



House of Commons
Committee of Public Accounts

Brexit and the UK border

Seventh Report of Session 2017–19



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**Brexit and the UK
border**

Seventh Report of Session 2017–19

*Report, together with formal minutes relating
to the report*

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The Committee of Public Accounts

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Publication

Committee reports are published on the [Committee’s website](#) and in print by Order of the House.

Evidence relating to this report is published on the [inquiry publications page](#) of the Committee’s website.

Committee staff

The current staff of the Committee are Richard Cooke (Clerk), Dominic Stockbridge (Second Clerk), Hannah Wentworth (Chair Support), Ruby Radley (Senior Committee Assistant), Kutumya Kibedi (Committee Assistant), and Tim Bowden (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6593; the Committee’s email address is pubaccom@parliament.uk.

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Summary

Government departments are assuming that the risks to managing the border will not change immediately when the UK leaves the EU, and that border checks will therefore be the same after March 2019 as they were before. They are therefore not planning for any major new physical infrastructure at the border by March 2019, and do not expect all new or updated IT systems to be ready by that date. Departments say they are planning for a no-deal scenario, but do not expect there to be many changes whatever the position in March 2019. We are very concerned that their assumptions are risky and do not allow for changes in behaviours by companies trading across the border or people crossing it. Particularly in the event of a no-deal scenario, the border could be exposed to risks on day 1 of the UK's departure. Officials are relying too much on there being a transitional period in order to have the time to develop the new systems and infrastructure that may be required. The current negotiations bring significant uncertainty, but the new Border Planning Group (the Group) and government departments need to step up and be prepared for the possibility of a no-deal scenario and for the costs of all potential options. It is worrying that we were told that the Group could not plan for any challenges around the Irish border and the 300 crossing points, as it needed the political process to go further before it could fully understand the issue.

Introduction

Effective management of the border is fundamental to ensuring the security of the UK and the smooth passage of people and goods. How well the government manages the border after the UK leaves the EU will be seen as an important test of the success of the UK's new relationships with the EU and the rest of the world. In 2016, more than 310 million people and nearly 500 million tonnes of freight crossed the UK border. In the same year, the Home Office made 16.3 million decisions about the rights of citizens from outside the European Economic Area (EEA) to enter the UK. HM Revenue & Customs (HMRC) currently processes around 55 million customs declarations on imports and exports each year. Once the UK leaves the EU, the number of decisions needing to be made about permitting people or goods to cross the border could increase by 230% and 360% respectively, depending on the outcome of negotiations.

Border Force, part of the Home Office, is the main government organisation working at the border. It is responsible for securing the border and managing the flow of people and goods. A large number of other government organisations, however, have important border policy or operational responsibilities. These include HMRC, which is responsible for collecting tax, duties and excise, and processing customs declarations, and the Department for the Environment, Food and Rural Affairs (Defra) which has responsibilities for controlling the import of animals, plants and products of animal or plant origin. The Government has created a Border Planning Group (the Group) to oversee departments' efforts to implement new border arrangements in the run-up to the UK's exit from the EU.

Conclusions and recommendations

1. **The Border Planning Group's assumption that the risks to border activity will remain unchanged immediately post-Brexit is a risky approach.** The Border Planning Group (the Group) currently assumes that there will be no additional border risks from freight or passengers when the UK leaves the EU. This is based on the assumption that cross-border trade and travel will not change immediately in the days after we leave the EU. We find this extremely worrying for a number of reasons. HM Revenue & Customs (HMRC) estimates that customs declarations could increase five-fold to 250 million each year and is currently implementing a new Customs Declaration Service to handle them—we have reported separately on the risk of the new service not being in place on time and with traders not knowing how to use it. We also know that the UK will be looking to negotiate new trade deals after leaving the EU, which could change the current balance of trade between EU and other countries. We do not yet know whether there will be additional entry requirements for European Economic Area (EEA) nationals, which could bring additional risks. Nor do we know whether negotiations with the EU will increase revenue risks, for example through changes to tariff rates. In addition, if we leave the EU with no deal in place, government departments could lose access to certain information flows from EU data sharing agreements that provide important data and intelligence to manage border risks. Finally, user behaviour also affects the level of border risk. For example, we have been told that many international trade businesses fail to take customs compliance seriously and therefore the risk of non-compliance could increase if more traders are required to comply with customs requirements. We are surprised, therefore, to hear that engagement with traders has not yet started. In light of the huge number of variables, we are concerned about the robustness of the Group's assumptions, including how regularly they will need to be updated to ensure they remain fit for purpose.

