

Public Administration and Constitutional Affairs Committee

Oral evidence: [The work of the Cabinet Secretary](#), HC 1250

Thursday 13 December 2018

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Members present: Sir Bernard Jenkin (Chair); Dame Cheryl Gillan; Kelvin Hopkins; Mr David Jones.

Questions 88 - 198

Witnesses

I: Sir Mark Sedwill, Cabinet Secretary and Head of the Civil Service, and John Manzoni, Civil Service Chief Executive and Permanent Secretary, Cabinet Office.

Examination of witnesses

Witnesses: Sir Mark Sedwill and John Manzoni.

Q88 **Chair:** May I welcome our two witnesses to this session on the work of the Cabinet Office? It is a particular pleasure to welcome Sir Mark Sedwill, the Cabinet Secretary. I have to ask you to introduce yourselves formally for the record.

Sir Mark Sedwill: Mark Sedwill—I am the Cabinet Secretary.

John Manzoni: John Manzoni, the chief executive of the civil service and the permanent secretary for the Cabinet Office.

Q89 **Chair:** Sir Mark, may I start by asking about the double-hatting of your role? You were national security adviser. Now you are combining that role with the role of Cabinet Secretary and head of the civil service. How long do you expect that arrangement to continue?

Sir Mark Sedwill: I do not know exactly. I think it rather depends on the circumstances, both for the civil service and the Government's agenda. Essentially, the Cabinet Secretary job has evolved over the years. It is not really double-hatting. I am doing the Cabinet Secretary's job and my portfolio covers national security, head of the civil service, and Secretary to the Cabinet. One of my predecessors, for example, Gus O'Donnell, was



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also permanent secretary of the Cabinet Office, and he did not have a chief executive or, indeed, a national security adviser.

The purpose of my doing this portfolio now is to ensure that we are integrating all of Government strategy and capability as we navigate our way through Brexit but, in a sense more importantly than that, to make a success of the new circumstances that we will be in thereafter—reorienting the economy, and ensuring that economic, social and security policy are all properly integrated. Exactly how long that will be, I do not yet know.

Q90 Chair: I think we all understand that the Prime Minister would want to have confidence in you as Cabinet Secretary and as national security adviser. To a certain extent, Ministers' confidence in the arrangements is more important than the formal structures. However, the national security adviser role was introduced, with great support from this Committee, to strengthen strategic thinking in Government and cross-departmental co-ordination of security policy. This must be sub-optimal in terms of the permanent arrangements. You intend it to return to separate roles. When do you think that will be?

Sir Mark Sedwill: I do not know exactly. It will depend on what exactly is the right formulation at the time. As I say, the jobs have evolved over time. The way I did the national security job was different to my immediate predecessor. For example, one of my deputies, who is now the Prime Minister's international affairs adviser, even before I took on the Cabinet Secretary role would invariably travel with her, for example, to G7s, G20s, European Councils and so on, whereas some of my predecessors tended to do that themselves. That is because I wanted to focus my attention on some of the cross-Whitehall work, such as embedding the fusion doctrine and the capability review and so on. These jobs evolve, and it will evolve again, I'm sure.

Q91 Chair: We supported the creation of the chief executive role because we thought that the HCS role of the Cabinet Secretary was overburdensome, and that the leadership of the civil service needed more attention. Have you delegated anything specifically to the chief executive of the civil service to make sure you have the capacity to take on the extra responsibilities?

Sir Mark Sedwill: Essentially it is quite organic. John can speak on this, but he chairs certain meetings that Jeremy Heywood, my predecessor, might have chaired, or that I attend, rather than chair, so I don't have that particular burden. Essentially, we have created a strong team around the two of us to ensure we have that resilience across the system. On the national security side, I have two very strong deputies—an international affairs one and one dealing with national resilience and security. I still chair the NSCO, and I still attend and speak at the NSC. I am still driving a lot of the issues myself, and we are strengthening the teams around us. As I say, it is just a different shape to the job. I don't think one should be too obsessed with the specifics of the individual at the centre of it.

Q92 Chair: Moving on to another topic, we published this week a short report



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explaining the relationship in our constitution between the traditional role of motions of confidence and the effect they have on the relationship between Parliament and the Executive, and the interaction with the Fixed-term Parliaments Act. In particular, we emphasised that, although the Fixed-term Parliaments Act defines how to bring about an early general election, the rolling status and the meaning and importance of any motion of no confidence in the Government still has full effect, however it is worded, whether or not it engages the Fixed-term Parliaments Act. Is there anything in that report that you would question? Do you think that the general understanding that we have expressed in that report does not concur with your understanding?

Sir Mark Sedwill: I read the report the other day. Of course, we haven't had the chance to fully consider it properly in Government yet. As you know, Mr Chairman, the Leader of the House of Commons gave evidence to you on this, and you quoted some of what she said. Broadly speaking, the conclusion you reach that motions of confidence brought under the Fixed-term Parliaments Act have statutory effect—legal effect—and other kinds of motions of confidence have political effect, and it is then for the House to judge that political effect, seems to me to be self-evident. It is probably not for me to comment on what the political effect of a non-statutory motion of confidence would be, but that is the main conclusion I drew from reading the report.

Q93 **Chair:** Except that the Cabinet Manual, in paragraph 2.19, is clear. It says: "The Prime Minister is expected to resign where it is clear that he or she does not have the confidence of the House of Commons and that an alternative government does have the confidence." There is no reason to suggest that the Fixed-term Parliaments Act has altered that. Indeed, that wording in the Cabinet Manual post-dates the Fixed-term Parliaments Act.

Sir Mark Sedwill: Indeed, that is right.

Q94 **Chair:** Thank you. This is your first time in front of this Committee as Cabinet Secretary, rather than acting Cabinet Secretary. We have expressed our condolences to you and the civil services for the very unfortunate circumstances leading to your appointment. What do you have as your priority as Cabinet Secretary?

Sir Mark Sedwill: Supporting the Government as it navigates the country through Brexit and ensuring that we are positioned to make a success of that afterwards. As I mentioned briefly earlier, that is about reorienting the economy, ensuring that the outcome works for all our citizens. There is a big package around that. The second point, of course, is national security. There are significant opportunities but many threats that we need to make sure we are postured to deal with—state threats, non-state threats and so on. The third point, which is obviously related to the first, is supporting and ensuring the whole of Whitehall—the whole of government—is behind the industrial strategy, the agenda to improve productivity, our export performance and so on, and the rest of the Government's domestic and social policy.



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The final point is the capability of the civil service itself and the wider public service. Obviously, John and I work very much on that as a team, but we must ensure that we pursue the agenda that my predecessor, Jeremy Heywood, led of a brilliant civil service—our diversity and inclusion agenda, building our capabilities in digital and commercial, and ensuring that our systems join up. I suppose a particular focus of mine is trying to ensure that the horizontal mechanisms we have across a Government that is inevitably organised vertically are as strong and effective as possible. That is the approach I will be taking, for example, to my own input to the spending review once we start that next year. That is the range of issues I would expect to focus my attention on.

Q95 Chair: The concern of your predecessor was very much that Brexit on top of everything else was, frankly, giving Departments too much to do. As 29 March approaches, for which we have to be prepared—we will come to no deal planning later in this session—what gives? There is that very large box in your fourth item—the domestic and social agenda of the Government. To what extent are Departments effectively prioritising what needs to be done in order to achieve one, two and three?

Sir Mark Sedwill: This is something John may also be able to contribute to, because this is an area we have been working on very closely. Some Departments have paused some of their other domestic policy agenda in order to focus their attention on planning for 29 March. That partly reflects the nature of their Brexit portfolio compared with others. In some cases they will be releasing officials to do so. Each Department essentially needs to make its own judgments, between the Secretary of State and the permanent secretary, about what its capacity is to deliver, but essentially the Brexit agenda is incorporated alongside the rest of the Department's agenda. In some cases we have had increases in resources—I think you are familiar with some of the numbers on that—but they have to prioritise within that and mainstream as much of the work as they can to navigate their particular portfolios through the Brexit transition.

I know you want to come to no deal, Mr Chairman, but on the assumption that there is a deal and therefore an orderly exit from the EU on 29 March, we will move into an implementation period, which is, in terms of operations, largely about continuity while we work towards the final transition at the end of that implementation period at the end of 2020.

Q96 Chair: Whether there is a deal or not is a political matter, but it is hard to see how the present deal gets through the House of Commons if it is not changed substantially. We will come to no deal planning later.

There has been a certain amount of controversy. I have never joined the attacks on civil servants for the conduct of Government policy, but when the civil service does come under attack, for example over the withdrawal negotiations, to what extent do you think it should be able to defend itself from such attacks on its impartiality and objectivity, as you did in the letter columns of *The Times*?

Sir Mark Sedwill: That was exceptional. I would much rather not have felt it necessary to do so, but I felt there was a particular set of



circumstances at the time that meant we should. Although it was my decision to do that, I had the support of the PM and senior Ministers—the Cabinet—in doing so. We are very grateful to you, Mr Chairman, and others in public life—politics in particular—who stand up for this principle. We must be held accountable for our performance—that is absolutely correct—but the correct way to do it is in sessions like this, and in the Public Accounts Committee and so on. My concern there was that there was essentially this anonymous sniping against individual civil servants—accusations that somehow or other they were not pursuing the agenda of the elected Government, which I felt had to be corrected. As I said in that letter, there is a contract between us and the citizen that we serve impartially the Governments they elect. With the idea that that was under attack, I felt—as acting head of the civil service at the time and essentially as the lead spokesman for the civil service—that I had to address that challenge.

