

Public Administration and Constitutional Affairs Committee

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

Thursday 28 February 2019

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Members present: Sir Bernard Jenkin (Chair); Ronnie Cowan; Mr Marcus Fysh; Kelvin Hopkins; Dr Rupa Huq; Mr David Jones; Eleanor Smith.

Questions 199 - 323

Witnesses

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

Examination of witnesses

Witnesses: Sir Mark Sedwill and John Manzoni.

Q199 **Chair:** Thank you very much for being with us. Thank you to our two witnesses for joining us today. We are doing this session on the work of the Cabinet Secretary and the Cabinet Office, particularly in relation to preparation for Brexit. Could I ask each of you to identify yourselves for the record, please?

Sir Mark Sedwill: Thank you, Mr Chairman. Mark Sedwill, Cabinet Secretary.

John Manzoni: John Manzoni, Chief Executive of the Civil Service and the Permanent Secretary of the Cabinet Office.

Q200 **Chair:** Thank you. By way of introduction, most of our questions are about the no-deal planning. There have been significant developments over the past few days, but nevertheless there is a possibility that we will still leave on 29 March without an agreement because several things need to be achieved in order to avoid leaving without an agreement on 29 March, including either a withdrawal agreement or the agreement of an extension.



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May I just pause for a moment, however, to remember Paul Flynn, a very long-standing member of this Committee, who we all miss deeply. I have already paid tribute to him on the floor of the House of Commons, but he was an invaluable member of this Committee and contributed a very great deal, in particular in areas of work concerning conflicts of interest or misuse of public funds. To some extent he was a very large part of the corporate memory of this Committee and we are going to miss him very deeply. I want to put that on the record at this meeting.

Sir Mark Sedwill: If I may, Mr Chairman, I would echo that. I dealt with him on this and other committees over several years and would endorse, on behalf of the civil service, all of the comments you make. Our condolences and best wishes go to his family.

Chair: Thank you very much for that.

Kelvin Hopkins: Chair, if I could take 20 seconds, if I may, because he was a close personal friend with whom I dined on many, many occasions. I think his contribution to the Committee was exceptional, particularly when we went abroad to meet foreign groups and committees. He was trenchant and always to the point, sometimes in his own inimitable and forceful way, but he really made a difference to our business report in particular.

Chair: Thank you. He would want us to get on with our job, so we will get on with our job. Can I start by asking who is responsible for the overall co-ordination of no-deal planning?

Sir Mark Sedwill: Executive responsibility lies with DExEU and, therefore, with the Secretary of State, Stephen Barclay. He would report into Cabinet, and so on, on no-deal planning. We have also revised the Cabinet Committee structure. From after Christmas there is a new committee, EUXT(P), P for preparedness, chaired by the Prime Minister or, in her absence, the Chancellor of the Duchy of Lancaster. That looks at all of the preparedness issues, primarily no-deal planning at the moment. It meets about weekly. Underneath that there is an officials' version of that committee, which I chair. That has been meeting roughly twice a week since the New Year. The executive responsibility lies with DExEU and it is charged with that task.

John Manzoni: With the delivery of the activities, of course, lying in the Departments.

Q201 **Chair:** What role does the Cabinet Office play in that?

John Manzoni: The Cabinet Office will be in its normal role as the centre of Government. It is predominantly an assurance role for the delivery, which is the same role as it has been playing since we set up all of the functions. It is working very closely in a joint unit with DExEU, between DExEU and the Cabinet Office, to create that assurance. On the one hand there is planning. DExEU has a unit that is staffing the committees that Mark has just talked about. The other side of that group in DExEU is the group that is run by a director general looking after the assurance work,



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whether that is the IPA assurance work or the commercial, digital and other functional assurance work of the delivery in the Departments.

Q202 **Chair:** I have become a little bit muddled recently about the accountabilities. The Secretary of State for DExEU has been trotting over to Brussels to take part in negotiations that we thought had been taken over by No. 10 in the written ministerial statement that came out last summer. No-deal planning seems to be as much the focus of the work of the Cabinet Office and being led from the Cabinet Office. Can you expand on that? Why is he involved in the negotiations if he is meant to be concentrating on no-deal planning?

Sir Mark Sedwill: He is involved in both. The shift that was announced last summer was about the Prime Minister taking the personal lead in the negotiations, with her own team. That remains the case. She was at the Sharm summit and spoke a lot about this while she was there. She has been engaging with Jean-Claude Juncker, but it is a team effort included in negotiations. Stephen Barclay is Michel Barnier's opposite number. The Attorney General has also been in Brussels, as you know, because that is the nature of the negotiations in this final phase.

Q203 **Chair:** Who should Parliament be holding accountable for the conduct of no-deal planning?

Sir Mark Sedwill: Stephen Barclay is the Secretary of State responsible for the overall co-ordination of it. He reports to Cabinet on it. There are Cabinet Committees that help co-ordinate it, as I have explained, and of course individual Secretaries of State and accounting officers are responsible for their own components of it because it is a cross-Government effort. As the DExEU Secretary of State, he has that primary co-ordinating responsibility.

Q204 **Chair:** Putting a temporary Department with a relatively junior Cabinet Minister in charge of a whole-of-Government exercise, we should hold him accountable for the outcome of no-deal planning and he has only been there for a few months. How is he realistically going to be accountable for the outcome of no-deal planning?

Sir Mark Sedwill: The Government as a whole have to be accountable. You asked about the individual Secretary of State. He is not a junior Secretary of State. If you look at the Cabinet order of precedence, although he is a relatively new Secretary of State, he is not a junior Secretary of State. He is quite senior in the Cabinet order of precedence, as his predecessors were, and the Department is full-time on Brexit. All the other Departments, of course, have to cover their full range of responsibilities.

Overall, of course, in the end the head of Government, the Prime Minister, is accountable for the conduct of the entire programme. She chairs the overall Committee, but these responsibilities are vested in Departments of State and this responsibility has been vested in DExEU and that Secretary of State.



Chair: Thank you for that clarification.

Q205 **Mr David Jones:** If I may take up a point you mentioned then, you said the whole of Government are accountable. How important to the civil service is the doctrine of collective ministerial responsibility?

Sir Mark Sedwill: It is important to Government; I would not say the civil service especially, but it is obviously important to Government. It is one of the underlying principles of Cabinet Government.

Q206 **Mr David Jones:** The reason I ask about the civil service is that we have been getting some conflicting noises coming from various Ministers around Government over the past few weeks. For example, last week we had three Cabinet Ministers writing an article in the newspaper that was pressing for an extension of the Article 50 notice period at a time when that was not even partially a Government policy. Does that not make it very difficult for officials to work coherently if in fact they are getting conflicting message from their Ministers?

Sir Mark Sedwill: What officials need is clear ministerial direction from collective decisions. There is a political debate, which obviously people take a close interest in, but fundamentally what we do in the civil service is execute the directions of either individual Ministers, if it is something within a Department, or the collective decisions of Cabinet or a Cabinet Committee.

You are right, Mr Jones, Brexit is a unique issue. It is highly contested, it is on the media every day, and the civil service has had to adapt to that. Fundamentally, the basic mechanisms of Government—decisions being taken by Cabinet and by Cabinet Committees, collective write rounds and so on—continue to operate and it is from those that we take our direction and guidance.

Q207 **Mr David Jones:** You are absolutely right when you say there is a political debate. I think that is possibly understating what is going on at the moment. Can you recall a time when disputes between Ministers were being aired so openly as they are at the moment?

Sir Mark Sedwill: I do not think there is an exact parallel. As we discussed last time I was here about collective responsibility, there are essentially two pillars to it. One is that Ministers are expected to abide by decisions once taken, whether Ministers participated in the Cabinet or Cabinet Committee decision or whether they agree with it or not. That is the part that is best known and that applies to the payroll as well.

The part that is less well known but we discussed last time is that Ministers are entitled to expect—and indeed are required to exercise—full candour in debating those issues before a decision is made and expect to be able to do so in confidence. The area, in my view, of collective responsibility that has been under most pressure—I cannot put it quite as well as Peter Bone did yesterday in the House—is the breakdown in the



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confidentiality of those discussions in advance. I think that is an issue we are going to have to address as we work our way through this.

In my own experience the only parallel I can think of where these arguments were essentially aired in public before a decision was taken was probably in the run-up to the Iraq operation, where you had several Cabinet Ministers at that time expressing considerable reservations about where they saw the direction of policy. In the end Robin Cook, for whom I worked as Foreign Secretary, took the decision that he could not support the Government policy and resigned. That is probably the closest parallel I can think of.

Q208 Mr David Jones: The point is that Robin Cook did resign, but it appears that there are no resignations forthcoming from the dispute that is going on at the moment.

Sir Mark Sedwill: That is right, Mr Jones, but he resigned after the decision was taken and on the basis that his view, which he had expressed beforehand, including in public, as I recall, was that there needed to be a second UN Security Council resolution in order to authorise the operation. When that did not happen and the Cabinet decided it was nevertheless going to participate in the Iraq operation, it was after the decision was taken that he said he could not accept that decision and he was going. The decision point itself is a crucial moment in collective responsibility. Some of the argumentation, some on the record, some off the record, is more about that first pillar of candour and confidence that, as I have said, I am concerned has eroded over the past couple of years.

John Manzoni: It might be worth adding here, to bring us back to the current, I do not think the civil service has any doubt the Government policy is to get a deal, first, and to plan as a contingency for no deal, secondly. Whatever the rest of the noise, those things are very clear and that is what has been going on.

Q209 Mr David Jones: When you were here last, Sir Mark, I asked you about whether you were concerned about the leakiness of Cabinet and you said you were. It would seem to me, having regard to the reports we have had of this week's Cabinet meeting, that the leaks are continuing.

Sir Mark Sedwill: Indeed, and it inhibits good governance. That is simply the truth of it. I have written to the Procedure Committee on the different but related issue of extracting confidential material from Government that is essentially used in the policymaking process. That inhibits good governance as well. We do investigate leaks where we can, but of course where there is a large number of people who might have access to information, it is inevitably challenging to identify exactly who is responsible.

Q210 Chair: The ministerial code is very clear on Cabinet responsibility, collective responsibility. I quote from paragraph 2.3, "Ministers should



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take special care in discussing issues which are the responsibility of other Ministers, consulting ministerial colleagues as appropriate". How confident are you that that has been observed?