Recommendation: *By March 2018 the Border Planning Group should provide evidence to us that its assumptions on border risks are realistic, take account of the possibility that stakeholders might change their behaviours, and are regularly reviewed.*

2. **Departments' current planning for the post-Brexit border relies too much on there being a negotiated transitional period.** HMRC accepts that it cannot implement all elements of the highly streamlined customs arrangement, set out as a preferred option in the Customs Bill, by March 2019. Whatever the result of negotiations, the Border Planning Group does not expect to have any additional border infrastructure in place by March 2019. This includes any infrastructure needed to undertake additional physical checks of goods in ports such as Dover, due to capacity constraints. The Group also does not expect that all the new or updated IT systems required as a result of leaving the EU will be ready by March 2019. Based on its assumptions on risk, the Group assumes that no additional physical infrastructure, for example parking bays for lorries subject to checks, will be required immediately after the UK leaves the EU. However, the Group does not know how long its current assumptions will hold true and therefore how soon after March 2019 new border infrastructure would need to be in place. Government departments have started to plan their staffing requirements from March 2019,

but we are concerned that these plans are insufficient to reflect the risk of the UK leaving the EU with no deal. The Group accepts that the overall border ‘system’ in place would not be “optimal in any way” if the UK leaves the EU with no deal in March 2019, and further changes would be needed in the future.

Recommendation: *The Border Planning Group must accelerate the detailed planning for managing the border in the event of a no-deal scenario and report back to us by June 2018.*

3. **In the lead up to Brexit, we are not convinced that government departments have put in place the necessary clear leadership and accountability for effective border management, or are showing enough urgency.** The Group was set up in March 2017 to provide strategic oversight of government departments’ plans to manage the impact on the border of withdrawing from the EU. The Group is a forum for departments to share their border strategies, plans and objectives and ensure their systems, designs and funding requests are aligned. The Group contains representatives from 21 departments and agencies, but no single person or department has overall accountability for managing the border. We are extremely concerned to hear that this crucial group has only met seven times in the eighteen months since the EU referendum. Some incredibly important issues have not yet even been considered by the Group; for example arrangements for the 300 crossing points across the land border in Ireland are currently outside the scope of the Group.

Recommendation: *By March 2018 the Border Planning Group should report back to us with a summary of the activities it is carrying out, the programmes it is overseeing and the risks it is managing. We also expect someone to be put in charge and accept lead responsibility for co-ordinating the work of the Group.*

4. **We are concerned that HM Treasury’s usual business model is inadequate for allocating Brexit funding to departments who are forced to operate together, at pace, to a hard deadline.** HMRC confirmed that one of the primary tasks of the Border Planning Group is to work with HM Treasury (the Treasury) on funding bids “to make sure that they align”. However, departments are still negotiating with the Treasury on a case-by-case basis to secure their shares of the £250 million available to all departments. The Home Office told us it has received £60 million for 2017–18 but remains in discussions with the Treasury about future funding. Defra told us that it has been in discussion with the Treasury since the end of 2016 but, while it has funding for this year, is only now starting to discuss future costs. Defra expects to need to ask for a ministerial direction in the future, as it is likely to need to spend funds before it has parliamentary authority to do so. HMRC told us it is still negotiating for £7.3 million to upgrade its CHIEF system as a contingency option if the new Customs Declaration Service is not ready on time. We have previously recommended that the Treasury should ensure HMRC has sufficient funding for this important work by the end of the year.