Q97 Chair: There will come a time when we can look at this in the cold light of day, but why do you think the circumstances are that civil servants are finding themselves in the firing line for carrying out the wishes of their Ministers? Why do you think that is happening now?

Sir Mark Sedwill: It is a political question on which in some ways I am no better placed to make a judgment than anyone, but of course it is a highly contested issue, where people are questioning not only capability but motives. I was really concerned, for example, when Olly Robbins, the Prime Minister's Europe adviser, was asked in a Committee about his own personal views on Brexit. He answered, quite correctly, that his own personal views were irrelevant—he was there to carry out the policies of the elected Government.

There is something of this around in the ether at the moment. The reason I wrote was to make the point that we have dealt with many, many controversial policies before under different Governments and, however contested the issues, it is important that people remember that the civil service is impartial and serves the Government of the day. We have to hold to that principle.

Q98 Chair: But is there not a lesson—perhaps not to be learned now, but that we need to think about how to learn in the future—about how Ministers and officials should conduct their relationship in order that no official is left so exposed and no official is seen to be assuming what might be regarded by others as responsibility for policy rather than just the carrying out of Minister's wishes? That is obviously the perception that has arisen.

Sir Mark Sedwill: I understand the perception has arisen, but this area of policy, like any other, is one in which officials have a role in advising Ministers on policy, in policy formulation and in delivering that policy—of course, in this case, delivering that policy involves a very complex negotiation with our European partners—and in ensuring that Ministers have the right kind of information and advice in order to direct both the negotiation and the implementation. In that sense, it is no different to any other major policy area or major set of reforms. I have worked in



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government for 30 years—often in places where we are negotiating and where one is having to operate, as I did for example in Afghanistan, with a considerable amount of latitude under a ministerial mandate. I think it is because it is such a controversial issue that officials have become exposed, but officials are conducting themselves in exactly the way they have done in the past in pursuing other policies of other Governments that are a matter of controversy.

Q99 Chair: Finally, why wouldn't it be better for Ministers to defend the impartiality of the civil service, rather than the civil servants themselves?

Sir Mark Sedwill: I don't think it's an either/or. Ministers have defended the impartiality of the civil service and I am very grateful to them for doing so. You and other leading political figures have defended the impartiality of the civil service and been clear about how important it is. I think anyone in a leading role in public life should seek to defend that principle, and I would always hope they would. On occasion, it is necessary for the head of the civil service to do so as well, but I don't see that as an either/or. I think it is an as well.

Q100 Kelvin Hopkins: When Sir Jeremy Heywood gave evidence to our inquiry on civil service effectiveness in January, he conceded that existing learning and development provision in the civil service remained "patchy". How will the centre for public services leadership mesh with the existing civil service academies?

Sir Mark Sedwill: May I suggest the chief executive picks that up, because it is his area of responsibility?

John Manzoni: The centre for public sector leadership is a new institution, which has begun. Its formal budget, accountability and responsibilities are in their formative stages. They begin in the next financial year. We are funded for three years beyond April next year.

The addition is that the centre for public sector leadership is doing exactly what it says. It is looking across the public sector, not just into the civil service. We have our own leadership academy in the civil service—if you like, that is the vertical—as do the defence academy, the national health system and various other components of the public sector. The centre for public sector leadership is looking across all those and bringing those pillars together across the top as a leadership event. They are designing what they are going to do right now. We have appointed a leader of that organisation. We have funded it for three years. It will be complementary to the individual components that make up the public sector.

Kelvin Hopkins: I will come back to that point later.

Q101 Mr Jones: It has been announced that the budget for the centre for public services leadership is £21 million. Can you explain how that money is going to be spent?

John Manzoni: It is three years, so the formulation of it is about £7 million per annum for three years. The answer to the question is that I cannot describe exactly how it is, because the courses and the way the



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academy is going to work are still in formation, but the funding is set as an envelope. It will make some decisions, for instance, as to whether it charges for some of its services, which would ultimately make it more sustainable. I think that is the intent over time—it does not have to be funded out of the public purse forever and we need to find ways to make it commercially sustainable.

To date, we have spent nearly £1 million from the report by Sir Gerry Grimstone, which set it up in the first place, and the conclusions. As I say, they are now designing, in collaboration with various other places—Blavatnik, Saïd and one or two other places around—how they are going to bring that together.

Q102 Mr Jones: Presumably the budget is adequate and you are satisfied.

John Manzoni: Yes, the budget is adequate. It is quite a lot of money, actually, to put in place a series of events. The idea for the moment is a single event, which runs for—I am not quite sure—a year or just under a year, and a series of residential events, which bring together the aspects of the public sector that I have described, such as the leadership of local government, the defence academy, the national health system and the civil service, in collaborative leadership events with a series of cohorts. That is how they are designing—that is where they have got to so far.

Q103 Mr Jones: What is the budget for the civil service leadership academy?

John Manzoni: For the vertical in the civil service, over the last two years since it started, we have spent just under £2.5 million setting it up and creating the content. From this year, it is funded through participation, so we will charge the participants in the civil service leadership academy. The spend thus far this year is just under £1 million on that basis. We spent about £2.5 million setting it up, and its run-rate is about £1 million a year.

The truth is that this is early days. We are hoping that that will expand and increase. It does not benefit from central funding, although there is a case to be made in the next spending round. It does not benefit from central funding from this year—it has done; we spent £2 million on it—but the intent is that from the spending round, we will be putting a bid in that says, “That needs some core funding as well.”

Q104 Chair: Can I make a point in the form of a question? The civil service is a distinct organisation and requires its own leadership and learning development as an institution. It cannot just be folded into public service. Do you agree with that?

John Manzoni: Yes, I do, and that is why we have the centre for public sector leadership as a distinct entity different from the civil service leadership academy. Those things are quite separate. I completely agree with you.

The civil service leadership academy—to go down the vertical, if you like—is the pinnacle of the range of leadership preparation that we have through the civil service. It starts with first-line leadership, senior leadership and high-potential development for the more senior leaders.



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We have a complete architecture of leadership training and preparation through the civil service, from junior right up through.

The civil service leadership academy sits on the top of that, and concentrates most of its activities at the most senior levels, although it has orchestrated, and it works with Civil Service Learning, which is a separate entity, to create frontline supervision training and such things, which we have also been working on over the course of the last 12 months, such that, for instance, we now have free-at-the-point-of-use leadership training throughout the civil service. We have negotiated and created that—again, centrally funded—in order that digital frontline supervision training can be available to 400,000 civil servants.

Q105 Chair: So how legitimate is an anxiety that we might have that there is a great fanfare for the £21 million in the Budget for the centre for public services leadership, but the attention given to the civil service leadership academy, and civil service training and personal development, does not seem to be given the same emphasis?

John Manzoni: Not thus far. I am hoping that in the next spending round we will make sure that it is properly funded. To date, we have put 300,000 people through the civil service leadership academy. We have a range of courses and events for leaders as they go through one stage of their career to the next, in the senior leadership.

We have immersive case studies that are very high quality. I think 30 or 40 people have been through these immersive case studies, which are two or three days of leaders teaching leaders in the leadership academy. What we are doing is building, not with a big fanfare but with some quite deep roots, an institution in the civil service leadership academy that I hope will be sustainable into the long term. That does take time. So far, so good, but I do not think it is the finished article.

Q106 Chair: How much of that £21 million actually makes its way to the civil service leadership academy?

John Manzoni: That would of course be some of our aspiration, if we can manage to make sure that some of the courses for the centre for public services leadership are entirely consistent and compatible with what we want to do. For the moment, that centre sits in the Cabinet Office, so there is a good chance that we would be able to make sure that they are consistent at least.

Q107 Chair: Sir Mark, how much is this a priority for you, as head of the civil service?

Sir Mark Sedwill: Leadership training throughout?

Q108 Chair: No—to make sure that the civil service leadership academy gets some of the money that has been allocated to public service delivery?

Sir Mark Sedwill: It is exactly as John has just set out. The key thing here is that these are compatible, because it is not just about the civil service; it is about the wider public service. Although I am head of the civil



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service, I also have to think about the integration of the civil service with the wider public service, so John's point about ensuring that those two things are properly aligned, and that civil service training to produce the right kind of civil service leadership—

Q109 Chair: It is not about aligning; it is about resources.

Sir Mark Sedwill: Yes, but resources do not have to be transferred from one to the other; it can be about the use of resources in ways that enable us to get the synergies between the two.

Q110 Dame Cheryl Gillan: Apologies for not being here at the start of your evidence. I want to dig a little deeper. One of the problems with leadership is often the interface between senior leaders and elected politicians. I just wanted to ask whether you are satisfied that enough emphasis is put on that exchange and relationship between leaders and elected politicians. That is what has come out recently in some departmental relationships.

Sir Mark Sedwill: Let me make one quick point, and then I will ask John to comment. Of course, that is right, and you did a report where you talked about the nexus—

Chair: The fulcrum.

Sir Mark Sedwill: Sorry—the fulcrum between the two. That is absolutely right. It is partly training, and getting Ministers and former Ministers to come along and speak to civil servants as they are rising through, to explain that, and so on.

It is also partly about the jobs that we put people into—trying to ensure that, for example, our rising stars get exposure to ministerial private offices, and can therefore operate, as I did when I was coming through. I worked in the Foreign Secretary's private office for two Foreign Secretaries. You get a real sense there of how policy and politics interact. There is frankly no substitute for that kind of experience. You can give courses on it, but you cannot actually teach the nature of the pressures that the political world imposes upon politicians, and the fluidity and complexity of it. A lot of this is about career development, rather than just training. However, there is of course an important element of training and ensuring that people understand Parliament and the devolved settlement and so on.

