains us in a transitional period, would you expect simply to roll over those particular new trade remedies from the EU, even after our exit day, or would you expect to have to implement potentially British-determined trade remedies, which could be different because of the methodology?

Jon Thompson: I am sorry; I cannot answer the question.

Q94 **Chair:** Could you write?

Jon Thompson: But I am happy to try to write.

Gareth Snell: Thank you.

Q95 **Chair:** Can I pick up on a couple of other things? Earlier, you were talking about the VAT imports, and you said you are beyond the point where it's impossible to implement everything, but how long would it take from a political decision to postpone accounting for import VAT on goods to implementing the system? How long will it actually take you to deliver that system?

Jon Thompson: There is a secondary decision that you have to make in the event of no deal, which is whether you also wish to proceed with Making Tax Digital for business on VAT, which comes in on the same day. Ministers are aware of that. It is my opinion that you would have to pick one or the other.

Q96 **Chair:** How long would it take to implement it once a decision has been made on the accounting for VAT on imports?

Jon Thompson: I'm informed by the team that you can do one or the other, but not both on the same day.

Q97 **Chair:** So you could do one on the same day. Do you know how much revenue would be forgone? Obviously, there would be a delay in your getting that VAT in. Have you done a calculation or an estimate of that?

Jon Thompson: The difference for the Government—this issue was raised by businesses—is not a quantum issue, but a cash-flow problem.

Q98 **Chair:** You would get the money in eventually, but you would have a cash-flow challenge, which could have an impact on the Government.

Jon Thompson: There would be a cash-flow impact on the Government. I haven't seen a quantification of that, because it is with the Treasury, but I could attempt to find it out.

Q99 **Chair:** If you could, because it think it is quite significant, given the progress HMRC is making in collecting that tax to pay for public services.

On the technical notices, Members from across the House have heard a lot of concerns from their local businesses. Have you had any feedback on how the technical notices are being received, and are there any plans to improve them?

Jon Thompson: We have had significantly less feedback than we anticipated when we published the three technical notices—one for customs, one for excise and one for VAT. Therefore, when we published the partnership pack last week, it specifically asked for feedback, and there is a dedicated email address that says, "What else would help?" We will consider that as we go along. In terms of improving the pack, we anticipate that there will be multiple versions of it, which will add to the feedback that we get. To be transparent with you, it was published last Wednesday, and it opened the door to, "Tell us what else would help, and we will try to provide more information."

Q100 **Chair:** What about you, Ms Moriarty?

Clare Moriarty: Likewise, we stood up some capacity to make sure people could get in touch with us on the back of the technical notices. We didn't have much take-up of that. That was probably because, as we were discussing earlier, the technical notices themselves are the starting point for the communication that people are keen to see, which is, "What do I need to do now?"

Q101 **Chair:** The feedback we have got from across the House is that most businesses are saying, "I don't have what I need to have at the moment." It sounds like you are aware of that, and we have touched on how long that will take to deliver.

I now move on to the very knotty issue of Northern Ireland. When you came in front of us last time, we tried to discuss this, and you said it wasn't in the Border Planning Group's remit at that point. Now, it clearly is. What are you currently able to do, in terms of planning for a no deal for Northern Ireland?

Jon Thompson: Very little, other than that which is published in the Government's document of June 2018. The UK rejected the EU's proposition and put the temporary customs arrangement on the table. I can talk about what the temporary customs arrangement says.

Q102 **Chair:** There is a lot of talk about technological approaches to avoiding a hard border, but what can you feasibly and practically do to support or implement a customs arrangement without a hard border?

Jon Thompson: The Prime Minister has said on multiple occasions that there will be no hard border. Our interpretation of that is no infrastructure at the border. That is what we mean by "hard border". In the summer of 2017, we set out our thoughts about putting in an administrative process that does not require checks. That, of course, was overtaken by the development of the White Paper. It would include having a high level of IT risking rules, which are currently in the system. 98%, or thereabouts, of customs declarations go through. You then, as far as you can, try to do things away from the actual border. We now have inland pre-clearance centres, and we are expanding them. In Northern Ireland, what was added on to that in the summer of 2017 was the idea of a derogation for small and medium-sized enterprises, because of the local economy. Our position has not moved on from what the Government stated in June 2018.