Sir Mark Sedwill: I think on this issue, because it is an issue that has been of concern to the whole of Cabinet—and the particular question that has been exposed this week around the overall deal, no-deal extension, and so on—is a cross-Government issue. It is not specifically one Ministry or the other, it is a cross-Government issue. But that is what the ministerial code says, and all Ministers should have due regard to it.

Q211 **Chair:** Has there been a breach of the ministerial code?

Sir Mark Sedwill: It is not for me to make a judgment on that, of course. The point in the ministerial code also says the Cabinet Secretary's role is not to enforce it. It is for the Prime Minister to make a judgment about that. I would obviously advise her but, as you would know, would always keep that advice private.

Chair: Can we move on to the paper that was published this week on the implications for business and trade of a no-deal exit on 29 March?

Q212 **Dr Rupa Huq:** This paper finally saw the light of day this week, but it was not out of the goodness of the Government's heart that this happened. This was after probing by Anna Soubry. It is part of a pattern of behaviour, the legal advice that had to be published, Government being found in contempt of Parliament. I wanted to flag that. It felt a bit like much ado about nothing in the end because there is very little additional information here that was not already in the public domain. At least we have got over the thing where they used to be in a reading room, and you had to surrender your phone and everything in order to see these. When will we be able to see the real detail of no-deal preparations? When will they be ready for parliamentary scrutiny? This looks like a lot of scare stuff designed to blackmail MPs into going for the Prime Minister's so-called face-saving deal.

Sir Mark Sedwill: It absolutely is not that. I think this is a very cool and professional assessment of the implications of a no-deal exit at the end of March for business and trade, prepared by the civil service under ministerial scrutiny and signed off by them. I think it is a very balanced and careful document and does not seek to exaggerate any of the potential impacts.

I do not think it is also right to say we have not put information out there. To give you an example, just this week there was a quite detailed written ministerial statement from the Department of Health on Monday about the stockpiling of medicines and medical supplies, against the contingency of a no-deal exit, for the immediate requirements in case there was disruption at the border. There was a great deal of detail in there. If you read that WMS it is a very reassuring document because it sets out exactly what Government have done, and that people do not need to worry about stockpiling for themselves. We put out 106 technical



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notices last August, so there has been a huge amount of communication. This is essentially just pulling it together in response to a demand from Parliament.

Q213 Dr Rupa Huq: In the earlier versions it used to say in the unlikely event of a no deal and now that has gone. There has been a change in emphasis, has there not?

Sir Mark Sedwill: I cannot recall whether they did, but of course as we have approached 29 March—and this document was produced before the debate and votes this week, as several Ministers have set out, including the Secretary of State Stephen Barclay on the floor of the House—the legal default, as the Chairman intimated at the beginning, remains that we leave the EU on 29 March whether we have a deal or not. As we approach that date, and while we are still waiting to see whether a deal will be both concluded and ratified, it is probably right that we do not make probability judgments at this stage about exactly how likely one course of events or another is, in a document of this kind. A document of this kind is simply setting out what the impact would be. It is a contingent document setting out what the Government have done, the extent to which businesses and citizens have responded, the judgments they have made and the dependencies on third parties, the EU and other countries.

Q214 Chair: On the question of medicines, it says about the continuity of the supply of medicines, “The extent of such continuity varies by area”. You have a lot of reassuring words in here, summarised, but then you suddenly say that. What does that mean?

Sir Mark Sedwill: I think it is the length of the supply chain, because of different supply chains, there are different just-in-time measures. It would be not by geographical area but by area of medicine and medical supply. We have stockpiles under the contingency plans for the first few months, but it is what would be available after that if there were disruption and that disruption perpetuated.

Q215 Ronnie Cowan: There are a couple of issues there. My primary concern over this Government paper is that there are 29 days to go. It would have been nice if it had been available a year ago. I have been talking to people in transport, from freight and rail and they say they have tried to engage with the Government for two years to explain their issues. The most recent one they highlighted was ECMT permits. Without an ECMT permit you cannot take goods across Europe, in and out of the UK. The UK’s allocation is 984 with over 11,000 applications, so 90% of hauliers, with 29 days to go, are saying if there is no deal—ferries are not a problem because you are not going to have HGVs to put on ferries. We are also going to have HGVs stuck on the Continent that cannot get back. Had we had this conversation a year ago, maybe solutions could be found, but with 29 days to go?



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Sir Mark Sedwill: John may want to add to this, but 80% of major haulage in the UK is carried out by EU-registered vehicles. I recognise the point about UK ones, but the impacts are different on the industry than on the transport sector itself. We have been engaging intensively with the various sectors, certainly over the past few months, and that is why we put out all of the technical notices that we did last August and September. It is important to keep front and centre here that the Government's policy remains departing with a deal. No-deal planning is a contingency and always has been a contingency we have accelerated over the past few months.

Q216 **Chair:** How is the system going to cope with 11,000 applications for permits when there are only 987 available?

John Manzoni: We can explore this dilemma to our heart's content. As Mark has just said, the Government's policy is to do a deal and there is always a judgment about how much do you go and how specific do you go and how early do you go. If you go early in any negotiation or in any discussion, you are reducing the chances of having the alternative, which is the deal. That is the dilemma. It is a very real dilemma and we can explore it all we like. For the hauliers, it was not 29 days to go. That is not the first time the hauliers have been aware of the numbers. They were aware a little before that.

Q217 **Ronnie Cowan:** I know when they were made aware of numbers, but they have been talking to you for two years and getting nowhere. There have been ships at sea that take six weeks to get here. They are already at sea. They are heading in this direction to our ports and do not know what paperwork they are going to have to have in place to dock and get the goods on shore in the UK. All I am saying is we should have been doing this two years ago. No deal was still a real possibility two years ago and should have been planned for then.

Sir Mark Sedwill: There is an overall point and there is a specific point. The specific point is essentially the overall approach that we have taken is continuity by the UK. People bringing goods to the UK will be able to enter the UK under the same arrangements as they are now. That is the overall principle and you can look at all of the detail there, but it essentially sits underneath that overall principle. Ships that have set off six weeks ago that arrive in the UK after 29 March will be able to dock and will be able to offload their goods. The issue is fundamentally about whether that is going to be true outgoing.

We have been engaging with the sector but, as John says, these are decisions that have been taken by Government, by Cabinet. After the Chequers Cabinet meeting last year there was a decision to accelerate no-deal planning. There were further meetings in September and a decision in December to make it the primary operational focus of Government. Those are decisions Government took, the Cabinet took, in balancing off the risks and benefits of essentially running two tracks. Deal is the policy and no deal is the contingency.



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Chair: At the risk of repeating ourselves, for brevity's sake.

Q218 **Ronnie Cowan:** Very briefly, I hear what you are saying. It was very reminiscent of what the Secretary for Transport has been saying for two years, "It will be all right on the night". You are saying these goods will be allowed to come into the country but am I not right in saying we have to get a lot of legislation through before then to let that happen? There are lots of SIs, and we are going to come to that later on if I am still here. Ironically, I have to leave to go to an SI, a delegated legislation committee on aviation security. There are 29 days to go and we are still trying to get SIs through, and the Government are now saying if they cannot get these 600 through, out of 133 passed already, they are going to take extraordinary measures to bypass the whole process, to bypass any debate and just smash in this legislation.

My question is still the same. In this mother of all Parliaments, why are we 29 days away from that day and still scrambling around trying to find solutions?

Sir Mark Sedwill: There are two points I would make. One is the SI programme is on track and we have prioritised it. It is on track and we have prioritised it and we do not—

Ronnie Cowan: It is not.

Chair: We will come to SIs.

Sir Mark Sedwill: Fine, but Mr Cowan has asked about it. There is no reason the SIs that are necessary should not go through by 29 March. We do have the procedures, if necessary, in the Withdrawal Act to make affirmative. There is no intention to use those, we do not believe it is necessary and there is only a small handful that we are genuinely concerned about, but we can come back to the detail of that in a moment.

May I make the second point, Mr Chairman, because this is a really important point that we need to have in the open? We cannot fully mitigate the consequences of no deal. That is what this document says, that you cannot fully mitigate the consequences of no deal. The Government have been clear about that all along. Our economy has integrated into the customs union, single market over several decades. If we have to sever those ties abruptly, you cannot fully mitigate all of the consequences of that. We are doing our best to mitigate those that we can, but you cannot fully mitigate them at least in the short term.

Q219 **Chair:** Cabinet Secretary, you are not responsible for policy and you are not responsible for the decisions that Ministers take, but can you imagine a better way of putting the British Government in the weakest possible negotiating position by failing to plan effectively for leaving without a deal? In this document it says in paragraph 2, "Over recent months, the Government have undertaken significant action". Paragraph 5, "This sub-committee has, in recent weeks, been specifically focused on overseeing preparations". Why has this been left so late? Was it a policy decision to



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leave it late?

Sir Mark Sedwill: I have set out when the decisions were taken.

Chair: Was it a policy decision?

Sir Mark Sedwill: It was a policy decision. It was a series of policy decisions by Cabinet to accelerate the no-deal planning at the pace of which we have accelerated it.

Chair: Okay, that is fine. Maybe you gave different advice, but we cannot ask about that.

Q220 **Mr Marcus Fysh:** Before I get going on my questions, I want to ask whether you are aware of the contingency planning that has been done by the EU, which they announced in December? For example, on haulage permits there is a unilateral contingency that the EU has said it will implement to allow our existing haulage permits to be used.

John Manzoni: Yes, and there are a number of areas where they have acted in their own best interests, which also happen to coincide with our best interests, which is quite helpful.

Q221 **Mr Marcus Fysh:** Is it our intention to reciprocate the allowance of haulage permits issued in the EU currently to operate in our jurisdiction for now on that reciprocal basis?

John Manzoni: Mark talked about the principle of continuity. Anything that is coming in this way will essentially come in the way that it already has. What they have done is talked the other way and in many areas that is helpful to our position as well as theirs.

Q222 **Mr Marcus Fysh:** I will come back to the simplified customs procedure, which is part of the detail that you mentioned as well. When was this document that we received finalised?

Sir Mark Sedwill: This week. It was collated once the tasking was given to us by Ministers. There were some last-minute changes but the final draft of it was done after the Cabinet and before it was released on Tuesday.