John Manzoni: We are doing quite a lot, to be honest. I think that your report was well received. I apologise that we have not yet responded in a formal sense. That is in its final stages; I hope we will respond in the next few days.

The report contains some very sensible suggestions about this particular interface, which we will largely be in favour of and agree with, and will respond to in a positive way, such as the notion of more orchestrated and properly conceived ministerial induction processes. The reason the response is a little late is because we have to do a bit of a write-round to make sure that everybody is comfortable that the proposals coming back



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to you are all agreed. But we think that that one is a very good idea, because it is not only about civil servants but Ministers understanding some of the pressures that the civil service handles in an operational sense.

The parliamentary schemes involving people spending times in each other's worlds are also, very sensibly, recommended, and we will hopefully respond positively to that. I think you also recommend a rather more formal, structured dialogue, particularly at the top, with the permanent secretary and a new Minister or a new Secretary of State. Again, that is a good idea, and we should be responding in a generally positive way.

I think we have to continue. We do a lot, for instance, in the major projects area, where we have invited this Committee, I think—we have, for sure, invited the Public Accounts Committee—to spend some time in the major projects leadership academy, which is what the senior responsible owners of the big projects in Government do so that, again, we can share some of these experiences. I think it is a very important relationship. I am relatively new to the civil service, but it is obviously an important relationship. I personally believe that.

The other thing I will say, in a broader sense, is that what we are trying to do in the functional matrix across the organisation, which is to bring greater levels of experience in delivery and implementation into the civil service, also has a positive net benefit to the relationship between the civil service and the political layer. I think that is actually really important and central.

Q111 Kelvin Hopkins: How would you respond to the suggestion that, for the civil service to be mindful of its sustainability and its values, a dedicated institution is required? In my earlier question, I talked about how the centre for public service leadership meshes with the existing civil service academies. What about putting that into one institution—a National School of Government under another name?

John Manzoni: We have had this conversation several times. I think that the civil service merits an institution. Our intent is to build the civil service leadership academy into such an institution. As you know, the National School of Government was stopped. That had a place as well. The civil service leadership academy does not have a place for the moment, although, as I have said, we are strengthening the roots of it.

My ambition is that the civil service leadership academy emerges over time to be such an institution. It carries the values of the civil service. All of the training is deeply embedded with the values of the civil service and the heritage and all those things. That is why, by the way, it is so important that one of the fundamental principles of that academy is that it is very much about leaders in the civil service teaching other leaders in the civil service, although there are, of course, some academic inputs in all that stuff. We have an internal faculty of—even today, in its early stages—nearly 60 leaders who are busy teaching other leaders in the various civil



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service leadership academy courses. I think you will find me in agreement that we need an institution. We just have to do it in a modern way.

Q112 Chair: It sounds very ad hoc compared with what we had before, and it is quite obvious that the abolition of the National School for Government left a lacuna in what is one of our great national institutions; it lacks part of its brain that is thinking about its future.

John Manzoni: It is like everything, though, isn't it? These things have to evolve, and we should not just hang on to the past for the past's sake. I agree that there needs to be an institution; the question is how we make it in a modern way. That is what we are trying to build. I agree it does not happen overnight, and I don't think we are where we want to be, but we are on the way.

Q113 Chair: Those are very useful comments, and I think this Committee will want to give the civil service every support in encouraging Ministers to accelerate that development.

John Manzoni: Thank you.

Q114 Kelvin Hopkins: Can I add a little bit to what you have said, Chair? We had before us some few weeks ago one of your former colleagues, Sir Richard Mottram, who recalled his days when he joined the civil service in the late 1960s and spent some months, as did many of those who were en route to be senior civil servants at the time, being trained, educated and drawn deeply into the culture of the civil service. It was coherent, comprehensive and rigorous. He reminded us of that experience and how valuable it was, and how it made him, in a sense, the civil servant that he became. Do you not think that that is what we should be building—rebuilding, if you like?

Sir Mark Sedwill: I joined the diplomatic service, and we did not really have anything of that kind, although they now have a diplomatic academy that does quite a lot of those things. I don't think either of us is disagreeing at all with the central thrust of what the Committee is saying, but it is important to see some of the other programmes as well. The new fast-stream programme, for example, which has been in place for four or five years, takes fast streamers, and in their first two years is designed to do exactly that. They do six-month attachments, and they get a series of modular courses. What we are trying to do through that programme is to ensure that some of those who are going to be rising to the top of the civil service—the future Richard Mottrams—get a mix of taught content and experience working in different parts of the civil service.

What is important in the modern civil service—something I want my period as head of the civil service to be about as much as anything—is the placing of the civil service in the wider public service. The boundary between the two definitely needs to be an interface rather than a barrier. Some of those earlier programmes were very good at training the policy civil servants to rise through the Whitehall machine, but they did not necessarily focus on the leadership of the operational civil service, which is what the vast majority of the 400,000 civil servants do, let alone the



leadership of the wider public service, which is several million public servants who are still, essentially, working with Departments of State, at their core. As John says, we need to make this work for the modern era, and we need to ensure that we are giving all civil service leaders the kind of training, induction and experience that they need to lead in that wider context, not just the traditional Whitehall policy context.

Q115 Kelvin Hopkins: Moving on to a different subject, which we have touched on before—preparedness for EU withdrawal—how prepared are the Government to exit the EU in March next year without an agreement, and what remains to be done?

Sir Mark Sedwill: I think we are in reasonably good shape. We have been accelerating planning for that over the last few months. We published, as you know, a range of over 100 technical notices in August and September, essentially to alert the wider economy, citizens and businesses, in particular, to the preparations they might need to make. We are accelerating that work. There have been further releases, including in the past few weeks. HMRC has just written to a range of businesses—about 145,000 of them—that trade only with the EU and export only to the EU, to alert them to the potential need to be able to complete customs declarations and so on, should that be required, if we leave without a deal on 29 March. That work is continuing.

The Government, I think, are in pretty good shape—John will be able to say more about that—but of course the big dependencies are outside. It is about the private sector in this country. But it is also about what arrangements we can agree with our EU partners in those circumstances, because a lot of these issues will depend on what their attitudes are when, for example, Calais is at the external border of the EU and the UK is outside of it. Those are issues that we have to work through, and the decisions depend upon the decisions they take more than on the decisions we take. That is what we will have to do over the next few months as we approach that time, in parallel with trying to secure and implement the deal.

John Manzoni: Let me add a bit of underpinning detail to what Mark has said. We have been at this for a while, as he has said. A lot of resources have been deployed into this issue. The Treasury has allocated about £2 billion. The first half of that has been distributed and is being used. The next tranche is in the final stages of distribution. We have hired about 10,000 people so far, there are about another 5,000 in the pipeline and there are probably another 5,000 to come, in the event of a disorderly exit. At the moment, that is the phase we are at.

A lot of things have happened to add to Mark's commentary. He has mentioned communications. Of course, we have done a lot of legislation. We have set up various arm's length bodies. We have prepared those arm's length bodies to accept the repatriated powers, if you like. Some of them have begun hiring and setting themselves up to do all of that. There are lots of SIs, and primary and secondary legislation. We have



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undertaken to guarantee European funding where that will disappear. Those things are underway. All of that is taking place.

Now, we are moving to the next phase, which I would call operational preparedness—rather than the policy stuff—for managing the border in the event, as Mark says, that something happens there. For example, managing the healthcare systems and the implications of all of that, and the energy flows, the food supplies—all of that stuff. Those are the operational aspects, and that is the next stage of preparation in the event that we have a disorderly Brexit, which is not Government policy, and I think it is very important to say that Government policy is to get a deal and an orderly Brexit. I am not sitting here saying that, therefore, all of the consequences of a disorderly exit will be perfect. They won't be. It is an enormous task. I think, in general, as Mark has said, we have been progressively ramping this up, in terms of the no-deal or disorderly exit.

We are moving now to another stage, in which Departments are at least getting ready. In addition to all of those new resources I have talked about, as we reach the final stages, we have to accelerate even further. We can't hire those people fast enough. So we have to start really redistributing even more resources. We have redistributed a lot of resources already, but even more resources are necessary. That is the next phase. That brings its own issues about distributing large chunks of civil servants from one Department to another, because that starts impacting the normal delivery of a particular Department. But that is the point that we are at. I am not sitting here saying that all of those consequences will be mitigated, but I do believe that the civil service has been working remarkably quickly and, under the circumstances, remarkably well. We will be as prepared as we can be in the event of a disorderly Brexit.

Q116 Kelvin Hopkins: Following precisely on what you have just been saying, what specifically do you anticipate will not be ready in time that will affect business and individuals? You mentioned contingency plans already. Will the civil service and the Government be able to mitigate any adverse consequences?

John Manzoni: I will give an example, which I think has been in the public domain. In a disorderly Brexit, it will take a little while to negotiate and assure ourselves that we have adequacy agreements for data flows between the UK and Europe. That has been said. The implications of that are that companies in the marketplace need to take some actions. We have advised them that that may be the case in the event that we get to a disorderly Brexit. Those companies are thinking about what they need to do. That is an example. The border, as Mark has said—we don't know what the French will do in the short straits between Dover and Calais. We don't know whether or not they have actually recently talked about doing things on their side of the border to maintain flows. If they can't get that done in time, if they choose not to, or if the Commission does—legally, they have to make checks, because that will be an external border for Europe. They are legally bound to make checks, and the question is



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whether they can put in the capacity, a place to make those checks, and get that done fast enough.

Q117 **Chair:** May I correct you? They are not legally required to apply checks; WTO rules require them to have confidence that there is compliance—they are not obliged to apply checks.