Q103 **Chair:** How far advanced are other plans, around ANPR, the tracking of known criminals and the co-operation with police either side of the border? There are other issues. Have you got into them yet, and have you got time to deliver anything in that respect?

Jon Thompson: To be clear, you are still asking me about Ireland and Northern Ireland. As a customs administrator, we have consistently said, "We do not require any infrastructure at the border." That includes all the things that you cited.

Q104 **Chair:** So you would not have any number plate catching across the border? You might have it either side of the border, because different bits of the system will have cameras collecting information and CCTV, such as the PSNI and the Guards—the Garda Síochána.

Jon Thompson: I can only reiterate what you have heard me say on multiple occasions. It is not our intention, as a customs administration, to erect any infrastructure at all.

Q105 **Chair:** I will be direct: will you be using other people's infrastructure that is already in place either side of the border?

Jon Thompson: No.

Q106 **Chair:** So you will not be asking to see CCTV or use automatic number plate recognition?

Jon Thompson: No.

Q107 **Chair:** There have always been problems about smuggling fuel across the border, and other things. That problem has not gone away, even with the EU. How will you make sure that that does not happen, if you are not even going to use other people's infrastructure? It happens now, with an open border, quite openly. We are not talking about a hard border; we are talking about co-operation.

Jon Thompson: I am sorry that this is probably deeply unsatisfactory for you, but the Government's position was that we rejected the EU's proposition of a temporary customs arrangement of no tariffs, no quotas, no rules of origin, a single phytosanitary area and a common travel area. Negotiations remain ongoing. If the Government's position moves on from that, the Government will make it clear.

Q108 **Chair:** I recognise it is challenging, which is why it has not been resolved yet. No hard border and no customs arrangement means that you still have to monitor what is going across the border, but without the hard border. How are you going to do that?

Jon Thompson: In summer 2017, we set out that for small and medium-sized enterprises, we would argue for a derogation, but for those businesses above the derogation, we would try to maximise a self-assessment and trusted trader scheme. For businesses that we can get into that category, it means that checks will take place at their premises, which is relatively commonplace in the UK economy.

Q109 **Chair:** In the event of a no deal, we would crash out. There would be a border that the EU would expect to be maintained. What are your plans? What would you have to do, practically, in the event of a no deal?

Jon Thompson: I think I just answered that question.

Q110 **Chair:** I am pushing hard, but I am not getting very far. The Northern Ireland Audit Office has done a brief assessment of the plan and raised a number of concerns, which I will not go into, including about business that goes across the border automatically, which I think is above your threshold of small businesses. The Auditor General, Mr Donnelly, considers that Northern Ireland is not fully ready and lacks time to implement any required changes in the event of a no deal. Do you agree with that, Mr Thompson?

Jon Thompson: I thought "The UK Border: how prepared is Northern Ireland for exiting the EU?", which was published last month by the Northern Ireland Audit Office, was a rather good explanation of the seven key risks that are faced.

Q111 **Chair:** So you agree with the risks. Is there anything that you think you can do to help to mitigate those?

Jon Thompson: There is: striking a deal.

Q112 **Chair:** Well, there we go. I guess you can legitimately say that that is above your pay grade, so over to the Prime Minister on that one. Is there anything that could be done to improve communication with businesses in Northern Ireland about the risks? They are at the frontline of those challenges.

Jon Thompson: Yes, but we are in a very difficult political environment to do that.

Chair: I appreciate that. We will have to leave it at that point.

Q113 **Caroline Flint:** I have read through the transcript of the Home Affairs Committee session last week. I will not go into some of that territory, but I want to pick up on a few issues that came out of it in relation to Border Force. Mr Lincoln, could you start by clarifying the estimates of the staff that will be required? We have heard before that something like 2,000 staff would have to be recruited in the event of no deal. In some areas of the NAO Report, and certainly in what was reported to the Home Affairs Committee the other week, that seems to have reduced to 581. Could you clarify those statistics and be clear whether they are in terms of deal or no deal?

Paul Lincoln: I will do my best to clarify. The Government set out a while back that it was going to recruit a 300-strong readiness taskforce that was going to be used in a no-deal scenario for two primary purposes. First, it would allow us to take staff from the frontline to be allowed to do face-to-face training to prepare them for any situation that an EU exit might provide. The second thing is that it provides us with a mobile reserve of people who are trained in a range of different activities across Border Force's professionalisms. We can use those as a contingency.