Q223 **Mr Marcus Fysh:** You said it was signed off by Ministers. Which Ministers signed it off?

Sir Mark Sedwill: I think it was issued by the Chancellor of the Duchy of Lancaster, but it was discussed by a wider group of Ministers.

Q224 **Chair:** I thought DExEU was in charge of no-deal planning?

Sir Mark Sedwill: He was, but this particular discussion had been handled by the Chancellor of the Duchy because it was asked for in a parliamentary exchange that he was involved in.

Q225 **Chair:** When did DExEU first see this document?

Sir Mark Sedwill: DExEU was heavily involved in drafting this document.



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Q226 **Chair:** When did DExEU first see this document?

Sir Mark Sedwill: From the start, because DExEU and other Departments involved collectively drafted this document.

Q227 **Chair:** When did the Secretary of State for DExEU first see a draft of this document?

Sir Mark Sedwill: I do not know. I think last week some time. It was largely driven out of DExEU. DExEU are the people who hold all of the information, but then it was checked with the other Departments in their own areas.

Q228 **Chair:** You said it was a product of the CDL and the Cabinet Office.

Sir Mark Sedwill: No, I said I think it was released under CDL's name into Parliament, as I recall. I am not absolutely sure, I believe it was, but that was because he was the one who had given the commitment on the floor of the House. That was just about parliamentary process.

Q229 **Mr Marcus Fysh:** Paragraph 28 of the document has clearly been updated in response to the actions that have been taken by the French Government to help to facilitate cross-border trade. Has the document been updated in response to legislation intended and as released by the Irish Government to secure the single electricity market?

Sir Mark Sedwill: It came afterwards, not since, no. That omnibus Bill was—

Chair: That legislation was published last week. This document was produced this week.

John Manzoni: I cannot remember what this document says about the SEM, but it does reflect that we are in discussions and that we were confident that the single electricity market would continue. What has happened is the Irish have confirmed that that would be likely to be the case. That would be a welcome act.

Q230 **Mr Marcus Fysh:** It says, "It relies on co-operation with Ireland and the EU, which is not within the UK's gift to unilaterally control or mitigate".

John Manzoni: Clearly when that sentence was written they did not know that the Irish were going to move in the positive way that they have.

Sir Mark Sedwill: The condition in that sentence does talk about the Irish Government and the EU. That is not yet settled, but it sets out very factually that is the condition.

Q231 **Chair:** It is hardly designed to be reassuring, is it?

Sir Mark Sedwill: It is not designed to reassure or not to reassure. It is designed just to set out our best appreciation of the situation.

Q232 **Chair:** But it does not set out the facts, does it?



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Sir Mark Sedwill: It does set out the facts.

Chair: It leaves out facts that are reassuring.

John Manzoni: It is moving all the time, Chairman. It is moving all the time.

Q233 **Chair:** This was published this week, many, many days after the Irish Government decided to publish legislation. This is misleading.

Sir Mark Sedwill: Mr Chairman, I do not agree with that. This is a professional and sober assessment of the impact on business and trade of no deal. It is not complete. It does not talk about the security impact, for example. If there were an attempt to try to alarm, some of those things would have been produced. It does not do that. It just sets out, in a very sober and professional way, what we believe the impact on business and trade will be. It meets the request that was made, which is essentially to provide to Parliament the material that had been provided to Ministers, which was, as you recall, the request that was made.

Q234 **Mr Marcus Fysh:** In paragraphs 24, 29, 33 and 45 there is reference to the possibility of delays at the border for cross-border trade, especially at Calais and the Eurotunnel. Does this document reflect the reduced and minimised number of checks that are necessary at the border as a result of the UK's confirmed continued membership of the common transit convention?

John Manzoni: With regard to the UK's arrangements, this does reflect it. As I have said, this is changing all the time. The French are actually building things now, but they have not officially changed their perspective. The implications for the border are as much to do with our own traders travelling to Europe and not being ready, and hence the backing up and such things, as they are to do with—that is what we believe is still likely to cause a set of issues at the border. That is what is being reflected here. That is why we have not changed yet the assumptions of the border delays in the system.

We are looking at it all the time. I am hopeful, as I am sure many others are, that over time we will get sufficient confidence that the border checks on the other side will not result in the backups that were our original, reasonable worst-case assumption. I am hoping that is the case, but it is changing all the time. This document reflects whatever was the thought as the document was written. I would anticipate that that will change.

Q235 **Mr Marcus Fysh:** It does not mention transit at all in the document anywhere, despite the fact that over 90% of trade that is cross-border from third countries uses the transit convention to do so. It uses transit documents and that means that they do not have to be cleared at the port itself. They are cleared wherever they are eventually going to under bond. Is that something that the civil service did not know about?



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John Manzoni: On the common transit convention, we have been seeking, and we remain hopeful that we can find, an automated solution to that. I am not familiar with the deep detail of it but that is our stance. That is what we are trying to create so that we do not have to physically check the documents and we can check them automatically. That is our intent in this matter. That would result in no delays and no checks in the way that you have said. That is our intent and that is the system that the HMRC is currently working on. We would have to go to HMRC and remind ourselves of exactly where it has got to on that.

Q236 **Mr Marcus Fysh:** Do you agree that it is possible to implement that in a no-deal scenario?

John Manzoni: Yes, that is the intent.

Q237 **Mr Marcus Fysh:** In that sense, not to have mentioned that is quite misleading as to the reality of how trade works, is it not?

John Manzoni: We would have to go back to HMRC and get the detail, I am afraid. I am not on top of that particular detail.

Q238 **Chair:** Presumably HMRC was consulted about this brief. Either this is a document that has been prepared to reflect the Cabinet papers or it is not.

Sir Mark Sedwill: It is, but you are asking us detail on issues that are the remit of people who are the genuine experts in it. HMRC, like other Government Departments, was involved in the preparation of this and it has checked all the material here. It would have had the opportunity to put in any other material it thought was relevant. Some of the issues that John was just talking about would not be ready on day one but would be ready later. There are those angles to it, but we would have to go to HMRC to get the detail.

Q239 **Mr Marcus Fysh:** Paragraph 14 of the document responds to, "One argument that has been put forward", relating to Article XXIV of GATT, which is an argument that was not proposed by anybody in the Malthouse group. To what extent is it common practice for such arguments to be presented to the Cabinet?

Sir Mark Sedwill: Do you mean the kind of point that is raised here?

Mr Marcus Fysh: Yes. The point that is made in that paragraph is not something that was proposed by the Malthouse group, yet there is a comment on something else. What is the basis for the something else to have been presented to Cabinet?

Sir Mark Sedwill: The paragraph does not say anything about the Malthouse group, it simply refers to an argument that has been put forward and then reports what the Secretary of State said.

Q240 **Chair:** It says, "The UK can simply rely on the provisions under Article XXIV". Who has been making that argument?



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Sir Mark Sedwill: I do not know.

Q241 **Chair:** Is anybody seriously making that argument?

Sir Mark Sedwill: I do not know, Mr Chairman.

Chair: I do not think anybody has.

Sir Mark Sedwill: Again, we will have to look. This is a document prepared by a wide range of Departments and we cannot give you answers to every single question about every single phrase in it.

Chair: Okay. I have other questions on this from Mr Fysh and others.

Q242 **Mr Marcus Fysh:** I am a member of the Malthouse group and I can say that that is not relevant to any of the Malthouse discussions, when the Malthouse plan B does not rely on provisions in that way that is alleged.

Paragraph 41 of the document reiterates the Financial Policy Committee's report of November 2018 on financial stability, assessing the risk of disruption to UK-based financial services. Given the Commission's contingency action plan measures of 19 December 2018 and legislative changes in the EU 27 countries such as Germany and France since the report's publication, and in particular the intention to continue the availability in the EU of the clearing of euros and financial derivatives in London, is this document's assessment of the financial services sector now out of date?

Sir Mark Sedwill: You are asking us a very detailed question, Mr Fysh, which is not our area of expertise. I realise it is frustrating that we cannot answer every single question on every single element of this, but this is something that, as I say, was produced by the experts across Government and I rely upon them. They certainly did check this. This has been checked by the experts for it to be both accurate and up to date. If you want us to double-check that we can do to see whether we can get you a more detailed reply, but it is not my area of expertise.

Q243 **Mr Marcus Fysh:** Sure, but when the document is talking about the economic impacts of no deal, saying that it means minus 8% of GDP or whatever the figures it uses, those are relying on estimates of non-tariff barriers to access financial services in that sector of between 10% and 15% of the value of those services. It is my contention that that is entirely out of date and not a true representation in any sense of the potential for that sector, so why has it not been properly updated?

Sir Mark Sedwill: Mr Fysh, this is a document about preparedness; it is not a forecast or a prediction. It is about preparedness. It represents the Government's considered view, across all of the expert Departments, of the position as it would be immediately after Brexit if we leave on 29 March without a deal. I rely upon those experts to have the detail right. I think if we look at it we will be able to reassure you they are correct. I recognise you have concerns about some of that. Other people, probably on the other side of the argument, might have some other concerns



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about us understating certain risks but this is our best professional judgment about the position after 29 March.

Mr Marcus Fysh: Except that I have demonstrated that it is not up to date in key areas, so it is not a true representation, by definition.

Sir Mark Sedwill: Mr Fish, with respect, that is your judgment. That is your judgment. It is an assertion.

Mr Marcus Fysh: But you have admitted it has not been updated for those elements that I have mentioned.

Sir Mark Sedwill: No, I have said it has not been updated since it was published. I have not said it was not updated. I think I have been quite clear on this but let me say it again. What I have said is that this represents what all of the experts across Government who contributed to this, signed off by the relevant Departments of State—an up-to-date assessment on publication of our expectations of preparedness immediately after Brexit day. You can contend that, but this is our view of what the preparedness is.

Q244 **Mr Marcus Fysh:** Is this the standard of the advice that the civil service gives to the Cabinet in order to inform Cabinet Ministers' decisions?

Sir Mark Sedwill: This is a representation of the information that has been provided to Cabinet and Cabinet Committees, yes.

Q245 **Mr Marcus Fysh:** How is it possible for Cabinet Ministers to be properly informed when they are making their decisions on serious matters of state, when the civil service is not giving them proper advice?