John Manzoni: Okay. Yes, but they need to know what is coming through the border—

Q118 **Chair:** Yes, but we shouldn't sanction the idea that they are going to act illegally, nor should we give them permission to act restrictively and protectively.

John Manzoni: No, I agree. My point is that there is a chance that without some actions on their part, the border will slow down.

Q119 **Chair:** But we have been hearing that the EU is planning a three-month soft implementation period for customs compliance if we leave without a withdrawal agreement.

John Manzoni: Which would be welcome, of course.

Q120 **Chair:** Which is reassuring, isn't it?

Sir Mark Sedwill: It is reassuring, but what we have to be clear about is that this is contingency planning, not central policy. As you know, in wide areas of government, particularly those that I have spent much of my career in, it is both right and responsible to do the contingency planning against contingencies in which not everything works out as you would want. Of course we would be working very hard to ensure that exactly that kind of arrangement was in place and, to pick up your earlier point, that no checks were being made in Calais or Calais Coquelles that were in addition to the normal checks—for example, that the EU would make at one of its other external borders—so that there was nothing uneven about it. But we still have to work through the practicalities, and on that particular route, because it has essentially been within the single market and the customs union for many years, there is no capacity in Calais—indeed, none in Dover, really—to do extensive checks. Therefore, we have to plan for circumstances in which that starts to clog up and we get the gridlock that we saw in 2015—

Q121 **Chair:** But it is quite possible for us to say, as we should do—and as I am sure we would do—that we are not going to have people with clipboards checking every truck and container coming through the Channel tunnel and across on the ferries from Calais.

John Manzoni: We have said that.

Q122 **Chair:** Yes. It is also extremely unlikely, and indeed would be illegal, for the French authorities to use the Poitiers manoeuvre to check everything religiously. They don't check everything that comes in from outside the European Union at the moment—they check about 2%.



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Sir Mark Sedwill: No, they don't, Mr Chairman, you are right, but even checking 2% in something that is operating at that level of capacity—

Q123 **Chair:** Yes, but there is no need for them to check anything.

John Manzoni: On day one.

Q124 **Chair:** It will be exactly the same as it was before—

John Manzoni: But they haven't said that they won't.

Chair: They have to have confidence that the border is not being abused—

John Manzoni: Right, so—

Q125 **Chair:** The risk of that would seem to be extremely low, because I cannot think of any truck that is going through on day one of Brexit that would not have been going through—

John Manzoni: What you have reflected is certainly our philosophy, and that is what we have said, but the French have not reciprocated with that philosophy explicitly. As someone said—

Q126 **Chair:** May I raise an issue here, before my colleague comes in? There seems to be a lot that the Government could be saying that is a lot more reassuring than it is. I visited Honda in Swindon on Friday last week, and they gave me permission to explain their frustration. When, for example, they ask the borders delivery group, the cross-departmental group in government, about what their plans are for that, or for customs compliance, officials say, "We are not authorised to disclose these plans." Why is that the case?

Sir Mark Sedwill: Over the last few months, the Cabinet has progressively agreed the disclosure of different levels of no deal contingency planning. It is reported to regularly. Those are, rightly, decisions for Ministers, because they can have immediate impacts. It is not so much that officials are not being permitted to disclose something that we are saving up; it is ensuring that we are communicating in an organised and systematic way at the moments that we consider are appropriate.

I understand the frustrations, but we are not yet in a position to be able to set out all the potential contingencies, because we don't yet know what they are and we don't yet know exactly what our European partners would do in those circumstances.

Ministers have to make quite a finely calibrated judgment about the immediate versus the long-term impact. It is frustrating—of course everyone would like certainty; we would like certainty—but I'm afraid those are the circumstances we are in.

Q127 **Chair:** But there would be more certainty if there was more openness and communication between the border delivery group and importers and exporters. What you are telling me is that it is Ministers who have decided to restrict the flow of information between the border delivery group and



exporters and importers.

Sir Mark Sedwill: No, Mr Chairman, that's not what I said and that is over-interpreting what I said. We put out a series of technical notices back in August and September, and those are big policy decisions. That was saying to the country, "There is a range of activity you might now need to prepare yourselves for in case we don't have the kind of deal that the Government have been working towards." It is absolutely right that Ministers are taking those decisions and overseeing that kind of work.

I am not suggesting it is anything other than that, but Ministers have to look at—I mean, this is the Government, on our advice; I'm not trying to make a distinction here between Ministers and civil servants—the impact in the round. They have to test all the assumptions, and the material is being communicated out, at the times we consider to be appropriate.

Of course everyone would like more certainty. We would like to say exactly what will happen on 29 and 30 March, but we do not know because we do not exactly know the scenario we will be in. We have gradually communicated this over the last few months and more will come.

Q128 Chair: But if Ministers chose to change their policy to instruct officials—"Share everything with everybody. We want to be as open and co-operative as possible. We want to know what businesses think about our plans while they're still fluid. We need to plan as quickly as possible for Brexit. Open the floodgates. Let the information flow"—that is what officials would do.

Sir Mark Sedwill: Officials will always follow ministerial instruction; of course they will.

Chair: Exactly.

Sir Mark Sedwill: But my point is that I am not seeking to make a distinction between a ministerial position and official position on this. Ministers make the decisions, they have advice from us, and we then carry out those decisions. That is the Government's position. I think it is important not to see it as Ministers and civil servants—

Q129 Chair: I totally understand, but as a matter of administrative fact, if Ministers are requiring you to restrict the flow of information, that is what you have to do.

Sir Mark Sedwill: I wouldn't want to—I don't think that's the right way to describe it.

Q130 Chair: I understand; you have to present a seamless divide between officials and Ministers. But in the end, Ministers decide and officials have to carry out their instructions. And that's what is happening.

Sir Mark Sedwill: Of course that is right, but Ministers and the Government as a whole have to look at all the potential consequences of releasing particular kinds of information at particular times. Some of those



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consequences would have an immediate impact on the economy. That is a judgment that the Government have to take. And Ministers are thinking about these issues in great depth—we all are—and making those judgments.

Q131 Chair: I cannot, of course, ask you what advice you are giving to Ministers, but how are businesses meant to plan for how they deal with VAT on imports, knowing that the imports from outside the EU have to pay VAT on arrival but imports from the EU at the moment have to pay VAT on their usual three-monthly return? What will be the position of VAT on the customs frontier in the event of a disorderly Brexit?

Sir Mark Sedwill: Those are still policy decisions; obviously they have to be compliant with the overall legislation, but those are still policy decisions. Of course, as you know, we are still putting legislation through Parliament on a whole range of issues. I don't happen to know that particular example, Mr Chairman. We can look into it and write to you about it, if you are interested—

Q132 Chair: It is pretty important. It affects the cash flow of businesses very substantially.

Sir Mark Sedwill: It does, and as decisions are taken, HMRC is putting out information. They are consulting businesses. They may not have done that particular business you meant; I don't know. But they are consulting businesses as they go and releasing information at the time they consider to be appropriate.

Q133 Chair: If the Government do not want people to be unduly alarmed about a WTO Brexit, perhaps you might advise them to release more information, so that businesses know what is going to happen and what to plan for.

Sir Mark Sedwill: Mr Chairman, more information is being released and will be released, according to what the Government consider to be appropriate. The Government have to balance all the different risks in these contingencies—the longer-term and the immediate impact on the economy of particular decisions that are taken and particular communications that are released. That work is done. Ministers and officials think very, very carefully about that, and they make the appropriate judgments.

Q134 Mr Jones: Mr Manzoni, you referred repeatedly to withdrawal without a negotiated deal as a disorderly Brexit. It has been perfectly obvious since before we served the article 50 notice that we would leave either with or without a deal. Surely the planning that has been going on should be sufficient to ensure that either scenario is an orderly Brexit, just a different sort of Brexit. I am just concerned that the use of expressions like that may be communicating a lack of readiness on the part of the Government and the civil service and may be causing some concern among those who are expecting the Government and the civil service to deliver an orderly Brexit, whether it is negotiated or not.



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John Manzoni: With a negotiated Brexit, we will have two more years to make it more orderly than we will if we don't have a negotiated Brexit. That was the basis of my—

Q135 **Mr Jones:** But is that right?

John Manzoni: Well, that's at least the basis of the agreement.

Q136 **Mr Jones:** Forgive my interrupting, but to repeat, it has been perfectly obvious since before we served the article 50 notice that we might leave without a deal, so surely the contingency of leaving without a deal should have been something that was planned for.

John Manzoni: It has been. As I have mentioned, we have hired 15,000 people in order to prepare for all this.

Q137 **Mr Jones:** So why is it disorderly?

John Manzoni: It's because, as I have said, there will be consequences without a deal that will not be fully mitigated, such as the border, which we have just spent some time talking about.

Q138 **Mr Jones:** But those are things that you can plan for and make contingencies for. I really think that the use of expressions such as "disorderly Brexit"—

John Manzoni: Perhaps I should say "less orderly".

Q139 **Mr Jones:** It really does concern me, because you used it as if it was an expression that was in currency in the civil service generally. I think that that is really worrying and I really do wonder whether it's an expression you should continue using.

Sir Mark Sedwill: Mr Jones, the central point here is this. Of course we can make contingency plans, but we can't control, we don't have complete control over, the circumstances that would pertain in the event of leaving without a deal on 29 March. There are things that no Government can control. We have had an economy and a country that have been knitted together for several decades with the EU—with seamless transition, in particular across those borders, seamless data sharing, a common legal framework, et cetera. If we leave without an agreement on how that is going to evolve, much of that is outwith our control. It is important. I am not trying to exaggerate this, but it is important that people understand, and particularly decision makers in Parliament understand, that however much we had prepared and however long we had had to prepare for it—two years is not very long to prepare, even for that—we don't have complete control over the circumstances in which it would happen. It is challenging. We are preparing as best we can. I think we are in the best possible shape we can be. But it is not possible to run two entirely parallel policies for a transition moment, particularly when those policies and the operational preparations would be in tension with each other as you go along.