Beyond that, we are recruiting around 600 additional staff, who are being used to do a combination of things. If you think about the uncertainty we have had, which the Report mentions, we took a pragmatic approach that tried to balance a number of factors. One of those was known requirements on the Border Force from other Government Departments. Another was making sure that we had resilience, developing requirements and putting in place sufficient people for that. We also, of course, needed to think about operational resilience in terms of the mobile reserve I just talked about. There was a question about individuals—because some of these things are location-specific, we need to be quite clear about how we are treating individuals. The fifth thing we were concerned about was value for money. Those are the factors we took into account as part of our recruitment of those 600.

Now, there may be a question here—

Q114 **Caroline Flint:** Let me just pause you there for a moment. You talk about the group of 300, which I think has now got quite large. What is the figure for that?

Paul Lincoln: We expect to have 284 in place by the end of the year.

Q115 **Caroline Flint:** That's right. You mentioned the 300 and the 600. Where do those fit in relation to the 2,000?

Paul Lincoln: The 2,000 was the estimate that we worked through based on HMRC's data about the potential checks we might need to do. A maximum facilitation model, which of course was a previous model, would need to be put in place over time recognising, as Mr Thompson said earlier, that it would take some years to put in place the systems and the infrastructure to have a completely functioning border in the most optimal state. That 2,000 was the highest possible number that we were thinking about being on a route to achieve after a couple of years post a day one no-deal scenario if that is where we got to, hence the numbers you see are significantly lower than that. The Report mentions a figure of 624. That was our initial estimate, which we worked through with HMRC, of the likely number of people we would need to do checks. As we continually refined our assessments, that was brought down to the 581 in the Report.

Q116 **Caroline Flint:** So that 2,000 figure has been reassessed and, basically, reduced. The NAO makes an interesting point in its Report about the numbers. There is a sense that you have not been provided with enough information by other Departments to help you plan your staffing requirements. What was the problem there?

Paul Lincoln: As I said, there was quite a lot of uncertainty at the start of this, but we have since worked very closely with Departments. The Report notes that I wrote to Departments back in February to look at making sure that we were trying to finalise that. We have finalised positions—with the exception of Northern Ireland, which we have just talked about—on most of the outstanding issues. We have a few detailed operational things to work through with some Departments.

Q117 **Caroline Flint:** So you feel reassured now that you are getting the information you need to plan?

Paul Lincoln: Yes.

Q118 **Caroline Flint:** There isn't anything you would like to put in the public domain, with Mr Thompson, Ms Moriarty and Karen Wheeler here, on which they can help you more?

Paul Lincoln: As I said, we are now just working through the detailed operational planning of some of those issues.

Q119 **Caroline Flint:** Okay. On recruitment, there was quite a lot of detail at the Home Affairs Committee last week about the time it takes you, particularly compared with HMRC. You have security checks that HMRC does not have to apply, but it does still seem to take quite a long time to get people through the recruitment process and offer them jobs, and for them to give notice. Also, I suggest that the number of the people who are offered jobs who actually accept those offers is relatively low. What is the problem there?

Paul Lincoln: Let me just take a step back to the different factors we were balancing here. One of those was trying to make sure that we had sufficient time to advertise those jobs. We said we were going to create a pipeline for a series of different requirements, but we are also quite conscious that we need to take account of individual needs. One of the things that prevented us from offering jobs as early as we would have liked in this process was finalising some of those requirements. Some of them are particularly location-sensitive, and we do not want to offer a job to someone and then say to them, "We now want you to work in a different location." That is one of the reasons why that has taken place.

Beyond that, the Home Office currently has an 84-stage process, which it is working hard to reduce. As I think I said to the Home Affairs Committee, it is working with the Government Chief People Officer to try to reduce that. We have also put in place a more centralised recruitment process. We are working very hard. We now have a significant number of fast-track places through security clearance, which reduces the amount of time it takes.

Q120 **Caroline Flint:** Have you had to do anything in the last year in terms of retention of staff? Obviously, some people will leave on retirement, but have there been any issues about why people are leaving the service and about how to hold on to them?