Sir Mark Sedwill: That is an assertion, Mr Fysh, I do not accept.

Q246 **Kelvin Hopkins:** If I can enter a simple note of realpolitik, isn't it the case that France has been seriously worried about losing trade to other EU nations, especially from Calais, and that they are going to do everything possible to make sure that flows of trade through Calais both ways carry on as they do now?

Sir Mark Sedwill: Yes.

Q247 **Kelvin Hopkins:** Secondly, isn't it the case that the EU has a gigantic trade surplus with Britain, much of which comes through road haulage through those ports, and that they are going to do everything possible to make sure that trade surplus continues?

Sir Mark Sedwill: That is of course dependent upon the EU. They have a series of rules and regulations that they have to apply. It is a commission not a national competence and they have so far told us that they will apply those rules and regulations. I absolutely agree with your point about the interests, but that is a judgment. What we have to do, as we have said all along, is make responsible preparations for a reasonable worst-case scenario in case those things do not occur. A phrase I have used a lot around Whitehall in many circumstances over many years is



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that hope is not a plan. We have to have a plan that is resilient, as best we can, against the kind of disruption that could happen because it is not yet guaranteed that it will not.

Q248 **Chair:** We must move on, but very briefly before we move to the next question, to what extent were special advisers involved in the drafting of this paper?

Sir Mark Sedwill: I am not aware that they were. It was drafted by civil servants, of course approved by Ministers, and Ministers will seek advice from—

Q249 **Chair:** If it was drafted by the civil service, what do you say to Jill Rutter's tweet? She said, "Whatever this is, this looks written for external publication. It is not at all what an internal document would look like. It may contain some info but does not read like a Cabinet paper."

Sir Mark Sedwill: It is not a Cabinet paper. We have been crystal clear about that. It is not a Cabinet paper; it is a collation of information that was provided to Cabinet and Cabinet Committees—

Q250 **Chair:** What Anna Soubry thought she was getting was—she was asking for the release of Cabinet briefing on the impact of exiting the EU. So it is not a Cabinet paper?

Sir Mark Sedwill: This is not a Cabinet paper. For the record, for the reasons of good governance I referred to earlier, I would oppose the release of Cabinet papers themselves. That is a convention that has existed over many years, that Cabinet papers remain confidential until released under the Public Records Act. This is an accurate collation of the material, with some redactions for commercial sensitivity and so on, that has been presented to Cabinet and Cabinet Committees over a period of months, and released to inform Parliament in response to that request.

Q251 **Chair:** Forgive us for asking detailed questions about this paper, but it was sent to me in advance, as a courtesy, presumably because you expected us to ask about it. Let us be clear that you would not present a piece of paper like this to Cabinet as advice. This is not what would be presented to Cabinet as comprehensive advice.

Sir Mark Sedwill: Advice to Cabinet would depend on the exact issue going to Cabinet. If they asked a question about the overall implications, this kind of paper might well be the kind of information that would be presented to them, but of course it would be presented in the normal format of a Cabinet paper with analysis of implications and policy recommendations.

Q252 **Chair:** In answer to my question, you did not give a wholehearted yes.

Sir Mark Sedwill: No, but my point, Mr Chairman, is that this is not a Cabinet paper, not designed to be, but the material is a faithful reflection of the material that has been presented to Cabinet and Cabinet Committees.



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Chair: I appreciate in the end it will have been signed off by Ministers not by civil servants. I absolutely respect that situation.

Q253 **Mr David Jones:** You mentioned the issue of medicines a few moments ago, which is obviously a matter of great concern to a lot of people. What are the impediments to the continued flow of medicines from the EU into the UK after Brexit? As I understand it, the EU certification is to be accepted by the regulatory authority.

Sir Mark Sedwill: Yes. There is no impediment from our point of view, although we have, as you know, created stockpiles in case there are disruptions to the flows. John may want to say more about this. The issue, as we have seen before at the short straights, is that if there is friction outgoing, it clogs up in both directions. The issue is not about the choices we would make and about being able to allow medicines in. The issue is more simply about if there is disruption it can simply clog up the flows of traffic in both directions, as we have seen before with, for example, the 2015 strikes and migrant crisis.

Q254 **Mr David Jones:** As I understand it, we import about 37 million packs of medicines from the EU every month. We export to the EU 45 million packs of medicines per month, so there is a strong community of interest, isn't there, to ensure that this trade continues?

Sir Mark Sedwill: Absolutely.

Mr David Jones: I would imagine that for a lot of these European suppliers the National Health Service is very likely to be their single biggest customer.

Sir Mark Sedwill: That is quite likely. You are absolutely right, Mr Jones. This is the highest priority that we would apply were there any disruptions. It is partly why we have sought to secure additional capacity, to ensure that medicines and medical supplies, once the initial stockpiles have been used, can continue to flow. Quite a lot of the detail of this is set out in that WMS that was issued on Monday, and hopefully you would find that a reassuring assessment of the position.

Q255 **Mr David Jones:** The document that was published yesterday, however, does say that despite communications from the Government, there is little evidence that either businesses or citizens are preparing in earnest for no deal. You have referred, for example in the case of businesses, to the relatively low number of applications for Economic Operator Registration Identification. In the case of individuals, you say that UK citizens travelling to the EU are not doing things such as renewing passports, which I guess would in any event be a problem even under current circumstances. They are not applying for green cards or international driving permits. Is this not an indication that the Government's messaging is failing? That being the case, what are the Government going to do improve their messaging?

Sir Mark Sedwill: I do not think it is an indication of that. The reason for that is that individuals and citizens and businesses are making their own



judgments. The information is available. We have been putting it out on the website for several months. That has now been complemented by some radio advertising and we have plans to bring through some television advertising as well. There is a communications campaign. Of course citizens and businesses are aware of that, but they also look at the front pages and the news bulletins and they make their own judgments about the likelihood of no deal on 29 March. That will influence their judgments about the extent to which they need to make personal preparations to do so.

It is probably whatever the parliamentary equivalent of *lèse-majesté* is, but if I ask for a show of hands of everyone in this room—and we are not a very representative sample of the population; as Mr Fysh has just demonstrated, we all focus very much on the detail of this—I wonder how many of us have renewed our passports or our family's passports. It is because the change would be they would need to be valid for six months after the date of return, which is not currently the case—or green cards or stickers for our number plates or international driving permits. Everyone is making their own judgments about these things and whether it is urgent or necessary yet. I think if the news started to shift and people believed that the likelihood of no deal, whether at the end of March or later, became greater, we would see a shift in the pattern of behaviour.

Q256 Mr David Jones: Do you think that the Government ought to be doing more to inform people as to the possibility of no deal and what preparations they should be making for it?

Sir Mark Sedwill: John can probably share more of the detail and he has some of the polling data that we have on this, if that is of interest to the Committee. We have pushed out a lot of information, but we have to accept that when the main news on Brexit is about the overall picture—the likelihood of deal, the likelihood of no deal, the likelihood of extension and contingency plans—inevitably that influences, one might even suggest dominates, the judgments that individual citizens and businesses make. I think we have to accept that is the context that we are operating in until it is clear exactly which path we are on.

John Manzoni: In the last four weeks 200 pieces of communication have been pushed out from Government. The question is whether people are reading it and listening to it.

Mr David Jones: That is my point, whether those communications are effective.

John Manzoni: They are effective, but the overriding consideration is whether people in a small business say, "I am prepared to spend the money to get ready". It is their judgment and that is an appropriate judgment that they have to make until they believe that a no deal is more likely. The Government cannot make that decision for them until they believe that. It is moving all the time. I think when this paper was



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written the export certificate numbers were about 15% and today it sits at 22%, for instance, so this is increasing all of the time. I think the volume, the reality, the contingency planning by businesses all the time—51% of the population today believe they are likely to be affected one way or another by Brexit. It was much lower than that a few weeks ago, so this is ramping up all the time.

Chair: We need to go faster, otherwise we are going to keep you here for much too long.

Q257 **Ronnie Cowan:** On the process of mitigating measures, if that included Sony, Dyson, Panasonic, Lloyds, Unilever, Goldman Sachs, Barclays, Airbus, Ford, Hitachi, Toshiba, AXA, Honda, the European Banking Authority, the European Medicines Agency and the Bank of America—the list goes on—who have all said either they are leaving the UK or reducing their footprint here already, clearly they are not being influenced by the mitigation, are they?

Dr Rupa Huq: Also if you a sole trader digitalisation of tax is complicated enough. You are not going to have a no-deal planning department, are you?

Sir Mark Sedwill: They are two slightly different questions. One is a judgment about where to locate, and they are making those judgments. Big organisations like that, to go to Dr Huq's point, flipping it around, do have accounting departments, planning departments and legal departments that are helping them make contingent judgments about whether they want to remain in the UK or relocate some or all of their operations because of Brexit and the various outcomes that could happen.

Dr Huq, you are reinforcing the point that we made. If you are sole trader or a small business, you have to make a judgment. It depends on how important your European business is. If it is 20% of your turnover and you think no deal is a 50:50 chance, you might well think, "I will wait for another month and see whether it happens before I apply for an EORI number or get my accountant to apply for one for me". People are making rational judgments.

John Manzoni: We have written to them three times.

Q258 **Dr Rupa Huq:** Yes, millions being spent at Government level, Seaborne Freight is coming up in a later question, but all that stuff, phantom ferry company, when they—

John Manzoni: Yes, but we have written to them three times, so it is not as if they do not know what they have to do. We have to leave them to make the judgment. They may or may not make the judgment. Some big companies are making different judgments.

Q259 **Eleanor Smith:** You talk about people making judgments, but there has been such a high level of secrecy around this Brexit that the Government



have done. How are businesses and citizens supposed to prepare themselves when there is such a high level of secrecy around it?

Sir Mark Sedwill: In order for the negotiations themselves to be effective, they have to be done in confidence, but overall I do not think it is right to say there has been a high level of secrecy. We pushed out, as John says, over 100 technical notices around a whole range of no-deal issues, for citizens and businesses, last August and September and we have continued to communicate, with 200 elements of communication out just in the last few weeks.