John Manzoni: And need two parties to be party to it. So it might be inconvenient, but it is less orderly—



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Q140 **Mr Jones:** Do you take my point, however, about the use of expressions such as “disorderly”, which frankly imply chaos?

John Manzoni: No, that’s not what I said—that’s not what I said. I said it was less orderly and disorderly, versus orderly. It might be inconvenient, but I am here to tell you what I think is really going on.

Q141 **Mr Jones:** I appreciate that, but clearly there has been a great deal of contingency planning already.

John Manzoni: Of course there has.

Mr Jones: And I think that reassurance is more important than the use of expressions that don’t, in fact, reassure people.

Q142 **Chair:** And if it is behind, that was a deliberate act of policy by the Government, wasn’t it?

Sir Mark Sedwill: It’s not that it’s behind, Mr Chairman. It’s that much of this depends on our European partners. The only way to guarantee a—to use a different word—smooth transition through 29 March is by agreement with our European partners, on things like data adequacy, the way the border is going to work and so on. Whether that is the capital-D Deal or other arrangements depends on them.

Q143 **Chair:** A few minutes ago one of you said that the no deal planning was stepped up after the Chequers summit. Why wasn’t it stepped up as soon as we triggered article 50?

John Manzoni: With respect, I think you are making political points, and I do not think we should be debating political points.

Chair: Okay, that is fine. I am just being clear.

John Manzoni: I think this is a sort of use of words; I am just saying, as the guy who does the implementation, we will be less ready on 29 March than we will be at the end of December 2020. Of course we will, because there is an awful lot to do. On the other hand, I think we are confident that, as I have said, we have mitigated the worst consequences of an early exit on 29 March with no deal.

Q144 **Chair:** Okay. Are there any particular points arising from the NAO report, where you think they have been a little more jaundiced about preparations than they might otherwise have been?

John Manzoni: I think the NAO have been very helpful. They have come in; their first phase of reports was really a factual set of reports, which articulated—and as ever I find the NAO relatively helpful. They tend to be on the right issues. They highlight things. There was a factual set of reports. Funnily enough, I discussed this with the Comptroller and Auditor General yesterday. He feels that the system is working as fast and as hard as it can and there is little—he has just finished work—that he can add at this point to an observation and more factual analysis. That is where he is, and I think he has concluded that actually the system has ramped up



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significantly since the last time he looked, across the board, and it is really as we have described today. I do not think there is a lot to add to it.

- Q145 Kelvin Hopkins:** A brief point on what we have been saying; it has recently been reported in the journals that the French are not going to be difficult at Calais because they are more nervous about losing trade to Belgian and Dutch ports, who are very keen to take some of their business, than they are about controlling travel through the port.

My question: the OBR reports that almost a third of the last tranche of money allocated to Departments to prepare for EU withdrawal will not be spent. Why is that?

John Manzoni: How I would characterise the money is that the pace of spending is accelerating all the time. All of the money will be spent, for sure. I believe ultimately probably more than that will be needed. This is a sort of natural pace of how you can ramp up a system. It is the pace at which we can hire skilled and capable people to build an IT system or to do the commercial negotiations, and such things. That is why it has been slightly slower. It is a completely natural approach. People say, "I need 300 people." Okay, well exactly what are the 300 people? What are the job specs? So we get the 300 people, the money is allocated. Actually it takes time to define the job specifications, hire the people, and get them in and organise them and go to work. That is actually what has been happening. The pace of the money being spent is accelerating now quite quickly.

- Q146 Dame Cheryl Gillan:** The NAO report identified weaknesses in individual Departments. Would it be possible for you to say which of the Departments you think are the best prepared, and those where you have got a red/amber notice hanging over them? I think it would be useful to know where the concerns are.

John Manzoni: Rather than Department by Department—some Departments are clearly more impacted than others; if you sit in DEFRA this is completely all-consuming.

- Q147 Dame Cheryl Gillan:** Well, the criticism was of DEFRA, as well.

John Manzoni: And 90% of that Department's activity is impacted one way or another by Brexit and therefore they have had a much bigger job to do than some other Departments. The Department for Education comes to mind, where actually there is relatively little. The Departments that have the most to do would be DEFRA, the Home Office, HMRC—the DFT has a lot to do and the business base has a lot to do as well. Those are the Departments that are really impacted. Others are less impacted. Credit to DEFRA, they have the most to do; they have also, certainly in recent months, moved the fastest and most determinedly to enact. They have relatively ruthlessly prioritised the preparations of their Department. They have moved 200 or 300 civil servants several months ago and are now moving several hundred more to focus on this. Of course there are greater levels of concern and lower levels of concern. We have talked in large part about many of the areas that are difficult, but anything to do with the



border is obviously an issue. We cannot guarantee, so we have to be ready. That is the way we are looking at this.

Q148 Dame Cheryl Gillan: How are preparations going with the devolved Administrations? Obviously many of these areas, particularly DEFRA, rely on the state of preparedness of the devolved arms of Government.

John Manzoni: We have set up various forums to ensure that the devolved Administrations are aware of the preparations being put in place in Westminster and through the Departments. Each Department is accountable for the implications of its own policies on the devolved Administrations. It is obviously that much more arm's length and therefore that much more difficult. In truth, we know more about our own Departments. We have been getting comfortable faster in our Departments than we have with the devolved Administrations. Again, I believe that the communication channels are now fully active. They have been for several months, but it was a little behind, I will not deny that. That is how it has been.

Q149 Dame Cheryl Gillan: Why was it behind?

John Manzoni: Only because—I can give you a theory. It is an interesting issue. It was very frustrating, even from the centre of Government. In the early phases of implementation versus policy articulation, the policies can be thought through and we can have an answer on a piece of paper, but the actual act of implementing those policies has taken a little time. It has lagged, and we know all that because we are very good at the policy and we are busy building the civil service's capability to do the implementation and the policy together.

This is a great example where we have to do the policy and the implementation to a set timeframe. It is a unique circumstance in that way. Actually, even in the early phases of that, it was frustrating from the centre of Government. While the articulation of the policy could be clear, exactly how it was going to be implemented was less clear. It took us a long time to move into that implementation phase. The devolveds, who were concentrating on the implementation aspects of those policies, were having similar trouble and were getting frustrated that the implementation aspects of those policies were less clear. That was because they were less clear.

I think what was going on in the early phases was that discontent. To be perfectly frank, I was equally as frustrated as the devolveds in the early stages of this. I was listening to the policy articulations but was not seeing the implementation on the ground. We were therefore pushing very hard. What was going on in the early phases was a similar frustration from the devolved Administrations.

Q150 Kelvin Hopkins: Which Department leads preparations for leaving the EU? Specifically, what role does DExEU have?

Sir Mark Sedwill: DExEU leads on preparations. It is the DExEU Secretary of State, for example, who would brief Cabinet on preparations,



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but for the reasons we have just been describing, it is a whole-of-Government endeavour. The Cabinet Office and the two of us are heavily involved in ensuring that the whole endeavour is coherent and has the capabilities and so on it requires. In terms of the actual lead, the lead Department is DExEU.

Q151 Kelvin Hopkins: It is not the Treasury overseeing it.

Sir Mark Sedwill: Well, the Treasury always has its tentacles in everything in Government, as you know. Let us not forget that the Prime Minister is the First Lord of the Treasury, so of course the Treasury is heavily involved, but fundamentally it is a DExEU lead. They are co-ordinating. They are holding the spreadsheets of the implementation plans that John has just been describing, but with a lot of support from the centre. The two of us have an important role in ensuring that the whole-of-Government effort is coherent.

Q152 Kelvin Hopkins: With the Departments delivering it.

Sir Mark Sedwill: With individual Departments delivering on their own portfolios.

Q153 Kelvin Hopkins: How does the functional support team work with other Departments?

John Manzoni: As Mark has described it, the overall co-ordination is done by DExEU. In a negotiation, one needs to know how long it might take or what are the various plans for implementation. The FST sits in the Cabinet Office and is largely shared. The person who leads that is a director general who works for me and the permanent secretary of DExEU, so it is a shared endeavour. That team is a ramped-up version of functional support into Departments. It will go, for instance, into DEFRA and talk with the DEFRA team about the building of this particular system. It increasingly identifies where there are skills gaps; sometimes, the IPA will do assurance, and the functional support team will be there to ask, "What resources do we need?"

Increasingly, we deploy specialist implementation resources, whether that is the programme management office, commercial people or technical people, into the Departments to help to supplement departmental hiring and project teams. Increasingly, they are on the ground with the Departments, supporting them with implementation expertise.

Q154 Dame Cheryl Gillan: When we get beyond that phase—obviously we are unravelling 40 years of a relationship with Brussels where so much capability has gone over to Brussels—what additional capability will you need as that responsibility comes back from Brussels? That is very important for the long term, as opposed to the near term that we have been looking at.

Sir Mark Sedwill: That is a really important point. There are some obvious ones: the establishment of the Department for International Trade, for example. That has a capability that we have long had—export promotion and so on—but we have recruited, as you know, a senior trade



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negotiator with a great deal of experience from New Zealand to lead the independent trade negotiations that we will have once we are outside the EU. That is a very concrete example, but it also goes across the rest of Government.