Paul Lincoln: The Report says 450 people left in the previous year. Roughly 150 of those were retirement. We are of course looking at what it means overall, but on the numbers of Border Force officers leaving, we have probably one of the lowest levels of churn and attrition in the whole of Government.

Q121 **Caroline Flint:** In terms of coming up to 29 March, do you feel you will have the staff in place that you need? What causes you most concern about that? Or not, as the case may be.

Paul Lincoln: We don't normally give a running commentary on numbers. The Committee will know we normally publish this once a year, but we recognise it is slightly unusual times. The baseline we had for the average in the previous year at March was 7,734. I said at the Committee last week that at the end of September we were on 8,190, so about 450 or 460 additional people, which already takes account of attrition in the system as we build through. That means we are projecting to be on a pathway for about 8,600, which is around the 900 we required.

We are not complacent about this. The Report says there is a risk we might not achieve that, so we have put a number of additional contingencies in place just in case. I should also say, before going to those contingencies, that the Report also notes that the demands on us on a day one, no deal, are likely to be fewer than the number of people that we are actually recruiting for, so we have built some resilience into the number of people that we are recruiting for. But we have options for going beyond that. We routinely—

Q122 **Caroline Flint:** How much resilience?

Paul Lincoln: In terms of working that through there is probably somewhere between 50 and 100 people in terms of the resilience, which is a conservative estimate. Beyond that, there are 300 in the mobile taskforce, which we can deploy. We also have options, as ever, for a seasonal workforce. We have a pool of 700 in the seasonal workforce, which we routinely draw people from. Beyond that we have used immigration enforcement officers, which we very successfully did last summer to help support us in the key demand that there is at airports. Beyond that, we can also draw on the HMRC operational reserve which, again, we very successfully used during the summer. We have a whole series of different contingencies that we can draw upon if we were not to meet that number, but we are pretty confident of reaching the overall requirement.

Q123 **Caroline Flint:** How will you ensure that EU exit work does not divert you from undertaking other parts of the important work that you do: for example, just checking passports?

Paul Lincoln: We already do 100% checks on all scheduled arrivals into the UK and will continue to do that. We already do 100% checks on all the vehicles in terms of lorries that come in through the short straits of Dover or through the tunnel, including using our passive millimetre-wave technology. We also use the dogs 100% round those lorries. They are one of our most successful tools for finding, for example, illegal immigrants coming into the country. We will continue to do all those security checks.

Q124 **Caroline Flint:** How many dogs have you got and are you getting any more?

Paul Lincoln: My recollection is that we have over 100 dogs. Some of those are provided by a contractor called Wagtail. The others we own.

Q125 **Chair:** Can you recruit more dogs? Is that possible?

Paul Lincoln: We review our need for dogs on a regular basis.

Q126 **Caroline Flint:** How many are retired?

Paul Lincoln: We also have dogs who retire.

Q127 **Caroline Flint:** So, in terms of passport checks and operations to identify smuggling and all of that, you feel that that is all under control?

Paul Lincoln: We will continue to do all those things that we do now.

Q128 **Caroline Flint:** There is no displacement activity from any of that work?

Paul Lincoln: There is no reason not to do that. If there were displacement, then we work on contingency plans with immigration enforcement, for example, on potential displaced routes.

Q129 **Caroline Flint:** Can I just move on to the announcement by the Chancellor on the e-gate situation and extending it to Canada, America, Australia and New Zealand? I notice from the exchange last week that you, Mr Lincoln, identified somewhere over 6 million making use of the e-gates as a result. Given that there have been some concerns raised about e-gates not being fully utilised and other problems, you still have to have personnel alongside where there are issues that crop up. How will you cope with that extension?

Paul Lincoln: To put this in context, there are about 9.5 million people who are colloquially known as the B5, or J-Border Five—B5 and Japan. We estimate, therefore, that about 6 million will benefit from the use of the e-gates, bearing in mind restrictions on children under the age of 12 and the need for a biometric passport. We have done modelling of the implications and how that works. The e-gates themselves are 99%-plus reliable.

The question I normally get asked is, "Why aren't all the e-gates open all the time?" That is due to officer deployment. It is more efficient for us to deploy officers to the non-EEA queues—that is where the issues relating to time are—than to have people monitor the e-gates. With a fixed resource, you take a process.