Recommendation: *HM Treasury should review its business model to ensure that it makes timely decisions about releasing money to departments so as to facilitate their preparations for Brexit.*

5. **Government departments' poor track record of delivering critical border programmes, such as e-borders, leaves us sceptical that they are up to the challenges of planning for the border post-Brexit, including having enough people to manage it.** There have been significant failures in the past when implementing programmes intended to improve the management of the UK border. Most notably, the Home Office e-borders programme to improve the collection, analysis and exploitation of advance passenger information which started in 2003 but was delayed and eventually cancelled in 2010, leaving government with a major contractual dispute that cost £150 million to resolve. A successor programme, Digital Services at the Border (DSAB), will not be complete until 2019, some sixteen years later. Around 30 of the 85 IT systems used at the border will need to be replaced or changed in some way when the UK leaves the EU. This includes requirements for five entirely new systems and three replacements, including systems currently provided by the EU. Major changes to border management are difficult to make and will require strong coordination across government and with many stakeholders. Given the track record it seems unlikely that all the new systems needed to manage the border effectively after we exit the EU will be successfully delivered, and even if things go to plan, departments accept already that not all the systems would be ready by March 2019. Difficulties in the past with delivering improvement programmes have meant that too many border processes still rely on ageing IT systems or are paper-based. Departments have also struggled to predict demand to allow them to identify their staffing needs. Border Force currently plans to recruit 300 additional staff, which is an increase of under 4% of their existing workforce, in spite of the likely substantial increase in border management after Brexit.

Recommendation: *The readiness of the border to deal with the UK leaving the EU is a vital issue and we will monitor progress closely. We expect all departments to be in a position to update us on progress at future evidence sessions.*

1 The effectiveness of UK border management

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Home Office, UK Border Force, HM Revenue & Customs, and the Department for Environment, Food & Rural Affairs.¹

2. Effective management of the border requires government departments to maintain security, while processing the huge numbers of people and goods that arrive at the border each year quickly and efficiently. In 2016, more than 310 million people and nearly 500 million tonnes of freight crossed the UK border. In the same year, the Home Office made 16.3 million decisions about the rights of citizens from outside the European Economic Area (EEA) to enter the UK. HM Revenue & Customs (HMRC) currently processes around 55 million customs declarations on imports and exports each year. Departments managing the border have to deal with increasing numbers of people and goods: since 2005, passenger arrivals and the value of imports have increased 27% and 46% respectively. Workload could increase still further once the UK leaves the EU. The number of decisions needing to be made about permitting people or goods to cross the border could increase by 230% and 360% respectively, depending on the outcome of negotiations.²

3. Border Force, part of the Home Office, is the main government organisation working at the border. It is responsible for securing the border and managing the flow of people and goods. A large number of other government organisations, however, have important border policy or operational responsibilities. In particular, HMRC is responsible for collecting tax, duties and excise, and processing customs declarations. The Department for the Environment, Food & Rural Affairs (Defra) is one of the bodies responsible for controlling the import of animals, plants and products of animal or plant origin.³

4. Good quality data is crucial to effective border management.⁴ Decisions on what goods to search, what private jets border staff should meet and which people should be stopped from travelling, are all made based on assessments of risk, which require data to be accurate.⁵ The Home Office told us that it had made “huge strides” improving the amount of data it collects and how it uses it.⁶ For example the Home Office can now use data collected on exit checks to better target their enforcement efforts.⁷ Notwithstanding these improvements, the Home Office and HMRC told us that some data gaps remained. In 2014 the National Audit Office reported that 84% of removal cases were missing some information and the Home Office did not confirm that this had been solved, saying only that “incremental steps” had been taken to improve technology to make it easier for staff to check data in future. Meanwhile, HMRC uses information provided by shipping agents to decide whether to search the contents of cargo containers, but often this information is extremely limited. HMRC told us that there have been occasions when “you can have 40 tonnes-worth of a container described in one word”.⁸

1 C&AG’s Report, [The UK border](#), session 2017–19, HC 513, 20 October 2017

2 [C&AG’s Report](#), pp 8, 25, 27

3 [C&AG’s Report](#), pp 11, 12

4 Qq 35, 50, 66

5 Qq 29, 43–44

6 Q 50

7 Q 65

8 Qq 52–55

5. Another challenge to efficient border management is the fact that operating processes at the border often rely on paper-based and old or legacy IT systems.⁹ For example, the Warnings Index system, which is used to collect information on persons of interest to the authorities, was introduced in 1994.¹⁰ HMRC told us that around 85 different IT systems currently operate at the border, and of those, 29 or 30 systems will need to be changed or replaced as the UK prepares to exit the EU. Five of these will be completely new systems and three will be new replacements for existing systems. These systems will not be in place by March 2019.¹¹