There are many areas of policy that will be repatriated. John mentioned DEFRA, for example. As well as having to do a considerable amount of no-deal planning, it is having to do a great deal of deal planning. Implementing the repatriation of the common agricultural and common fisheries policies is a massive undertaking. Across Government it will vary, of course. Some of it is UK Government; some of it is at the devolved level. All those capabilities need to be strengthened to be able to deal with implementing a deal as much as to deal with the contingency of no deal.

Perhaps this is a point I should have made more clearly in response to Mr Jones earlier: the contingency is not disorderly; our objective is that it is orderly, whatever the status of a deal. Perhaps that is the way I should have expressed it. You do have to do contingency planning against things you really do not want to happen. Perhaps that is a better way of making that distinction.

I do not want to drop the main point you were making, Dame Cheryl: fundamentally, it will run across large areas of Government activity.

Q155 Dame Cheryl Gillan: I always remember in the '90s that I first went in as a junior Minister when we merged Education and Employment. I was never quite sure of the logic of that at the time. Surely, this is a brilliant time for you to stand back and look at the overarching architecture of our Government Departments. For example, merging customs and excise into Treasury was not exactly a popular move at the time. Perhaps there is potential for looking again at that marriage and seeing whether a divorce and individual households would operate more effectively. Who is doing that blue-sky thinking about the overall architecture of Government post leaving the EU?

Sir Mark Sedwill: I have started to commission some very early thinking about that. The machinery of government changes, as in the example you just gave, are made for a range of reasons—some operational and practical; some more political. Many Governments operate with roughly half the number of main Departments that we do. The United States has a Cabinet roughly half the size of ours, with each Department covering a wider range of responsibilities. There are always those sorts of philosophical issues about the structure of government. We are giving some thought to that.

My concern right now would be that, given everything else we are doing, machinery of government changes put an enormous amount of pressure on the Departments that are being merged, demerged or reconfigured, as you know from your experience. Frankly, we simply wouldn't have the capacity in the system to do that effectively while we are dealing with all the other pressures. We will obviously need to think about what the main areas of policy are and what the relationship between the centre and the

devolved Administrations is as we repatriate policies from the EU. It will be a longer-term piece of work.

Q156 Dame Cheryl Gillan: Lastly on your capability requirement, you obviously have got some gaps. Where do you feel that those gaps are the greatest?

John Manzoni: As we move from policy definition through to implementation, we go through different phases. I am feeling more comfortable than I did six months ago, but I believe that we will still be short of technical people, commercial people and project management implementation people. I think those are the key areas. Curiously, some Departments are swinging back into policy again. It is quite a variable picture. They are quite specific, so as you get into a project team, they say, "Actually, we need a technical architect," so you have to find a technical architect. We are moving more into that mode and therefore setting up processes across our system to go and find those people, or train them if we have to. It is those specific implementation capabilities.

Q157 Dame Cheryl Gillan: But this is a real danger to a smooth and orderly process, whether we have a deal that passes in this House or not.

John Manzoni: You mean the capability to do it?

Dame Cheryl Gillan: Yes.

John Manzoni: I completely agree with you. As I said, we have hired 10,000 people and we have 5,000 in the pipeline. If we negotiate a deal, I anticipate that we will need 2,000 or 3,000 more. If we don't have a deal, I think there may be a few thousand more that will be needed. A lot of those are operational border guards and customs people, but many of them are the kinds of people that we need for implementation.

We are working very hard, and we have ramped up training in project management. We have put together a special course. You don't learn it on a course, but that is a start. We have pushed through all the SROs on Brexit projects. We have ramped up our digital academies process. We have put 9,000 people over the course of the last two to two and a half years through the digital academy so we can begin to do that. We are ramping up the processes to do that. Our commercial assessment centre has assessed 1,600 people, and we have hired 400 people since that started—200 or 300 from the outside. We are ramping this up and getting these skills in from the outside market.

Q158 Dame Cheryl Gillan: This may be unfair and blunt—it is certainly not on my script—but there was a feeling some two years ago, after the vote, that there was a blockage from the civil service, and that it was not happy that 17.4 million people had voted to leave the EU. Do you think that any reluctance within the civil service to pushing plans forward to follow that route might have contributed to the position we are in now, where we are struggling to get the capability to have an orderly Brexit?

John Manzoni: I would answer your question in this way. My observation—



Q159 Dame Cheryl Gillan: Sorry, but I think it is a question that you need to answer.

John Manzoni: No, I've heard it before, and it is a perfectly fair question. My observation is that this is nothing to do with people not doing their best to get the job done. It really has not been that. As I said, this is unique and has, in some ways, brought home what I stand for, which is putting implementation and delivery capability into the civil service. That is why I have put the functional structures across the civil service, but it has brought it home in spades because, suddenly, we need to do definition and implementation in a set timeframe. That's what has happened. That is why it wasn't going as fast. People say, "Why can't we click our fingers and have a plan?" The answer is that I can draw a plan on a piece of paper, but it isn't worth anything until I have really tested it. And that is what has actually been happening, in my view. I see no evidence of the accusation that the civil service was somehow—

Dame Cheryl Gillan: That is comforting to me, but—

John Manzoni: I understand the accusation.

Dame Cheryl Gillan: On a last point—

Sir Mark Sedwill: Before you move on, may I reinforce that point? If I look at some of the most talented people at all levels, they are on Brexit. We have got some of our most talented rising stars at all levels working on Brexit in different parts of the civil service. There are people with implementation expertise or policy or negotiation expertise. They are throwing themselves absolutely wholeheartedly into it. For us it is about making a success of Brexit. It's not about the political arguments that you all have about the exact package. Of course, knowing the exact package makes it an awful lot easier to implement, as does knowing it in good time. You will understand that as well. The commitment of the civil service to making a success of it and ensuring we navigate our way through it successfully as a country and that we are postured to make a success of it afterwards is something that we talk about at every leadership event, and you will see some of the best people wholly energised by that project.

Q160 Chair: Cabinet Secretary, may I just place on the record the appreciation of this Committee for the incredible amount of work that we know is being undertaken by civil servants, and for their dedication and enthusiasm for any challenge? Would you convey that message to the civil service?

Sir Mark Sedwill: I'd be delighted to.

Q161 Chair: We appreciate the tremendous commitment that they show. Whatever political disagreements might go on over their heads, they just get on with it. We need to understand what that takes.

Sir Mark Sedwill: Thank you. I appreciate that and I will pass it on.

Q162 Mr Jones: I wonder whether I can put on the record my observations during my time at DExEU. I saw nothing other than a band of officials who were completely dedicated to delivering Brexit. I don't believe there was



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any other agenda applied there at all.

Sir Mark Sedwill: Thank you. It's very important to the civil service that we hear that, particularly from people who take different views on the political issues themselves. It relates to our earlier exchange, but I really do appreciate it and we will pass it on. Thank you.

Q163 **Dame Cheryl Gillan:** Plucked out of my brain, I want to say it is really good to have that on record in this Committee. Morale in the civil service is most important. It was certainly something that was articulated for some time at the beginning, and it is good to hear from both of you that that is not the case.

Sir Mark Sedwill: Thank you.

Q164 **Mr Jones:** Sir Mark, among your responsibilities is to make sure that Cabinet Government works properly. You will be aware, of course, that there have been complaints from the last two recently departed Secretaries of State for DExEU that they were excluded from key policy decisions over the course of Brexit. Does that look like a Cabinet Government that is working properly?

Sir Mark Sedwill: I am obviously concerned if Cabinet Ministers feel that way. I wouldn't agree with the characterisation, but obviously there must be a concern if senior Cabinet Ministers feel that way. Certainly in my six months since I have been in this chair, there has been more intense discussion of Brexit in full Cabinet as well as in Cabinet Committees than of any other issue I have experienced. Obviously, you know this from your own experience, Mr Jones.

We had the full-day session at Chequers where essentially the Government finalised their position for the White Paper in a very detailed set of propositions. We subsequently had several Cabinet meetings: one just as we were running up towards the November Council and finalising the Government's position. I think the Cabinet went for five hours. Every Cabinet Minister spoke and every Cabinet Minister had had a chance to work their way through the papers and so on. My own view is that there has been more personal exposure of Cabinet Ministers to the issues here than probably any other issue.

In the negotiations themselves, there are different phases. Any negotiation of this importance is bound to end up at the leader level; it has to be done between the Prime Minister and their counterparts. That has been true of other negotiations that I have seen over the years in my diplomatic career. The exact tactics of all that tend to be done by the Prime Minister and the Prime Minister's immediate team. The overall mandate policy framework decisions have been taken by Cabinet collectively, and very thoroughly exposed to argument.

As you know, and as we discussed the last time I appeared, collective responsibility in action is when Cabinet Ministers conclude that the policy outcome is one that they cannot support and therefore make a decision to step down. That is part of collective responsibility.



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Q165 Mr Jones: Of course, the complaints were that, while DExEU was apparently engaged in preparing policy, parallel work was going on on the same policy in other parts of Whitehall. Is that something that you recognise?

Sir Mark Sedwill: I think different Departments were working on different elements of the policy. DExEU was working on the overall piece of work, but other Ministers, and the Prime Minister, were commissioning work relevant to their own responsibilities. This is a whole of Government effort. The key point is not the policy formulation being done for different Cabinet Ministers, particularly as the Government's position is being formulated. There wasn't a specific set of propositions until Chequers, when it was brought together and then published in the White Paper.