We are meeting our service level agreement for EEA throughout. We know that we have not met it for non-EEA throughout, which is the 95% of 45 minutes target. We also know that this will transform the journey for about 6 million passengers coming into the country.

Q130 **Caroline Flint:** Do you think it will increase or decrease the amount of time that staff have to spend at the point of entry? Do you think it will have a lessening effect on the impact of queues?

Paul Lincoln: For my staff, the key thing is that they will have to examine fewer people physically. That will allow them to look at the people who are in higher-risk cohorts. That is a more effective use of their time.

Q131 **Caroline Flint:** Next, I would like to go on to some of the issues around security at the border and access to some of the tools that we currently have. There was substantial discussion about that at the Home Affairs Committee last week and I noticed that when the Chair, Yvette Cooper, asked about mitigating the risks and access to information, you said, "I think it would probably be better for me to come back to the Committee on that." Since last week, what more have you got to say about what happens if you suddenly find that you haven't got access to SIS II? I know that there was a bit of an exchange between you and Mr Thompson about customs data, but let's put that to one side. Reflecting on the evidence you gave last week, is there something more you would like to say to clarify the situation?

Paul Lincoln: As I said at the time, we are working through a whole series of mitigations against the potential loss of tools. We don't do all of our targeting by any means through the use of EU tools alone. We work bilaterally and with other fora to take that forward. There are some opportunities on data and, as Mr Thompson mentioned earlier, there will be opportunities on goods. We recognise that there are issues associated with the loss of some of those law-enforcement tools.

Q132 **Caroline Flint:** How close do you feel or know the Home Office is to agreeing continued access to those EU security tools?

Paul Lincoln: This is one of those areas where the Prime Minister has made it very clear that we will unconditionally offer our support to Europe because the safety of Europe and the safety of the UK are intertwined in that respect.

Q133 **Caroline Flint:** If there is no deal, how much will you have to rethink what you prioritise in terms of security at the border?

Paul Lincoln: We will continue to prioritise security, as we do now. Effectively, we are there to do two things: to stop bad people and bad things from coming in, and to support and facilitate the flow of legitimate travellers and goods. We will continue to do that.

Q134 **Caroline Flint:** Earlier in the session my colleague, Sir Geoffrey, said that there will be a number of not very nice people looking for a moment when they can boost their criminal activity as criminal entrepreneurs in their own field. Operation Paladin was set up to provide expertise on children at risk in terms of human smuggling. What thought is being given to some of those operations and to trying to ensure any cracks or gaps that might appear are closed or are not even allowed to open in the first place?

Paul Lincoln: When it comes to thinking about children, we have a duty of care under the legislation, and we take it very seriously. We do a number of intensification operations on that. There is much to think about in targeting high-risk flights and other forms of travel, and we don't always rely on intelligence for that. We also have people who are very skilled at behavioural detection. Some of our best finds are from our officers who rove or meet flights and use those skills to identify people who may be subject to modern slavery or trafficking. We have a very good success rate on that.

Q135 **Caroline Flint:** I think it is quite useful for people to have some context of how much of this criminal activity comes via the EU as opposed to from outside the EU. Could you maybe identify what trends and countries give you the most concern regarding this sort of illegal activity?

Paul Lincoln: I guess, if you were to just look at the numbers of foreign national offenders that we have removed in the last year, broadly speaking 6,000 were removed, and roughly two thirds of those were from the EU.

Q136 **Caroline Flint:** Has any analysis been done of the impact of free movement in aiding this sort of activity?

Paul Lincoln: We do analysis of the implication of the tools. We routinely update our analysis as we go forward.

Q137 **Caroline Flint:** Presumably you are feeding some of that into the Government's immigration White Paper, which is hopefully coming soon?

Paul Lincoln: The Immigration Minister responded to an urgent question in the House earlier. I think she stated that that will be set out in due course.

Q138 **Caroline Flint:** My final question. Ours and other Committees are very focused on a no-deal situation. I don't necessarily want to go through all of you, but Karen, as the group co-ordinator, how much are you also thinking about a deal and about using the post-deal implementation time in a good and effective way, to make sure that we take advantage of a hopefully better situation to plan services going forward?