6. It is not clear that government departments can successfully deliver the future capabilities required, given that departments have often struggled to deliver large IT systems. For example, the e-borders programme, which was designed to improve the collection, analysis and exploitation of advance passenger information, was started by the Home Office in 2003, launched in 2007 and then closed in 2010 after suffering delays and poor performance. Its cancellation caused a major commercial dispute that cost the government £150 million to resolve and the Home Office also had to spend £89 million upgrading the systems the programme was intended to replace.¹² A successor, the Digital Services at the Border (DSAB) programme, will not now be delivered until 2019, sixteen years after the programme was first envisaged.¹³ One of the issues that contributed to the difficulties delivering the e-borders and DSAB programmes was the high turnover of senior staff, however the Home Office was unable to tell us the exact number of different programme directors the programmes had had since 2003.¹⁴ The Home Office has experienced difficulties with other large technology programmes. The Immigration Case Work (ICW) programme was cancelled in 2010 after delivering significantly less than expected, despite costing £350 million. The Home Office told us that the Immigration Platform Technologies (IPT) programme is its other major border IT programme. The IPT programme is the successor to the failed ICW programme.¹⁵

7. Departments have struggled to effectively predict demands at the border and this has hampered their ability to predict how many staff they need and where they should be allocated.¹⁶ In 2013, Border Force had to reverse substantial reductions in staff it had made using poor demand forecasts. Border Force admitted that the ‘Dynamic Response Tool’ it uses to forecast demand has “had some criticisms in the past for not being effective enough” but told us how it was now using advance passenger information and doing more work with local ports to improve its effectiveness.¹⁷

9 Qq 26–36

10 Q 37

11 Qq 32–35

12 [C&AG’s Report](#), Page 19

13 Qq 14, 38

14 Qq 2–3, 14

15 Q 54; Committee of Public Accounts, [Reforming the UK border and immigration system](#), Twentieth Report of Session 2014–15, HC 584, 29 October 2014

16 Qq 46–48, 57–60

17 Q 47; [C&AG’s Report](#), page 23

2 Post-Brexit risks and planning

8. Individual departments have their own individual responsibilities for managing the border. Border Force for example has five mandates it has to follow, including an operating mandate which sets out how it should manage immigration. This includes setting targets for processing passengers at the border quickly and efficiently. No single government department however has overall accountability for managing the border.¹⁸

9. The Border Planning Group (the Group), set up in March 2017, contains representatives from 21 departments and Agencies, including the Home Office, HM Revenue & Customs (HMRC) and Department for Environment, Food & Rural Affairs (Defra), from which we took evidence. The Group is not an operational body; instead it provides strategic oversight of the Government's plans to manage the impact on the border of withdrawing from the EU.¹⁹ HMRC told us that the Group ensures there is a shared understanding of plans and objectives and alignment of systems, designs and funding requests. HMRC also said that the Group provides a warning system for government about the impact of policy negotiations decisions on border operations.²⁰ HMRC told us that this Group has met seven times since March 2017.²¹ HMRC conceded that the Group's role is challenging, given that it is operating in an environment of uncertainty and having to run multiple scenarios based on different negotiation outcomes.²² HMRC told us that some critical issues have not yet been considered by the Group. For example, on the question of the Irish border and its 300 crossing points, HMRC was not able to say what the challenges to plan for were, commenting that the issue was not within the scope of the Group at this stage, with arrangements on Ireland still being subject to negotiations and ministerial discussion. HMRC said it needed the political process to go a bit further before the Group could fully get into understanding the issue.²³