Of course the media has been full of it. The media has been utterly dominated by this issue, often by the politics at Westminster but there are other components that are coming out. It is accessible and we have revised the website. It is accessible to people if they have a business or if they have a personal interest in travelling to the EU or family relationships or whatever. That material is available to them as it becomes available to us. It is important to understand that we do not control all of this. A lot of this depends on decisions taken by the EU and by third countries. As those decisions are made, we communicate what we think the implications of them are.

Q260 **Dr Rupa Huq:** To say this withdrawal agreement is unpopular is an understatement. You said that we are not representative in this room, but everyone here voted against it, as did many hundreds of our colleagues. It has been reported in the media that the Government are offering material and financial inducements to MPs, even Opposition MPs, in order for votes for the deal in the end.

Chair: To the constituency, not to them, let's be clear about that.

Dr Rupa Huq: Sorry, yes, not to their direct pockets. A new bridge here, whatever, a rail upgrade there. I have been offered nothing, not a meeting at No. 10, not an invitation to join the new party, nothing. No one has offered me anything. However, is that not a concern? There was a Labour 2010 Bribery Act, was there not? Is there not a concern that that is contradicting that? What issue should accounting officers be aware of before signing off schemes like this?

Sir Mark Sedwill: The Prime Minister mentioned the New Towns scheme yesterday in answer to a question from Robert Halfon and I think details of that are going to be announced by the Secretary of State next week, so I will allow him to make the announcement. On the broader point you make, any Government programme, any Government initiative, whether related to Brexit or not, whether it has economic or social objectives, will be subject to all of the usual Treasury rules about managing public money and accounting officers will have all of the usual responsibilities to ensure that that money is spent appropriately. The policy decisions about priorities and whether to invest more resources in certain areas of the country is of course a decision for Ministers, but the correct procedures around those policy decisions and the implementation of those policy



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decisions will happen in the same way as any other Government programme.

Q261 Eleanor Smith: Vince Cable has expressed concerns about support from civil servants that the Alternative Arrangement Working Group has received. Are you satisfied that the civil servants involved are not being asked to do anything that breached the civil service code or to bring their impartiality into question?

Sir Mark Sedwill: Yes, I am, and I have responded. I had a letter about this and have responded to it. Civil servants have done what civil servants always do, and that is support Ministers. We have not provided any civil service support to any group of Back-Bench MPs. Ministers have had lots and lots of discussions with different groups, some more formed than others, others in looser arrangements. Civil servants support Ministers in those, just as they do with any major Government initiative, any major piece of legislation, and that has been clear throughout.

Q262 Mr David Jones: We have six Bills preparing the country for the consequences of exiting without a deal. How urgent is it that all those Bills should receive the Royal Assent before 29 March?

Sir Mark Sedwill: In most cases, to be confident in having all the arrangements in place, we do need them to have received Royal Assent and then to be available to be commenced. Of course in a sense that is out of our hands. That is in the hands of Parliament. There are some elements where it is possible to have continuity arrangements in the absence of the primary legislation but that is not true for all of them. That goes to the earlier point about SIs. It is not true for all of the SIs either but where we can we have fall-back plans, if necessary, where legislation, primary or secondary, has not been adopted in time.

Q263 Mr David Jones: Which of the six Bills causes you the most concern?

Sir Mark Sedwill: I think essentially there are two elements of concern. One is an operational concern—if it were not adopted what is the operational impact? The second is a more political question, which is: are they likely to go through by 29 March and it is simply a question of the parliamentary process working its way through versus is this a Bill that is becoming politically contentious and might therefore stall? There are two sets of concerns that interrelate. For example, the Trade Bill might fit into that second category because it has proved quite a hot topic, for example, in the House of Lords.

Q264 Chair: People are more interested in the administrative aspects and consequences of this.

Sir Mark Sedwill: My point, Mr Chairman, is that there are operational consequences if the Bill is stalled. I am simply trying to set the political context within which we are operating. I am not commenting on it, I am just simply noting it as a point of context, but there are some measures,



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for example in terms of trade remedies, that we do need the legislation for.

Q265 **Mr David Jones:** If they were not in place, what would be the practical consequences?

Sir Mark Sedwill: In some cases it is possible there are elements of forbearance that it is possible to operate if essentially the legislation is on track, but not in all cases and therefore there would be a gap.

Q266 **Mr David Jones:** So it is a serious problem?

Sir Mark Sedwill: Varying seriousness in different areas, yes. We need the legislation through.

Q267 **Chair:** Do you have operational arrangements, contingencies, in case these Bills are not through?

Sir Mark Sedwill: Where we can, so we have a very elaborate—or detailed rather than elaborate—set of measures, but in some cases they simply say that no mitigation is possible because without the legislation there is not the legal process.

Q268 **Chair:** If we did not have any trade remedies legislation after we left, would that keep me awake at night? I do not think it would.

Sir Mark Sedwill: That is a judgment for you about the seriousness of the impact. Our job is to try to ensure that Government have the powers they need to exercise their functions, and that depends on the legislation.

Chair: On secondary legislation, Mr Cowan.

Q269 **Ronnie Cowan:** You have the heads up now on where we are going with this; on 29 March a lot of SIs hanging around out there. As I say, I often spend 10 minutes to go and sit in on one. The initial promise was they would be over a smooth period of time, but they have peaked with a huge number just before Christmas, a slight dip and they are picking up again. There is a lot of MPs, 17 MPs on the committee and MPs to chair it, seven clerks, a lot of time, a lot of effort and a lot of money to get this through. Are they all going to be completed by 29 March?

Sir Mark Sedwill: At the risk of sounding impertinent, right back at you. It very much depends on whether Parliament can get them through, but the business managers believe that they can. We have prioritised them so that those most urgent are being pushed through earlier. The number has reduced and that is partly because as we worked at them we were able to consolidate some SIs that were originally going to be separate and then they have been combined.

Q270 **Ronnie Cowan:** When you are sitting in on the committee and there are five SIs being consolidated, it does not get the scrutiny that is required.

Sir Mark Sedwill: That is a matter for Parliament. What we have sought to do—and this again is a matter for the business managers—is create



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the mechanisms and it is a balance that they must judge the mechanisms in order to get the necessary SIs through and on to the statute book.

Q271 **Ronnie Cowan:** My original question is: how many will not be in place by 29 March?

John Manzoni: The pace this last week was about the pace that needs to continue between now and the end of March in order to get them all done, 15 or 20 a week.

Q272 **Ronnie Cowan:** Yes. I think there are 133 currently that have been through the process.

John Manzoni: More than 80% have been laid now.

Q273 **Ronnie Cowan:** That is why we had this recess, because it gave us four more counting days. I am interested that during that week we did not really debate anything of any consequence and now what we are seeing is the Government are prepared to bypass the process, the House must make it clear that the Government have limited time available now to debate secondary legislation. The business has been collapsing for weeks, so how can they say there is limited time to debate this and then bypass the debating process to push through legislation?

Sir Mark Sedwill: I think you are taking me into the area of the business managers, Mr Cowan, which although people sometimes say I have too many responsibilities is not—

Q274 **Chair:** We were going to sit on an SI on Monday, and it was cancelled, and that was about state aids. Is there a log jam in Departments?

Sir Mark Sedwill: I think that was part of the issue earlier on, as they worked through the policy issues. Some of these are dealing with the tension that John referred to earlier, where SIs for no deal and the negotiations and indeed the measures required for a deal might be in tension, and there are judgments that have to be made about risk and benefit. That is essentially no longer the case. As John has said, over 80% of SIs that we require for no deal have now been laid. The business managers are confident they can get them all through by 29 March. For some but not all—and you are absolutely right about that, Mr Cowan—there is the made affirmative procedure available from the EU Withdrawal Act last year. That is only for a proportion of them. There is no intention to use that. We do not believe it is necessary, but it is available should the programme slip, and we need the entire programme of SIs through by 29 March. I should thank you for seeing that through.

Q275 **Kelvin Hopkins:** Why have so many of the statutory instruments required for exiting the EU not been accompanied by a proper impact assessment?

Sir Mark Sedwill: It depends across the portfolio, Mr Hopkins. In many cases, probably the numerical majority, although obviously not the most significant, there is really no policy change as a result. They are



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essentially just technical shifts in order for us to be able to repatriate certain procedures that would otherwise have been conducted before under the European Communities Act and so on. Where there is a significant impact we have engaged, or Ministers and civil servants have engaged, intensively with the relevant sectors. John, did you want to add anything to that one?

John Manzoni: No, not to that.

Q276 **Kelvin Hopkins:** To what extent does the lack of an impact assessment affect public consultation on and confidence in the statutory instruments? Should I say also that some of the impact might be positive rather than negative?

Sir Mark Sedwill: Indeed. As I said, we have followed the normal procedure with this. You would not necessarily do an impact assessment for every SI if it was only making a relatively small technical change. Public confidence is a judgment question, which I think is probably more for you than for me, but the Departments responsible have engaged intensively with the various sectors that the SIs relate to and, as always, have taken into account those sectors' views.

Q277 **Kelvin Hopkins:** Which Departments have been responsible for the biggest backlog of I say statutory instruments for public consumption, because people might not necessarily know what SI stands for?

Sir Mark Sedwill: I think the highest volume of SIs have been required by HMRC, so there is a volume question, but it is not really a backlog question. It is just that they have an awful lot that they have to put through because of the nature of their operation. Some of the most difficult are those where there is a mixture of reserved and devolved competence. Those have been some of the most complex to work through, for obvious reasons.

Q278 **Kelvin Hopkins:** This is possibly a question for John Manzoni. How is the Cabinet Office working with these Departments to ensure that the most crucial SIs are in place by exit day?

John Manzoni: As Mark has already said, there has been a full process of prioritisation; in fact it has been an ongoing process for months of prioritising. We started out with the notion that there might be 1,000. We believe there is now less than 600 that we need. As I said, 80% of them are laid and the Cabinet Office process is working very hard with the Departments continuously to prioritise and reprioritise, so it is a continuous process.

Q279 **Mr David Jones:** Further to that, how co-operative are the devolved Administrations in this process? Are they on target or are they behind?

Sir Mark Sedwill: It is a mixed picture. At the official level co-operation is extremely strong. We have a culture of sharing information and issues and really trying to understand, but then of course there are political



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judgments that need to be made. The devolved Administrations each take different views on the overall programme, and that is very much about the broader politics of it, but the machine and the liaison and overall co-operation at the official level between Whitehall, Edinburgh and Cardiff—it is obviously slightly different in Northern Ireland because of the Northern Ireland civil service—there too has been extremely close and open.