Once all that work was done, it was thoroughly exposed and tested by Ministers at Cabinet level, in very long and extensive sessions, with briefings and so on for all those involved beforehand. Given that this is a highly contested area of policy—it is wholly new; there are no precedents for how you do this, and no one else has done it before—that intensity of engagement, and the way it has worked, has generally worked pretty well. It is important to understand that the Ministers who resigned did so because they disagreed with the policy. They may have had some concerns about the process, but they resigned because they disagreed with the policy.

Q166 Mr Jones: Yes, but both former Secretaries of State complained that they had been excluded from the policy-making process. Those were identical complaints, albeit on separate matters.

Sir Mark Sedwill: I know that they have said that. I know both of them well, and I have spoken to them about it. I would not recognise it that way myself. Obviously if they feel that, that is an important factor, but the policy-making process within Government has been very intense and detailed. The Cabinet discussions have been very intense and detailed. Those Cabinet discussions have invariably been led off by the Brexit Secretary, obviously after the Prime Minister introduces them and so on. Those papers have been thoroughly exposed to their Departments and to them as they have been developed.

There is often a lot of churn in policy-making. This is an area where, as I said, and as we know, there are no real precedents, but I think there has been intense scrutiny, and all Cabinet Ministers have had the opportunity to scrutinise this policy. Compared with other policies—very big policy decisions, around the NHS long-term plan and so on—and compared with the amount of time they spend on those different issues, the intensity of the engagement with Brexit across the entire Government, or certainly across the entire Cabinet, has been of a different order of magnitude to any other area of policy.

Q167 Mr Jones: On a slightly different issue, does it concern you that Cabinet meetings are apparently so leaky that if you want to know what is happening in a Cabinet meeting you just have to read the *Spectator*



website the following day?

Sir Mark Sedwill: Yes, it does, Mr Jones, and thank you for raising that. I think there is a really important point here about collective responsibility. Collective responsibility, in my view—this is not quite the dictionary definition—essentially has three things to it: candour, confidentiality and commitment. Ministers, and Cabinet Ministers especially, need to be able to know that they can speak with complete candour within the Cabinet room, that that candour will be respected, and that the confidentiality of their comments, if they have an argument about a policy area, will be respected.

Then, of course, there is the collective commitment to the decision that Cabinet has taken, whatever the individual views of individual Ministers. As we have said, if Ministers conclude that they cannot live with that decision then they step aside. That is collective responsibility in action.

People tend to think it is just the last one, but the candour and confidentiality are just as important in getting to that point. I am deeply concerned about it, because what it means is that some Ministers will feel, “Can I really be candid? Is it safe to be candid? Am I going to be briefed against? Is it going to be politicised?” It then also forces us, in some circumstances, to impose restrictions on the distribution of papers, the timing of those papers and the ability of Ministers to circulate those papers to all the officials and experts they might want to come into the room. The breach of confidentiality causes constraints on the effectiveness of the system, so it is not only a real problem for us on this policy, but leaking into—sorry, wrong word—seeping into other areas of policy as well. It is deeply unhealthy.

Q168 Mr Jones: Have you considered launching an inquiry into these leaks?

Sir Mark Sedwill: When we can identify a leak, we do leak inquiries. We are looking at taking a different kind of approach to them, because—as you will know, since many of you have served in Government—leak inquiries do not have a great record of tracking down the leaker, usually because it is hard to identify exactly what the information was. We are looking at several things. The first is the way we record meetings so that, while you cannot really stop people gossiping, the papers themselves do not immediately lend themselves to being leaked. We are raising their classification, circulating them on more protected systems and so on. We are also looking at a more intelligence-led investigative approach to leaking, of the kind that, for example, the police would recognise in other areas, rather than simply treating it incident by incident. I hope we will have a chilling effect as we gradually manage to demonstrate to people that we are on to this, but we need to be able to identify some people responsible for it and take action against them in order to be really sure that others understand the seriousness of it.

Mr Jones: Thank you.

Q169 Chair: This is very unlikely to be officials, isn't it? Bluntly, it will be one or more of the Ministers sitting around the Cabinet table themselves.



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Sir Mark Sedwill: Or possibly their advisers, on their behalf.

Q170 **Chair:** Or possibly their advisers. I fully accept that. But how many times has the Prime Minister asked you to conduct a leak inquiry into the weekly briefing of Cabinet meetings?

Sir Mark Sedwill: Actually, I don't think she has ever had to ask me, because every time I see it, I try to pursue it anyway. We have a team looking at this now. As I was saying, Mr Chairman, rather than doing it incident by incident, which is the traditional way of doing it, and saying, "There's a leak to *The Daily* whatever; we're going to look at that," what we are trying to do—I don't want to reveal too much of this, for obvious reasons—is take a more intelligence-led assessment approach to identifying patterns, timings et cetera, to enable us to have a better chance of identifying the prolific culprits.

Q171 **Chair:** Returning to the question of Ministers feeling bypassed, what particularly offended Dominic Raab was wording going into the political declaration. It is interesting that the document is entitled, "Political Declaration", but the Government on its website titles it, "Draft Political Declaration". Which is it? Is it a political declaration or is it a draft political declaration?

Sir Mark Sedwill: It was certainly draft until agreed at the November European Council.

Q172 **Chair:** Incidentally, the Prime Minister signed the withdrawal agreement. On whose authority was the signing that agreement?

Sir Mark Sedwill: She signs on behalf of the Government, because at this stage it is not a ratified treaty; it is only ratified once it has been through all the various procedures.

Q173 **Chair:** But what is the signature intended to signify?

Sir Mark Sedwill: Just that the agreement has been reached on behalf of the Government and she is representing the Government.

Q174 **Chair:** But it will obviously make it more difficult for her to renegotiate any aspects of that agreement, having placed her signature upon it.

Sir Mark Sedwill: I would not draw that conclusion, Mr Chairman. The withdrawal agreement, as you know, is a very detailed, 500-page legal text agreed between the UK and the European Commission, initially, on behalf of the EU, to which the Prime Minister and the Government are committed. I do not think the fact of a signature or the initialling of something particularly changes the commitment the Government have made to that document.

Q175 **Chair:** Without asking you to disclose the legal advice, was legal advice taken on whether she could sign that document?

Sir Mark Sedwill: Not that I am aware of, but I would not have expected there to be. I will have to check whether there is anything. I must admit that I have not really focused at all, until you asked the question, on the



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signature. It is an agreement that was taken to the European Council that had been agreed between the British Government and the Commission, and then European Union as well.

Q176 Chair: The Chairman of the European Scrutiny Committee has taken legal advice on this matter and believes it to be very odd that the Prime Minister of the United Kingdom has signed a document that runs diametrically opposite to an Act of Parliament that we just passed—the EU withdrawal Act. That Act is intended to suspend the application of the European Communities Act on 29 March 2019, and she has just signed an agreement to say that that should not happen. She has put her signature on it without the authorisation of Parliament.

Sir Mark Sedwill: If the Chairman of that Committee is taking legal advice, we will have to see how it comes out.

Q177 Chair: But it sounds as though it was fairly causally done.

Sir Mark Sedwill: No, Mr Chairman; I do not think that that is correct. All I am telling you is that I had not focused on the question of a signature. However, it is quite clear that the UK Government committed, at a European Council, to that agreement. That agreement has to be ratified through all the procedures on both sides for it to come into legal effect. It is perfectly normal for Governments to reach international agreements—sometimes they are initialled, sometimes they are just logged—with other partners, and then they go into a ratification process. That is what is required on this occasion. I don't think you should see anything different or unusual about the process itself, certainly not that I am aware of.

Q178 Mr Jones: As a matter of international law, what is the status of that agreement? Is it a treaty?

Sir Mark Sedwill: Once ratified, I think the plan is for it to be lodged as a treaty. It has no formal legal status until ratified.

Q179 Mr Jones: Well it does have a legal status, it is just not ratified. It is an agreement that has been—

Sir Mark Sedwill: It is a commitment.

Mr Jones: It has been concluded between the United Kingdom and the European Union.

Q180 Chair: You are kind of saying that it is an informal commitment.

Sir Mark Sedwill: No, as with any signature on any treaty—the climate change treaty, for example—until ratified, and in some cases until ratified by enough countries that it comes into effect, it is essentially a commitment between two parties. That is a serious and binding commitment, but it is not implemented legally until fully ratified by both sides.

Q181 Chair: So the Government have entered into a serious and binding legal commitment?

Sir Mark Sedwill: Which will become a formal legal commitment once ratified on both sides.

Q182 **Chair:** I am as confused as perhaps you are about this.

Sir Mark Sedwill: I'm not confused, Mr Chairman.

Q183 **Chair:** It does seem odd that the Prime Minister of the United Kingdom should put her signature on an agreement that it turns out she cannot get through Parliament.

Sir Mark Sedwill: Putting that aside, it has always been the case that the withdrawal agreement has to be ratified by both sides. It has to be ratified by European procedures, including through the European Parliament—

Q184 **Chair:** I appreciate that, but then why did she sign it?

Sir Mark Sedwill: Because she is signing, on behalf of the British Government, a commitment between the British Government and the EU. That commitment will become legal once ratified. I just don't think that that is a confusing picture at all.

Q185 **Mr Jones:** On that particular point, so far as domestic UK law is concerned, that ratification will be effected by two routes. First, CRAG, which it will have to comply with. The Government have already said that it will. Secondly, there are the provisions of section 13 of the European Union (Withdrawal) Act. Are you saying that, for the purposes of section 13, we have a concluded agreement, so the processes that would otherwise go ahead on 21 January will not need to go ahead?

Sir Mark Sedwill: No, I am not saying that. The Government have concluded an agreement. It will be ratified, as you say, under the CRAG procedure, but it will be ratified once the withdrawal agreement Bill, which will have to be introduced in the spring—

Mr Jones: But that is future law.