10. HMRC told us that it currently assumes there will be no additional risk associated with freight arriving in the UK immediately after the UK leaves the EU.²⁴ This assumption is based on the fact that "the trade that comes across the border today is likely to be the same trade that comes across the border the day after we leave the EU".²⁵ HMRC used the example of a French lorry carrying wine presenting the same risk after the UK leaves the EU as it does currently.²⁶ It also told us that Border Force would continue to carry out as many intelligence-led checks on EU trade as it currently does.²⁷ HMRC recognised that a "different pattern of trade" is likely to develop over time subject to new trade routes, tariff arrangements and free trade deals.²⁸ However, it told us that it currently has "no evidence to suggest" that trade flows with non-EU countries will necessarily increase.²⁹ HMRC also told us that Ministers have not yet made a decision about whether tariffs would be imposed on EU goods in the future, although it is a variable being considered in HMRC's staffing

18 Qq 16–20

19 Q 21

20 Q 24

21 Q 21

22 Q 159

23 Q 118

24 Q 79

25 Q 105

26 Q 59

27 Q 80

28 Q 105

29 Q 81

forecasts in the lead up to leaving the EU. The Group's assumptions include HMRC's new Customs Declaration Service (CDS) being fully implemented by March 2019 in order to handle an estimated 200 million increase in the number of customs declarations made each year, a five-fold increase on current volumes.³⁰ We have previously found that the timetable for delivering CDS is tight, especially in the context of the hard deadline of Brexit, and that much remains to be done to have an effective system in place by March 2019.³¹

11. The Home Office told us that it currently checks 100% of passenger arrivals into the UK on scheduled services and will continue to do so from March 2019. Although it does not check all arrivals at smaller ports and airfields, Border Force plans "on an intelligence basis and a risk basis". This includes targeting EU flights and passengers, with 1,300 EU nationals stopped in 2016. On this basis, Border Force told us that there was no reason to suppose that that level of risk will change in a day-one scenario.³² The Home Office did not say anything about what the long-term requirements for EEA nationals might be, for example the potential to require visa applications from these citizens.³³ It told us it is currently planning a project to allow the more than 3 million EU nationals in the UK to register to benefit from their status as settled EU nationals prior to the UK's departure from the EU.³⁴

12. HMRC told us that there are various EU conventions on data sharing that relate to a number of different departments and cover areas including criminality and money-laundering. Important from HMRC's perspective is the Naples II customs convention which provides for mutual co-operation on "things like joint surveillance, controlled delivery, data exchange and providing intelligence across boundaries". HMRC confirmed that a loss of access would reduce its effectiveness and that in a no-deal scenario "the reasonable assumption would be that you have lost that information flow, which would be a pity".³⁵ Border Force told us that it is currently planning as to what the alternative mitigations may be for every single EU tool that the UK uses for law enforcement and national security activity. HMRC told us that all government departments are ensuring Ministers are aware of EU system access requirements as negotiations progress.³⁶

13. Written evidence to us suggested that "there are very few international trade businesses, both importers and exporters, who take customs compliance seriously". We were also told that businesses need more support from HMRC to deal with post-Brexit requirements.³⁷ HMRC confirmed that it had not yet started to engage with traders but planned to do so once Ministers had decided whether to engage on a department or government-wide basis. It told us that it is currently setting out its advice to ministers on the pros and cons of each approach.³⁸

30 Qq 84–86, 106–107

31 Public Accounts Committee, [Brexit and the Future of Customs](#), Second Report of Session 2017–19, HC 401, 14 November 2017

32 Qq 40–45, 112

33 Q 101

34 Q 99; [Prime Minister's statement to the House of Commons on the European Council](#), 26 June 2017

35 Qq 127–130

36 Qq 131–132

37 Q 56; North East England Chamber of Commerce ([BAB0001](#))

38 Qq 56–57

14. The Government has considered two broad approaches to a future customs relationship with the EU that meet its objectives. These broad approaches are a ‘new customs partnership’ and a ‘highly streamlined customs arrangement’.³⁹ HMRC told us that if the UK reached an agreement with the EU to implement the highly streamlined customs arrangement it would need a transitional period to implement the “basket of changes” required. Some of these changes could be implemented immediately, but “some will take a year, some will take two years and some will take three years” depending on the precise elements adopted.⁴⁰