Q280 **Mr David Jones:** Are political differences likely to be problematic?

Sir Mark Sedwill: There is obviously an impact if, for example, an issue requires a legislative consent motion and that is declined, and that inevitably causes a question for us in Westminster.

Q281 **Chair:** Coming back to the Departments and the SIs, Treasury has laid a little more than 10 SIs and has one of the biggest backlogs. BEIS has laid 30-something, but also has a very big backlog. DEFRA has by far the biggest volume. HMRC has laid very few SIs. I do not understand the information you have been giving us.

Sir Mark Sedwill: We will have to come back to you, Mr Chairman. It may be the point that I was discussing with Mr Cowan, which is it is not about the number of SIs, it is about the range of powers and operational issues that SIs conclude. You have to look at the scale as well as the pure number.

Q282 **Chair:** All right. That leaves it very obscure for us to understand. Would you like to identify which Departments you are most concerned about? It does not seem to be HMRC.

Sir Mark Sedwill: No, it is not, and I was not suggesting that earlier on. I was simply making a point about the volume of work they have to do just because of the scale of the operation.

Q283 **Chair:** I appreciate that. DEFRA has a huge volume of SIs, but they are well ahead. They have done nearly 80. If DEFRA can do 80 SIs, what is holding up Treasury and BEIS?

Sir Mark Sedwill: It will depend on the subjects. Even DEFRA has some SIs that, as I have said, operate right at the nexus of devolved and reserved competence and some of those are the most complex to put through for obvious reasons. It is not simply a numbers game. It is about the scale, scope and complexity of the material within it.

Q284 **Chair:** Given that two of the Ministers in charge of Treasury and BEIS are the most outspoken critics of leaving without a deal, could there be any coincidence between the number of SIs that their Departments have produced and the number that are still expected and their political views that they are allowed to campaign for outside the framework of elected responsibility?

Sir Mark Sedwill: Mr Chairman, I do not think that is a question for us.

Chair: I appreciate that. I ask that question with a twinkle in my eye,



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knowing that you will pass it back to me.

Sir Mark Sedwill: I certainly have not done any correlation on issues of that kind. I think I will leave it there.

Q285 **Dr Rupa Huq:** Apparently there are 708 hours to go to the projected exit moment, and we were told in December that we were entering a new phase of no-deal preparation. It is after that I think we heard Matt Hancock was boasting that he is the biggest buyer of fridges in the world. In practice what has this new phase meant? Is it the fact that these words "in the unlikely event of" have been erased?

Sir Mark Sedwill: I would not draw that connection, but we reconfigured the way that Government manages their collective business, created the new mechanisms. I know it sounds rather arcane creating a new Cabinet Committee, but a new Cabinet Committee focused on this meets every week and an official group that I chair sitting beneath it meets twice a week, working its way through all of these programmes, making sure that everything that is required is on track. It is a genuine acceleration and reflects the direction we had from Cabinet before Christmas, which was for this to become the primary operational focus because they realised that the deal had not been approved then. As John said earlier, we have accelerated over the past eight months or so since last summer, with new impetus given at various phases, including in December.

John Manzoni: To make it real for you, what has happened since December is that we have stood up 24/7 operations in an operation called Yellowhammer. That is operational capacity to manage a no deal with about 4,000 or 5,000 people now being trained, so that is a ramp-up. That is a real example of operational preparedness, as opposed to the policy preparedness, and that has been stepped up in the last few months.

Q286 **Dr Rupa Huq:** How ready would you say Government are? After yesterday, surely it is even less likely now that we get this. Even before yesterday, twice the will of the House was to vote that no deal should not be entertained at all. To most people, all this money being spent looks crazy if it is just a ruse.

Sir Mark Sedwill: The Government's decision for quite some time has been that the policy remains to secure a deal and to secure a deal that Parliament will ratify, but to do prudent, responsible no-deal contingency planning. That remains the case and it is not for me as an official to make a judgment about do I take my foot off the gas or put it on. I made clear to everyone immediately after the vote that unless we get some other direction from Ministers, we carry on sprinting as hard as we are sprinting already through until 29 March, for the reasons that the Chairman said in his opening, or not.

Q287 **Eleanor Smith:** The Government's paper published yesterday on the implications of exiting without a deal suggested that only two-thirds of the most critical Whitehall projects are on course to be ready by 29



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March. Could you say which ones will not be ready and what will be the consequences?

John Manzoni: I have been consistent in this. I have always said that to imagine that we can move out of the European Union with no deal on 29 March can be managed with no consequences is for the birds and it always has been for the birds. However early we started, as Mark has said, it has taken 40 years to get into it and to come out of it on the cliff edge is literally for the birds. There are several areas. On data, it is not going to be possible, mostly, by the way, where we require a third party—not our own preparations but we require a third party—to engage with us in a conversation about how the arrangements post-no deal will happen when they are not engaging with us and it is very hard to do. There will not be a data adequacy agreement on 30 March or 1 April, because the European Union has not, in one of its unilateral acts, chosen to act in that way, so there will be problems with data transfer between Europe and the UK. With regard to UK to Europe, we are fine. Under the continuity principle we have said that is fine, but not when it comes the other way. That is one example.

On the holdups in the border, despite the fact that we believe and can observe that the French are building border inspection posts, we hope that they are not going to hold up trade into the European Union. As Mark said earlier, the European Union requires them to do checks and if they do not have enough border posts there will be holdups, so the border will be an issue.

Until very recently we were not clear that the Irish Government were going to legislate for the single electricity market. That was a concern until very recently.

There is still a concern as to UK citizens in Europe with regard to their healthcare and certain things. There is a list of things that we are still concerned about, and most of those things, or many of those things, are related to the fact that we need a counterparty to have a conversation with and they have not been having conversations with us.

Q288 **Chair:** With respect, this was about the Whitehall project.

John Manzoni: All of the things I have talked about are Whitehall projects. We have been putting in place a lot of things in Whitehall about the border.

Q289 **Chair:** Why are one-third of the Whitehall projects behind?

Eleanor Smith: Everything that you are saying are Whitehall projects, aren't they?

John Manzoni: Yes, everything I have talked about is something that we are doing in Whitehall that we are still concerned about.

Q290 **Eleanor Smith:** I was just going to say—and it was never raised, or was it; I assume it was raised—what happened when you raised these



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concerns with the Departments and the Government particularly?

John Manzoni: As I have said, we have been putting in place as much as we can. There has been total co-operation across Whitehall with most of these things. We understand where, for instance, in the data that I have mentioned we have been in touch, there are roughly 18 companies that serve the public sector for their data uses. Some of those companies have data held in Europe, so we have been in touch with those 18 companies and 12 or 14 of them have come back and said, "There is no problem. We will move the data so that there isn't a data problem" but four or six of them have said, "There is a bit of a problem" so we are in discussion. With regard to our own public sector, particularly Whitehall issues on data, we are less concerned. The concern that I was reflecting is the economy issues with data.

Q291 **Eleanor Smith:** My next question is about the 300 workstreams that have been generated by the decision to leave the EU. How many currently have a red RAG rating, which ones and what does a RAG rating mean in practice?

John Manzoni: I am not quite sure of the exact policy on the 300, but in general we do not reveal which project is which, because it is to do with policy advice and the honesty of assessment that if it was done in the public light makes it a much more complicated process for people. Project by project we do not generally go through those RAG ratings. They are a management tool to say where we are worried, and I have given you some of the areas that we are still concerned about.

Q292 **Eleanor Smith:** The data, on what you are saying, would be an example?

John Manzoni: It would be an example of a red.

Sir Mark Sedwill: It is a cross-cutting issue. It affects quite a lot of different areas of work. One point I might make, to clarify, is that the 300 is not all about no deal. The 300 is about deal and no deal, because of course there is an awful lot of planning that we need to do in order to be ready for a deal.

Q293 **Dr Rupa Huq:** What has the cost of all this been, first of all that would have had to be done for Brexit anyway and then the extra no deal scaring people?

John Manzoni: As you know, it has been public, the Treasury has deployed about £4 billion in preparation for Brexit, deal and no deal. That is a good example: £1.5 billion in the first tranche and about £2 billion or a bit more in the second tranche. That is the numbers. Right now we have between 12,000 and 13,000 people working on Brexit. Probably a little over 4,000 of those that we can see have been funded from the outside. That is additional resource, so there is a substantial amount of resource deployed on this endeavour.



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Q294 **Dr Rupa Huq:** How does the £4 billion compare to the £350 million per week on the side of the red bus?

Sir Mark Sedwill: I think that is very political.

Dr Rupa Huq: A lot of it has been political today, Chair, I must admit. We have not even left yet, and this is costing—

Q295 **Eleanor Smith:** Coming back to the RAGs again, when something is marked red and you put it up, who deals with it?

John Manzoni: This is management information. This is where DExEU has all of the information. They staff it and it comes through a series of processes inside the civil service. It has been a monthly report. It is now increasing its frequency so that we can see the status of all of these projects all of the time. I have said consistently that it is not a lack of will of working. Usually it is a lack of capability or we have had to hire special—many of those are IT projects, the data stuff and all of the building in DEFRA and HMRC. What happens is that the fact it is a red RAG corrals all the resources of Government where we can; we move people to try to help from the centre, we hire people to try to help those projects. It just is a continuous process of sifting and sorting so that if there is something that is going fine we do not worry about it. If it is something that needs attention we deploy help, and sometimes the Departments would say too much help. But basically it is a process to allow us to continuously sift and sort where we need to concentrate, where help is needed, where we need to go to talk to external suppliers. All of that is really what this is used for.

Q296 **Kelvin Hopkins:** John Manzoni, you said a little while ago that you have recruited 4,500 more civil servants and more are being recruited to prepare for a no-deal exit. How many are still to be recruited? Between 2010 and 2016 the civil service suffered 85,000 staff members cut, not all in the higher civil service who were dealing directly with policy matters, but nevertheless that was a significant cut. How damaging was that?

John Manzoni: I do not think it was damaging. Let me deal with the second part of your question first. I think that the deployment of technology, for instance, into our system has enormously helped the efficiency of our system. There is no question that as we consolidated service centres, as we deployed new technology into the operation of delivery and Departments, all of those things were progressive efficiencies.