Karen Wheeler: We are probably, as a co-ordination group around borders, doing less work on the deal than is happening in individual Departments. The reason for that is that we tend to see a deal as either having customs and controls at the border or not. If it has customs and controls around the border, which is not currently the proposed or expected deal scenario, it would be quite like the no-deal scenario, although we would have two more years to plan for it and therefore more time to put in place the systems and infrastructure that we need. We are obviously doing a lot of work on making sure that we can understand, progress and plan for both those systems and infrastructures, because they will apply in a no-deal situation or in a deal in which we may have customs controls.

In a scenario in which we have no customs controls or other sorts of controls, as was envisaged under Chequers, to be honest there is not a huge amount, comparatively, for the borders team to worry about, because, frankly, most of the work that we are doing is around the changes in all the border locations with the EU. Those will not change if we do not have customs, agrifood and other controls. There will be changes for traders at the rest-of-world ports, so it will not be tiny amounts of change, but it will be much less. We have started to identify that work, but, obviously, a lot more work is going on in individual Departments.

Q139 **Chair:** Can I just ask about this 84-stage recruitment process that Mr Lincoln just described? Mr Thompson, some of your staff have pretty hard frontline jobs with warrant powers and so on. How many stages are there in HMRC's recruitment processes for staff with the strongest arrest powers or warrant powers?

Jon Thompson: I'll admit, for once, that I do not know the answer to that question.

Q140 **Caroline Flint:** Is it anywhere near 84? I saw your eyes rolling—

Jon Thompson: I was impressed, I have to say, with Mr Lincoln's grasp of those 84 stages. As I said last week, HMRC did a full process strip-down of recruitment, and we got it down to four months from advert to starting.

Q141 **Chair:** So maybe, Mr Lincoln, that is something that the Home Office could learn from HMRC?

Paul Lincoln: As I said, we are working with the Government Chief People Officer, which also takes account of HMRC's good practice.

Q142 **Chair:** It is a bit worrying that that is only just happening. Ms Moriarty, you likewise have inspectors with very important frontline roles. How many stages do they have to go through?

Clare Moriarty: To be honest, on a like-for-like basis, I do not know, because it depends on what you count as a stage. Like other people, we have been looking at how to make the process as streamlined as possible.

Q143 **Chair:** I guess that you outsource to a lot of other agencies?

Clare Moriarty: Yes, although we see the recruitment process as being broadly similar across our agencies.

Q144 **Chair:** Recruitment processes and how many stages they have may be a bit of work for the Committee to look at. Before I ask Ms Morris to come in, do you—Mr Thompson, Ms Moriarty and Mr Lincoln—have the money that you need to deliver either a deal or no-deal scenario?

Jon Thompson: We are negotiating for next year. I think we are all negotiating for next year.

Q145 **Chair:** Did you have enough to the end of the financial year?

Jon Thompson: This year, we had £262 million, I think, and we will pretty much spend it all, or possibly even a shade more than that. Next year, for no deal we have asked for £400 million and for deal it is a bit more than that—£430 million.

Q146 **Chair:** Ms Moriarty, you didn't get as much as you wanted last time, did you, when you asked?

Clare Moriarty: We didn't get as much as we wanted last time, but we are managing to the budget we have, and we are expecting to come in on that budget for 2018-19. To some extent, because we are moving people, the cost of the people is the same, and what we are doing is trading off exactly what they are doing and how fast we move on other areas. We are likewise in negotiation with the Treasury about our funding for next year.

Q147 **Chair:** Mr Lincoln talked about having a contingency group of staff. I know you each have special teams. How much of that is contingency? You are going to manage, Ms Moriarty, you said, because you have less budget than what you wanted.

Clare Moriarty: What we are doing at the moment, as part of what we have called a three-month "no-deal sprint", is that we have moved quite a few people temporarily from their normal jobs into our EU exit area to ensure that we can deliver faster, with higher delivery confidence, while also thinking about people's wellbeing. In some areas we are doubling up people and posts to provide extra resources.

Q148 **Chair:** So you are supernumerary, in a sense, at the moment.

Clare Moriarty: As I say, we are trading off in order to ensure that we can get ourselves into a sensible position. If we move into a full-blown no-deal preparation in the new year, we will need to identify more people. We are not currently staffing a full-on instant management response.

Q149 **Chair:** What about you, Mr Thompson? I think we may have covered all this.