15. HMRC told us that it assumes that the number of physical checks of goods at roll-on roll-off (RoRo) ports such as Dover will not increase if the UK leaves the EU with no deal. It acknowledged that this was partly a pragmatic response as it would avoid the need for more infrastructure and space at key ports, which could not be made available in a day one, no deal situation in March 2019.⁴¹ The assumption that there will be no additional risk when the UK leaves the EU, as well as the capacity challenge in key ports, means the Group is not anticipating that infrastructure being in place for March 2019. HMRC told us “we would neither expect to need it at that time nor expect it to be in place”.⁴² HMRC told us the Group accepts that additional infrastructure will be required in the future and plans for this to be inland, rather than at ports, where possible. It does not yet know exactly what infrastructure will be required, for example for food and customs controls.⁴³ It also does not yet know how long its current assumptions will last and therefore at what point after March 2019 any new infrastructure will need to be in place.⁴⁴ An additional consideration is what happens in other EU member states. HMRC admitted, for example, that the UK could be fully prepared on day 1 with no deal but that “the closed-loop system of Dover-Calais does not work because of what happens on the other side of the channel”.⁴⁵

16. Government departments have started planning for their additional staff requirements for Brexit activity. HMRC has assessed that it will need between 3,000 and 5,000 new staff in the department depending on the level of risk that Ministers are willing to accept.⁴⁶ Border Force told us that it has already started to recruit an additional 300 staff in order to give existing staff time to undertake training and to have a reserve of staff to deal with Brexit work. This would constitute a 3.9% increase on the 7,670 people employed by Border Force as at March 2017.⁴⁷ It expects these staff to be in place by April 2018.⁴⁸

17. HMRC told us that the Border Planning Group has six primary tasks. One of these is to work with the Treasury on funding bids “to make sure that they align”.⁴⁹ Departments individually have funding in place for the current year. The Home Office told us that it has £60 million for this financial year from the £250 million allocated by the Treasury to all departments. Defra also confirmed that it had received funding for the costs it is incurring this year. Both departments confirmed that they are still in discussions with the Treasury

39 HM Treasury, [Customs Bill: legislating for the UK’s future customs, VAT and excise regimes](#), CM 9502, October 2017

40 Q 167

41 Qq 78, 106

42 Q 139

43 Qq 134, 135, 138

44 Q 111

45 Q 107

46 Q 59

47 Q 76; Home Office, [Annual Report and Accounts 2016/17](#), HC 20, 13 July 2017

48 Q 92

49 Q 24

about funding for future years. Defra told us it expects to need to ask for a ministerial direction “because of the timing issue” associated with the withdrawal bill receiving royal assent.⁵⁰ HMRC confirmed that it remains in discussion about the additional £7.3 million it requires to upgrade its CHIEF system. This is its main contingency option if its new Customs Declaration Service is not in place by March 2019.⁵¹ We have previously concluded that this is a relatively small sum to pay to guard against the wider financial and reputational costs of failure, and recommended that HM Treasury should ensure that HMRC has sufficient funding by December 2017 to develop functioning contingency arrangements.⁵² HMRC’s Permanent Secretary told us that he is “going to spend the money, whether I get the funding or not”. He noted that this might mean overspending and having to deal “with a qualification that might have breached Parliament’s limits”.⁵³

18. HMRC acknowledged that the border system in place if the UK leaves the EU with no deal in March 2019 “would not be optimal in any way” and that, after April 2019, it would have to make further changes to make the system optimal. Leaving the EU with no deal is not the Government’s preferred scenario.⁵⁴ A negotiated transitional period of two years is therefore a high priority for members of the Border Planning Group, who all agreed that it would help ensure a smooth transition, save money and manage risks.⁵⁵

50 Qq 148–151, 155

51 Q 25

52 Public Accounts Committee, [Brexit and the future of Customs](#), HC 401, Second Report of Session 2017–19, November 2017

53 Qq 24, 152

54 Q 159

55 Qq 167–168

Formal Minutes

Monday 4 December 2017

Members present:

Meg Hillier, in the Chair

Geoffrey Clifton-Brown

Nigel Mills

Martyn Day

Stephen Morgan

Luke Graham

Draft Report (*Brexit and the UK border*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 18 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Seventh of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 6 December 2017 at 2.00pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 20 November 2017

Question number

Patsy Wilkinson, Second Permanent Secretary, Home Office, **Jon Thompson**, Chief Executive and Permanent Secretary, **Karen Wheeler**, Director General, Border Co-ordination, HM Revenue & Customs, **Clare Moriarty**, Permanent Secretary, Department for Environment Food & Rural Affairs, and **Paul Lincoln**, Director General, UK Border Force

[Q1-168](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

BAB numbers are generated by the evidence processing system and so may not be complete.