I have been consistent. I believe that we imagined that we could keep going without fully assessing and assimilating the complexity of the transformative change that needed to happen across the civil service in order to achieve the goals that we had set ourselves. That has been a continuous tension and is still a continuous tension, and it is a tension in any organisation. You have to guess where you can get to, but those transformative changes are always hard. That is why I have said that we



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need to transform the way that the civil service works in order to continue to achieve the goals that we have set ourselves for efficiency and effectiveness. That deals with that part of your question.

Brexit comes along on top and that trajectory could not be maintained with the Brexit activity, so the civil service has started to increase again. Most of those about 12,000 to 13,000 people working on Brexit today have been prioritised within Departments and people are prioritising activity and moving people into their things. As I say, about 4,500 extra people have been added to that. There are still probably 6,000 or 7,000 between this year and next year in the event of a no deal. The latter bulk of those people is to do with the operation of the border and various other aspects, so we can see that still there is some growth required in the civil service in order to manage Brexit as an activity. That hiring and reprioritisation will have to continue over the course of the next 12 months.

Q297 Kelvin Hopkins: The size of the civil service will be a debate for another day perhaps, but what is the breakdown of the recruits that you have recruited so far by Department, by grade and by profession?

John Manzoni: I do not have that data in front of me today, but we do have it broadly.

Kelvin Hopkins: Broad brush, perhaps.

John Manzoni: The main demand has been what you would expect thus far. It has been project delivery and management, some operational delivery. For instance, Border Force will be hiring nearly 1,000 new people by the end of March, so there is some operational delivery. There is some project management. There are some digital skills, some particular technology and digital skills, and there have also been some policy requirements as we have been negotiating and determining the policy outcomes. Those are the main areas where the demand has been.

Q298 Kelvin Hopkins: It has been reported that many civil servants from Departments less affected by exiting the EU are being seconded to Departments more deeply impacted. How many such civil servants are being seconded and can you give a breakdown by grade, profession and Department of origin and destination? I do not expect you to have the numbers at your fingertips, obviously.

John Manzoni: I mentioned Yellowhammer. I mentioned the shift this year into the operationalisation activity, the building of operational capability, the 24/7 running. That has caused the most recent reprioritisation across the system. Up to the point, Departments have largely been able to reprioritise among themselves. That last act of operationalising the activity has caused a need for cross-departmental activity and that is what is now beginning to emerge as we have staffed up for Yellowhammer. That is moving all the time.



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That is a difficult thing to do in Government. You are talking about individuals moving from one Department to another. That is like moving employer, because it often is moving employer. The terms and conditions are different in Departments. This is a change of employer. It is like leaving one job and starting another job, so we have to be a bit careful about. That is the first point.

So far we have done about 300 moves. The main donor Departments are DfE, which is less impacted. The MoD is about to provide a series of people who are matched to the local resilience fora, who are the operational people under the remit of CLG. DfID has offered some. The MoJ and DWP have offered some. Of the ones that are well known, the main demand Departments are DEFRA, HMRC, CLG for the local resilience fora, and the Home Office. We have moved about 300 people. We have matched and identified probably 200 to 300 more, plus the local resilience people, which are several hundred more. This is now starting to ramp up. I am hopeful that in a month's time we will have moved 700 to 800 people in this way.

Q299 Kelvin Hopkins: Has there been any scope for reemploying some of the civil servants who lost their jobs during the big cuts in the early teens?

John Manzoni: To the extent that they would have applied for roles that we have been hiring, I am sure there has been, but I do not have the data.

Q300 Kelvin Hopkins: They would have readymade skills and might be quite useful.

John Manzoni: I imagine they would and therefore, if they applied—we have seen a few old faces.

Q301 Chair: Perhaps this is an appropriate moment for me to put on record the appreciation of this Committee, and I imagine every Member of Parliament, for the tremendous commitment shown by the civil service in these circumstances. We know that the spirit of the civil service is to get on with whatever the challenge is and even though there may be people with very strong views, who disagree with what the Government are doing, their professional ethic is to get on with what Ministers demand of them. We admire that and we respect it. Please pass our gratitude and thanks back to every civil servant who is working so hard at this time.

Sir Mark Sedwill: Thank you very much. It is much appreciated.

Q302 Chair: In relation to those Departments less directly connected with exiting the EU that are losing staff through secondment, how are decisions being taken on which work is prioritised and which work is parked? I think Government Ministers rather naively, to start with, said, "Brexit is extra, but we are not dropping anything".

John Manzoni: Let me answer this, because I have been consistent in this as well. We have put a proper process in place to try to release those



people. I wrote to all Departments asking that they would, first, confirm that they were fully staffed for the operational aspects of Yellowhammer and, secondly, asking what policy areas they would deprioritise. That needed to be discussed with their Secretaries of State. We are coming to the end of that process and it is going on in parallel with the people who are moving, which allows that to happen.

On the record, I believe this is just the start, the front end, of what needs to happen as we go forward. This is not something that this system is particularly good at, for the reasons that you have articulated, and it does not matter what colour or flavour of politician.

Chair: Always politicians who create the problems.

John Manzoni: This is like learning to use some muscles that we have not really learned to use very well. As we go into the SDPs and the next spending round, we need to be building on this process in order that we can start making some choices, because Brexit cannot be done on top of everything else.

Q303 **Mr Marcus Fysh:** I want to touch quickly on Seaborne Freight because it is one of those areas that is essentially a back-up, reserve-type plan activity, similar to what you have been speaking about. Are there any lessons the Cabinet Office is learning from the way that the contracts have been let and the transparency of bidding processes around these sorts of emergency back-up plans of one kind or another? I don't want you to go into the whole thing again.

John Manzoni: No, we don't need to go into the whole thing again, except to make the following point. I read the transcript of the PAC inquiry on Seaborne Freight that has just taken place and it does not surprise me in the least, given the way that that was conducted, that the civil service finds itself in a risk-averse mode. It is unbelievable, when I read that. The fact is that the consequences of not attempting to create additional capacity are unconscionable. The Department did absolutely the right thing in trying to create—and by the way, leaning in. The market had not responded, which meant the market was not ready and so we had to create the conditions in which we were hopeful that we could bring that forward.

In terms of lessons learned, if we had it all again I am not sure we would not do exactly the same thing again. It is easy to be a Monday morning quarterback. There was obviously risk but funnily enough, the contract was structured so that no money was paid, and no money has been paid. I don't want to be in the wrong place on that. I think the Department did the right thing, leaning into that and intelligently structuring that contract exactly because of the risks it could foresee.

Mr Marcus Fysh: There are two things I would say on that. One is that I understand, from speaking to the industry, that one of the other firms that was awarded one of the capacity contracts, DFDS, is building some



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ships in China at the moment. The people it has been talking to about operating this potential contract were also seeking some new ships to be built by the same firm but because DFDS is such a big client that shipyard said, "No, we have to go with our big client first". That is one of the reasons why the contract unravelled.

The second thing is, talking about the market impact of your actions, I would agree that one of the things that happened was that you got Calais much more interested in thinking about how to preserve its own business. You had one of the EU Commission officials saying to the French Assemblée Nationale that they will effectively be more lenient on the type of border inspection posts and SPS checks, which you mentioned earlier, because our standards are currently equivalent. They are going to go easy on those in Calais. That is the evidence that Madame Gauer gave to the French Assemblée Nationale on 3 December. I would say that that is quite a success.

One other thing I would ask is whether as a part of these ideas for effectively ameliorating the potential of the situation you can give attention to something my work has identified—three tweaks relating to the simplification of customs procedures that would help to increase capacity.

Chair: I think I am going to have to cut you off there.

Mr Marcus Fysh: It is important. It is on the record. I have written to the Prime Minister about it and I have raised it in the House, so maybe the panel would like to look at that. They are tweaks within the administrative capacity of the system to effectively increase capacity by allowing intermediaries to have access to the simplified procedures.

Chair: I am sorry, Marcus, but that is a bit technical, and off the point. I might add a little advertisement for Harwich. We have plenty of capacity for rail-road capacity out of Harwich. Maybe that would be easier than trying to build a new port at Ramsgate.

Q304 **Dr Rupa Huq:** When these histories are written—you were very professional in brushing aside and the fact that no money was spent—the phantom ferry company that had its terms and conditions pasted from a pizza leaflet will be a bit like the duck house and those expenses. People will remember that in this whole incompetence saga. My question is does the collapse of that company have any implications for food and medicine supplies?

John Manzoni: We were hoping that they would provide some percentage of the capacity. We now have less capacity but, as has already been said, those acts have begun to spark market responses, which we hope, over time, will increase capacity again. Of course, we were out there, buying—it was up to 8% capacity extra, which is now reduced because that contract has fallen away and now we are at 6% capacity—and as it happens we believe that that is about right for the quantity of medicines and medical devices—the highest priority—that we will want to transport. It does not leave a lot of space, but on the other



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hand we have heard that the French are being more lenient, we hope. We have not changed the assumption yet, but we hope that that will happen.

As I keep saying, this is a very fluid and dynamic situation. Of course we would like a bit more of a buffer because when it fell away, it had an impact, but it is not obvious yet whether it is a critical impact.

Dr Rupa Huq: It has not been great for the failing Grayling mythology, or reality—I don't know what it is, that reputation. It has not been a great episode.

Chair: Lots of spare capacity in Harwich. I should keep advertising that. David Jones.

Sir Mark Sedwill: Before Mr Jones comes in, there is a more general point, Chair, to reinforce the point you are making in a way. This has enabled us to focus more on general resilience in this area, which is important to a modern economy.

Q305 **Mr David Jones:** What role does the Civil Contingencies Secretariat have in preparing for no deal?

Sir Mark Sedwill: The Civil Contingencies Secretariat is essentially the core of the project—the Yellowhammer work that John has already referred to—and that is essentially around the immediate impact of no deal, the short-term impact of no deal, after 29 March. The secretariat is staffing up and also helping train a wider range of people so that they have the skills to be able to sustain the operation at a scale that we have not had to before. This is like running a series of civil contingencies exercises all in one go.

Q306 **Mr David Jones:** What is the worst-case scenario that they have adopted in their planning?