Sir Mark Sedwill: Sorry, but it cannot be ratified until that withdrawal agreement Bill has received Royal Assent. That has to receive Royal Assent, on the current timing, by 29 March. After that, it has to be ratified.

Q186 **Mr Jones:** And we also have the provisions in section 13.

Sir Mark Sedwill: Under the EU (Withdrawal) Act, there has to be the meaningful vote. The agreement had to be lodged in Parliament, and if agreement had not been reached—I think that is the way it is phrased—you have the 21 January point. There is some question, which I think is really for you and Parliament to judge—the resolution that was introduced last week seems, to us at least, to have settled it—as to whether the 21 January deadline remains meaningful, the agreement having been lodged, and it clearly is. At least, that is our interpretation of the resolution that was passed last week.

In order to ratify an agreement reached between the British Government and the European Union, there needs to be the meaningful vote, because



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that is a requirement of the EU (Withdrawal) Act, and then there will need to be a withdrawal agreement Bill, which will become an Act and receive Royal Assent. At that moment, the UK's ratification procedure can be complete. There is a parallel ratification procedure on the European side involving the European Parliament. All that has to happen before 29 March.

Q187 Dame Cheryl Gillan: I have fewer problems than my colleagues, in so far as, when you are buying a house, you exchange contracts and you sign the contracts, but you have not actually done it until you complete, when you will sign again. I do not see—

Sir Mark Sedwill: It is a good analogy, Dame Cheryl, thank you.

Dame Cheryl Gillan: I think we are dancing on the head of a pin.

Sir Mark Sedwill: I wish you would ask the question before I try to answer it.

Q188 Dame Cheryl Gillan: The question I would like to ask you is, as with any other document that shows intention and the direction of travel, there is nothing to prevent another agreement and codicil, if you like, sitting alongside that original document, which could give further and better particulars on the final shape of any treaty.

Sir Mark Sedwill: No, indeed, as the Prime Minister has set out—but you are drawing me quite close to the boundary of where I think it is appropriate for me to go. I am doing my level best just to explain my understanding of the procedure. As the Prime Minister has set out, it is precisely getting further reassurance from the European side that she is addressing at the European Council this weekend. Then of course it will be a matter for Parliament to judge, once the meaningful vote returns to be voted on, whether it supports the agreement that the Prime Minister and the Government have reached.

Q189 Chair: One question the Committee is considering is the relationship between Parliament and the Executive. Part of that is how the Government are held accountable for the treaties they agree. We are still travelling from an era where all treaties were signed under royal prerogative and might be laid on the Table of the House of Commons, under what was known as the Ponsonby rule, but otherwise, were purely a matter of royal prerogative.

If we have more and more treaties that require legislative effect, we might be looking at whether it is appropriate for a Prime Minister to apply a signature to something that requires parliamentary approval, because that would seem to indicate the commitment of the country to something that is going to require a higher authority. I am interested that you are not aware that any legal advice was taken about that matter before the Prime Minister applied her signature. That is the question that Sir Bill Cash is asking of the Government as well.

Sir Mark Sedwill: On the broader point you make, Chairman—obviously you will want to reflect on a range of evidence—maybe I can use a



different example, because this is such a contested issue. If we take something like the Paris climate change treaty, the entirely normal procedure, which is normal for most countries, is that the Government, on behalf of the country, reach agreement on a treaty—negotiate it and so on. That treaty can be initialled at one stage and signed at a subsequent stage, and both those things can happen before ratification. It then comes into effect once ratified. In the case of the climate change treaty, I think it came into effect once 60 countries or something of that kind had ratified it.

So you have a situation there where a Government are making a commitment and the text is closed. Governments in different countries then have to go through their own domestic procedures to conclude that, so that they can then say, “Yes, this is now absolutely firm and fair.” That only happens once you have got a final text that has been agreed. In some cases, even if the treaty is ratified, it doesn’t come into effect until other conditions have been met.

I don’t see anything different about this. This is an agreement between the UK and the EU. The Government have reached an agreement with the EU institutions on it, with the Commission, of course, negotiating corporately on behalf of the EU. It was always explicit that that agreement would not come into force until ratified by both sides. Both sides have their own ratification procedures—us nationally and the EU collectively. Therefore, by reaching that agreement, whether it is initialled, signed or whatever, the Prime Minister is simply making a perfectly normal commitment to an international agreement, which then has to go through its ratification procedures. I really just think it is that straightforward.

Q190 Mr Jones: Where is the conditionality of that agreement set out on the face of it? I may have missed it, but I can’t recall seeing that condition set out on the face of the agreement.

Sir Mark Sedwill: It is just a fact that any international agreement has to be ratified before it comes into effect—

Chair: I think we are going round in circles.

Sir Mark Sedwill: You don’t have to write everything down in the one document.

Q191 Chair: I think we’ll leave it there.

I just want to come back to the question of what Mr Raab was fearful of and felt he had been bypassed on. The wording “build and improve on the single customs territory provided for in the Withdrawal Agreement” went into the political declaration without his knowledge. Who approved that wording before it was negotiated?

Sir Mark Sedwill: You will understand that it would be improper for me to comment on individual elements in the negotiations, discussions between Cabinet Ministers and—

Q192 Chair: Okay, but was it given political approval?



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Sir Mark Sedwill: Everything that the official negotiators have done throughout this has had political approval. They have operated very clearly within the parameters set for them by Ministers.

Q193 **Chair:** Is it a matter of concern to you that Mr Raab felt that he had been bypassed on that question when he was DExEU Minister and the Minister deputising for the Prime Minister in the negotiations?

Sir Mark Sedwill: I'm obviously concerned if Cabinet Ministers have their own concerns about the way the process goes, but I don't think it would be appropriate of me to comment on the specific issue. He has set out his concern. What I am telling you is that the official negotiators were operating under very clear detailed political directions and entirely within the parameters they were given by the Cabinet or the relevant Cabinet Committee or the Prime Minister, depending on the different issues as they went along.

Chair: We may return to this matter at a cooler moment. Thank you. I am very happy to move on to matters that no longer directly involve you, Cabinet Secretary. If you wanted to leave the Committee now, we would be very happy for you to do so, because I am sure you have a great many pressures on your time.

Kelvin Hopkins: Just before you go—

Sir Mark Sedwill: Thank you, Chair. I should have been slightly quicker off the mark there, shouldn't I?

Q194 **Kelvin Hopkins:** I will be very brief. I have made this point in Committee with Ministers and civil servants before. I have long been concerned that we went through a period of what was called sofa Government, where discussions were held on walks in the woods and all of that. I believe very strongly that note taking, record keeping, corporate memory and 30-year records are fundamentally important to the civil service. I hope that that will be reinforced for the future.

I should also say that I agree very much with what the Chairman and colleagues have said about the civil service. I believe passionately in the historic principles of the civil service, but record keeping is fundamental to it.

Sir Mark Sedwill: Thank you, Mr Hopkins. Record keeping in the digital era is complex and we are giving some thought to that. It is clear if it is a substantive document, a Cabinet record or something of that kind, but is an email exchange, which often has some rather casual remarks in it, because that is the way people use emails, part of the public record and so on? We are thinking quite hard about that. It is something we might talk to the Committee about at some point.

On your substantive point, the decisions need to be taken in meetings that are properly minuted and done so clearly with the appropriate Ministers around the table—whether it is the full Cabinet or a Cabinet Sub-Committee, that is absolutely critical. Of course, it was one of the most important conclusions of the Chilcot report. That is why we operate not

only in the national security area, but in the rest of Government, including the issues we have been discussing today, in exactly the way you have described.

Chair: Thank you very much.

Sir Mark Sedwill: Thank you very much. Thank you to your Committee. I am glad to take my leave.

Q195 **Chair:** Mr Manzoni, there is a consensus in the Committee that there are two of us who need to ask questions in the Chamber and the questions we have for you are more technical in nature. Would you be offended if we didn't grill you in public about these matters?

John Manzoni: Not in the slightest.

Chair: We might have you back on another occasion. You will have a little bit of extra time in your morning diary.

John Manzoni: I am very happy with that.

Chair: We are very grateful to you for being with us today. We just have one brief thing to raise, following up on the Carillion inquiry report.

Q196 **Dame Cheryl Gillan:** I just wondered whether you are working on the issues that have arisen from the position on Interserve and looking at some of the issues that have come forward on major contractors, such as Kier.

John Manzoni: I can make a comment about that. The answer to your question is yes, we are working on it. I think Interserve is a very different company to Carillion. It is a fundamentally sound company with a couple of things that have caused some issues with it and made it a bit short of cash. That is what has actually happened, but it is fundamentally a sound company. Interserve did some refinancing in April of this year. When it did that refinancing, it said it would come forward with a deleveraging plan. There was a quite highly geared deleveraging plan for early next year. Last weekend, the chief executive of Interserve brought that deleveraging plan forward. That is what caused the most recent noise in the marketplace. We are in constant contact with the company and its financial advisors, so that we understand where they are. We believe that the deleveraging plan can and should be agreed, and the company will then emerge differently financed.

Chair: We are watching.

Q197 **Dame Cheryl Gillan:** And Kier?

John Manzoni: Kier made a rights issue—announced a rights issue—which is good, because it puts more capital into the company. We believe that it will be successful in that rights issue and that that company will also emerge in a different and healthier state as a result.

Q198 **Dame Cheryl Gillan:** Lastly, are you making checks on all the other contractors, particularly on HS2?



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John Manzoni: We are constantly—this is a longer conversation.

Chair: “Constantly” will do. Thank you very much.

John Manzoni: We are very much looking at them.

Chair: Thank you.