- 1 North East England Chamber of Commerce ([BAB0001](#))

List of Reports from the Committee during the current session

All publications from the Committee are available on the [publications page](#) of the Committee's website.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312
Second Report	Brexit and the future of Customs	HC 401
Third Report	Hinkley Point C	HC 393
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397
Sixth Report	The growing threat of online fraud	HC 399
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347

Public Accounts Committee

Oral evidence: Brexit and the Borders, HC 558

Monday 20 November 2017

Ordered by the House of Commons to be published on 20 November 2017.

Members present: Meg Hillier (Chair); Heidi Allen; Geoffrey Clifton-Brown; Martyn Day; Caroline Flint; Luke Graham; Gillian Keegan; Nigel Mills; Gareth Snell.

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

Questions 1-168

Witnesses

I: Patsy Wilkinson, Second Permanent Secretary, Home Office, Jon Thompson, Chief Executive and Permanent Secretary, HM Revenue & Customs, Karen Wheeler, Director General, Border Co-ordination, HM Revenue & Customs, Clare Moriarty, Permanent Secretary, DEFRA, and Paul Lincoln, Director General, UK Border Force.



HOUSE OF COMMONS

Reports by the Comptroller and Auditor General

Customs Declaration Service (HC 241)

HM Revenue & Customs: Investigation into overseas sellers failing to charge VAT on online sales (HC 1129)

Home Office: E-borders and successor programmes (HC 608)

Home Office: Reforming the UK border and immigration system (HC 445)

Home Office: The Border Force: securing the border (HC 540)

HM Revenue & Customs 2012-13 Accounts, Report by the Comptroller and Auditor General (HC 10)

Home Office: The UK Border Agency and Border Force: Progress in cutting costs and improving performance (HC 467)

HM Revenue & Customs: The control and facilitation of imports (HC 942)

Examination of witnesses

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

Q1 **Chair:** Welcome, everybody, to the Public Accounts Committee on Monday 20 November 2017. This is one of a number of evidence sessions planned in order to look at how Brexit is working. We plan today to look at how the various systems for our border controls have been working and what the challenges are for Brexit. It builds on work we did with Mr Thompson and colleagues earlier; we produced our report last week on the Customs Declaration Service. We are generally looking at the preparedness of Departments and Government for Brexit.

We know there are huge challenges in this area and how fundamental getting border control, customs control and all the other aspects of border control right is to making sure that the UK continues to run smoothly after Brexit, so we are going to be looking today at what progress has been made on some of the long-standing issues that this Government, in addition to previous Governments, have been dealing with, as well as how, practically, you are able to plan now for a Brexit in 14 months' time. The NAO Report brings together lots of the previous work they have done. They have not done new work, but they are projecting forward to consider, as we are, what might be the impact, with



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14 months to go, on Brexit.

I want to introduce our witnesses, and then I have some questions for you, Ms Wilkinson, before we move into the main session. We have Paul Lincoln, Director General of the UK Border Force; Patsy Wilkinson, Second Permanent Secretary at the Home Office, who is responsible for dealing with these issues; Jon Thompson, who is the Chief Executive and Permanent Secretary of HMRC and one of our most frequent fliers, although I'm afraid there are no points here; Karen Wheeler, Director General for Border Co-ordination at HMRC—I'm glad to know you have some support there in your team, Mr Thompson, given the number of times you appear before us—and Clare Moriarty, Permanent Secretary at the Department for Environment, Food and Rural Affairs, which is massively affected by a number of the issues we are discussing today.

Before we go into the main session, I want to ask you, Ms Wilkinson, about the loss of yet another head of the Digital Services at the Border programme. The programme director, Barry Gould, left; you let me know this just a few days ago—a week or so ago. Can you tell me how many people have held the position of programme director for the Digital Services at the Border programme?