Sir Mark Sedwill: We always plan civil contingencies on reasonable worst case. You do not go to absolute worst case. They look across a range of different elements, the economic impacts—the sorts of things we have been discussing all morning—but also the practical impacts on citizens: are there risks of runs on particular supplies and how do you manage that? We have had experience of the different components but what we have not had to do is do them all at once and essentially that has been the thing that they have been trying to focus on.

Q307 **Mr David Jones:** I think you have already dismissed as complete nonsense the suggestion that martial law might be imposed in the event of no deal, which is reassuring. Under what circumstances, however, would you be advising the Government to use their powers under the Civil Contingencies Act?

Sir Mark Sedwill: Only in the most extreme circumstances and we do not anticipate those—we genuinely do not anticipate those.

Q308 **Mr David Jones:** If I were to ask you to apply a percentage to the



likelihood?

Sir Mark Sedwill: Very low. I have not thought of it in percentage terms, but very low. We do not believe that we will need to use the emergency powers under the Civil Contingencies Act. What that essentially does, and it might just be worth clarifying—I know you understand it, Mr Jones, but just for the record—is it allows Ministers essentially to take action that would normally require primary or secondary legislation but within seven days it has to be debated by Parliament. If Parliament is in recess, Parliament has to be recalled within five days in order to enable that to happen. It is only a very short-term measure. Although in theory that power is drawn quite widely, because it is designed against a range of what Donald Rumsfeld would call unknown unknowns, the parliamentary checks and balances in it are very clear.

You would only use it in unforeseen circumstances because there are plenty of procedures for emergency legislation within Parliament if something that you can see coming towards you is necessary. It is only designed for a completely unforeseen event and of course a no-deal Brexit is not that. There may be elements of Brexit that we cannot predict but this is an area that we believe Parliament would enable us, with consent obviously, to take whatever actions were necessary under normal parliamentary fast-track procedures.

Q309 **Mr David Jones:** What contingencies are you planning for in the event that Brexit is significantly delayed or abandoned?

Sir Mark Sedwill: We have done some work on, for example some of the issues we have been talking about this morning, where the impact would be of a relatively short delay. A long delay would require us to do a reset in Government-planning terms.

Q310 **Chair:** What about civil contingencies?

Sir Mark Sedwill: I see what you mean.

John Manzoni: It would just delay the standing-up of the operation.

Q311 **Chair:** You are not planning for any political turmoil that might result from not going ahead with Brexit?

Sir Mark Sedwill: There are standing civil contingency plans, including by police forces, for political turmoil or turmoil of any kind. What we tend to do with civil contingency is to look at not what might trigger it—that comes in in a particular instance—but the plans are designed around the effect it might have. If there were public order issues, whether they were triggered by this or indeed anything else, they would be handled in the same way. Those plans are standing plans held by police forces and so on around the country.

Q312 **Chair:** In that case, why does there have to be any particular public-order planning in the event of Brexit?



Sir Mark Sedwill: I have not suggested that there is.

Q313 **Chair:** It is the media that has galloped off with this?

Sir Mark Sedwill: It really goes to the point Mr Jones made earlier. The martial law thing was entirely—

Chair: Troops on the streets and all that?

Sir Mark Sedwill: All of that was just a story that I took the opportunity of an appearance before another Committee to knock down.

Chair: Very good. We are hurtling towards a conclusion and I am very grateful to you. Did you have something else, Marcus Fysh?

Q314 **Mr Marcus Fysh:** When we are talking about all these potential risks and delays, access to supplies and so on, can I implore you to look at the really simple things that we can do in addition to the really big and back-up contingency plans? This idea of giving intermediaries access to the simplified procedures makes a lot of these issues much easier to handle.

Sir Mark Sedwill: We will take that away. A lot of what we have been focused on, and what this paper is about, is about the initial impact. Of course we then have to see what happens thereafter, what changes there might be in the relationship, what agreements might be made. It is quite a complex picture. Some of the disruptive impacts would be immediate and then would reduce. Other impacts would accumulate because the initial measures would gradually erode. It is quite a complex picture, but the general point you make is well taken.

Q315 **Chair:** The work of this Committee will be looking ahead, post Brexit, over the next year or so, at how we scrutinise civil service capability and its development and indeed how the Government are going to develop national strategy with significantly more strategic freedoms than before. Sir Mark, you have taken a very close interest in the development of what is known as fusion doctrine, which was outlined in the National Security Capability Review, but perhaps your thinking is a way of thinking that goes beyond merely national security.

Sir Mark Sedwill: Indeed, I think it does. One has to be careful, particularly with my background, not to appear to want to securitise more and more Government activity, but the underlying concept is a powerful one and is one we should deploy as we address the strategic challenges about the reorientation that will come, over many years, as we leave the European Union and reorient the country for the new opportunities that present themselves.

Q316 **Chair:** How do you address the challenge that national security policy and doctrine tend to be protective—protective of the people, protective of influence, protective of prosperity—when in fact dynamic government is proactive, forward looking, taking actions that make things happen, not just prevents things from happening? How do you include that in your doctrine?



Sir Mark Sedwill: I would not recognise that characterisation of national security. If you look at the way we define it, we define it quite broadly. It was set out by David Cameron when he was Prime Minister. If you look at the first sentence of one of the forewords, he talked about the basis of national security being a strong and vibrant economy. We include in a broad definition of that, for example pursuing the opportunities that are opened up by China. How do we create a strategic relationship that brings to bear all our security and international global influence capabilities in support of our economic objectives with China, for example? I don't think there is any lack of dynamism in the way we think about national security. Of course, there is a core protective component to it, but we think of it as promoting British influence, British security and British economic benefit as much as protecting it.

Q317 **Chair:** In a sentence or two, what changes in the structure and functions of the civil service are required in order to support this broader fusion doctrine?

Sir Mark Sedwill: We are looking at that at the moment, so I do not have a complete answer yet and I look forward to returning to talk to you about it. But if I can draw the parallel, at its very simplest level it means that we plan collectively—so essentially take a horizontal view in terms of strategic planning: what are the main priorities; how are we going to deliver them; how do we bring all the capabilities to bear on the main strategic objectives of Government—but deliver vertically, deliver through the Departments, the agencies and others, and then bring that back together in order to see whether what we have planned for and the objectives we have set are being achieved. It is essentially about strengthening the horizontal connective tissues of Government, to balance, not undermine but balance, the very strong vertical structures that we have because of the departmental and agency structure and complement the weft and the weave and so on.

Q318 **Chair:** How do you think the extension of the fusion doctrine into domestic policies—education policy, social policy, industrial policy—will impact on the requirement for the capability we need from the civil service?

Sir Mark Sedwill: It would not necessarily cover all of those, but there are elements of social policy, for example, where you see it at the operational level, with things like multiagency safeguarding hubs. Are there ways of doing that in a modern, effective and efficient way? We have to drive those reforms, not least because the civil service, for the reasons John was saying, has constantly to be modernised. The industrial strategy does actually have to be a national endeavour. It is not just about different sectors. It does have to be a national endeavour that has components in it that think very intelligently about the impact of economic policies on different parts of the country, different cohorts of citizens, different kinds of businesses, and so on, and will have to be adapted as we go through Brexit to ensure that it is promoting the economic reorientation that Brexit will enable.



Q319 Chair: How has preparation for Brexit altered your perception, and indeed the perception of the civil service as a whole, of itself, of its capabilities, and how it implements things? What is the civil service learning from this process that is perhaps positive for the future, because we do hear a lot that is negative?

Sir Mark Sedwill: John may want to add something. I think it is positive in two ways.

As with any massive portfolio challenge, as this is, it has forced the civil service to do all the things we have been trying to do but to do them better and faster. This has given impetus to many of the reforms that John has introduced as Chief Executive. We would have wanted to do those anyway but, as you know, it is easier to drive those things ahead when there is a sense of a national endeavour, a national challenge, that requires them.

Underlying that, and I know, Chair, that you care a lot about this, the things that are not changing are the values and that timeless sense of integrity and impartiality, the commitment to public service, and so on. What we have to try to do is be both modern and timeless as we work through Brexit and of course, as you say, when it is no longer about the process of leaving but about the world after that, when the UK is seeking to devise for itself a new position in the world and how its economy is going to respond, and so on. I guess there are a whole lot of other challenges, other changes, the technological revolution, and so on. When you talk to civil servants, they look forward to the moment in which they can focus on those things.

Q320 Chair: Do you have anything to add, Mr Manzoni?

John Manzoni: I will add something because the fusion doctrine is to policy outcomes as functional structure is to administrative outcomes. It is exactly the same notion of bringing to bear the holistic deployment of skills and capabilities around a particular problem. I think what is interesting about Brexit and where we are today is that of course Brexit does have to be done by a certain time. We do not have the luxury of implementing at leisure, defining the policy and then implementing it at leisure. We don't have that. It is teaching the civil service what it takes to think of the policy and implement the policy in a set time and I think that is entirely helpful, as Mark said, for the changes that I have been trying to bring in. That is helpful in this phase.

I think there is another phase, when we are on the other side of whatever we are going to be on the other side of, which does start to lift heads and in a policy sense—in the same way as in the administrative sense we are doing now—starts to say we could do this in a different way because we have a new opportunity. That combination of things is quite an interesting opportunity for the civil service.

Q321 Kelvin Hopkins: Pursuing that theme about what happens later on, the



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great opportunities that Brexit presents, the benefits of Brexit, could we not have a Project Optimism to counter a Project Fear? I think there is a lot to be said for leaving the EU and that is why I voted to leave.

John Manzoni: Lifting heads is pretty important and I think people are pretty close to the grindstone right now, in the system. I think an important aspect is lifting heads, and not only in the civil service, I may say; for the broader economy it is pretty important.

Q322 **Mr David Jones:** If I may say so, if your most recent paper, published this week, is anything to go by, if Project Fear exists it is not having much effect. Would you like to comment?

Sir Mark Sedwill: From us you will get Project Fact, but it will be good to be back and talking about Project Future.

Q323 **Chair:** A very good note to end on. Thank you very much for your patience with us and for the frankness of your answers. It has been a helpful session and I am sure the public will feel better informed as a consequence, if we have asked questions that were worth asking.

Sir Mark Sedwill: I think you did. Thank you.

Chair: Thank you very much.