Jon Thompson: We don't have a contingency, but we do host the surge and rapid response team, which is the function that Paul calls and which is 400 people in. That moves around Departments where there are peaks in workload. They did a lot of work at the Home Office on Windrush. They regularly deploy in the summer for the Border Force.

Q150 **Gareth Snell:** Without wishing to put you on the spot, how much will you all breathe a sigh of relief if, before Christmas, Parliament votes on a deal and accepts it? It sounds to me that your job becomes immeasurably easier—not easy, but easier—if we have a deal that gives you that two-year window to plan for the end of the transition period.

Caroline Flint: Are you writing to Santa?

Jon Thompson: If it was that clean, it would be easier.

Q151 **Chair:** Can I just go back to your figures, Mr Thompson? I am just replaying them in my head. You seemed to say that there was a higher figure if you have a deal than if you have no deal. Was that right? Can you explain that?

Jon Thompson: Correct. For us, while implementing Brexit becomes narrower in scope and some of the systems that are in figure 6 in the Report completely fall away, we are left with implementing the facilitated customs arrangement, which is technologically unique.

Chair: And challenging—sometimes we learn more from what you don't say than what you do.

Q152 **Anne Marie Morris:** Mr Thompson, assuming there is no deal, what emergency legislation are you planning and at what point would you start trying to get that through the House?

Jon Thompson: We would not require any primary legislation. We have the Taxation (Cross-border Trade) Act on the statute books now. We require 48 statutory instruments—30 on customs, 13 on VAT and five on excise—to implement leaving the European Union, and we are evaluating how many additional ones would be required for no deal. We think it would be a small number—single figures—in addition to the 48.

Q153 **Anne Marie Morris:** So at what point will you decide that no deal, practically, is where we are and you start to look at getting this delegated legislation through?

Jon Thompson: When Cabinet gives us the clear signal that that is what we are required to do.

Q154 **Anne Marie Morris:** So you are going to wait. If the Cabinet do not give it to you until the day before 29 March, are you just going to sit there?

Jon Thompson: Ministers are fully aware of the risks that are being run here.

Q155 **Chair:** Ms Moriarty, anything in terms of emergency legislation?

Clare Moriarty: For no-deal legislation, we have 85 statutory instruments that we are progressing. We are putting them through. The Fisheries Bill, which is now in Parliament, is part of our no deal. If by emergency legislation you mean contingency legislation, at the moment we do not have any plans to introduce emergency legislation. That is something that would have to be looked at in the round, as part of the work that is being done on preparing for no deal, and particularly the work led by the Civil Contingencies Secretariat.

Q156 **Anne Marie Morris:** Ms Moriarty, have you got a crisis management plan?

Clare Moriarty: We do, yes.

Q157 **Anne Marie Morris:** And how worked up is that?

Clare Moriarty: Well, like all plans, different elements of it exist at different levels of granularity. It is a plan that will never be finished, because as soon as you get to one level, you then need to move to the next. You then take each level and play it out more.

Q158 **Anne Marie Morris:** So we are looking at, potentially, a no-deal scenario. When does that crisis management plan come into place—or are you going to sit like Mr Thompson and wait for Ministers to tell you that you can start implementing?

Clare Moriarty: Some of it we are implementing now, and that is the nature of some of the work we did earlier in the year to identify what contingencies we would need to implement if we moved into a no-deal scenario. Some of that we are now doing. So, for example, we talked, when we came before, about marine enforcement. If we are not in a no-deal situation, there is no need for any marine enforcement. So a number of our project areas are specifically the contingency planning—the work we are doing for export health certificates, the speed to which we are running our import notification systems. There are a whole lot of areas of our current planning which are specifically about no-deal contingency planning.

Business readiness is the additional element where, as I was saying earlier, we now need to make sure that the various people in different sectors understand what they will need to do. So we are working through all of that and bringing together and constantly refining plans.

Chair: We recognise there is an awful lot of legislation to go through from all Departments, and how it is ordered, and how it is organised and gone through, and in what timeframe, is outside your control.

Can I thank you all very much indeed for coming and giving evidence? Possibly the next time we see you we may have a decision by Parliament. You never know; we live in hope—hope outstrips reality too often in this instance, I think. The transcript, as ever, will be up on the website in the next couple of days. Thank you for your time.