Patsy Wilkinson: I know, from immediate memory, of two people who have held the role of programme director. There will have been at least one before, but I would have to check the detail. There is a key thing I would like quickly to say, which—

Q2 **Chair:** Can I just ask this? There have been about 10 people in that position.

Patsy Wilkinson: I'm not sure that 10 is exactly the right number from when Digital Services at the Border—

Q3 **Chair:** Between eight and 10?

Patsy Wilkinson: I don't believe it's at that level. The programme director role, of course, supports the senior responsible owner.

Q4 **Chair:** Who has been in place since April 2017.

Patsy Wilkinson: Yes, but whose predecessor had been there significantly longer.

Q5 **Chair:** So you're not worried at all about the impact of this change of role and position? Mr Gould had been there less than 12 months, so he moved on quite quickly. Does that worry you?

Patsy Wilkinson: Mr Gould did move on quite quickly. One of the reasons I believe the programme can progress despite Mr Gould's departure is that we have deliberately built more leadership capacity into the programme; we have built more resilience into the programme. That means that at the point we're at right now, when Mr Gould is about to go, we have a deputy to him in place who can step up and fill that role competently while we carry out the search for Mr Gould's successor. That is one of the lessons we—



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Q6 **Chair:** So you are recruiting. When do you expect to appoint his successor?

Patsy Wilkinson: We'll appoint his successor as early in the new year as possible, but as I said, we have continuity through Mr Gould's deputy, and that is a lesson learned from e-Borders.

Q7 **Chair:** We don't want to discuss too much about an individual, but can you give us a clue as to why he left after less than a year in post?

Patsy Wilkinson: I don't have any information about his reasons for leaving.

Q8 **Chair:** It just seems extraordinary to have a big job like that—a serious job—and then to leave within a year. Does that worry you?

Patsy Wilkinson: The reasons are Mr Gould's reasons. The key thing for me is to make sure that there is continuity in the programme.

Q9 **Chair:** Okay, but can you just tell us what number of people you think have been in the job and how long they have lasted? You talked about two or three people being in post in that role.

Patsy Wilkinson: In terms of the programme director role, the two that I am aware of are Mr Gould and his predecessor, Mr Clark. I do not have the data about the people before that.

Q10 **Chair:** Can you tell us how long his predecessor was in post?

Patsy Wilkinson: I believe it was two years.

Q11 **Chair:** Two years. These people in a serious job are not lasting very long. That is my point. Isn't it worrying that at a particularly critical time for the UK, we are seeing a very rapid turnover of people in a critical job—it is just one, but in this particular critical job?

Patsy Wilkinson: We have, though, had longevity in other aspects of the programme, including the former SRO.

Q12 **Chair:** Mr Thompson, does it worry you?

Jon Thompson: It is a matter for the Home Office.

Q13 **Chair:** But you're the person at No. 10; you are responsible for co-ordinating the approach to Brexit and you are chairing the No. 10 board on this.

Jon Thompson: It doesn't cause me any great concern. If Patsy is content with the arrangements at the Home Office, I'm content.

Chair: Well, okay. On that point, I will hand straight over to Caroline Flint, who is going to kick off the main questioning.

Q14 **Caroline Flint:** I understand that there were eight programme directors covering e-Borders and successor programmes between 2003 and 2015. Now, as the Chair said, another one has resigned in less than a year. What is the problem with holding on to staff, Ms Wilkinson?



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Patsy Wilkinson: My memory does not go all the way back to every aspect of e-Borders, but generally I believe we have positioned the programme now so that when people choose to move on—this is a long programme; the bulk of it is the five-year Digital Services at the Border programme—we have resilience.

- Q15 **Caroline Flint:** Okay. We will come to that later. The Report talks about improvement across the piece, which is very welcome, but one of the recurring issues is staff management, staff forecasting, holding on to staff and those staff being clear about what their objectives are and how they work with each other. We only have four agencies here today, but on page 12 of the Report, there are at least 19 examples of operational bodies. Staffing is a massive issue. Do you agree?

Patsy Wilkinson: It is very important.

- Q16 **Caroline Flint:** Who is overall in charge of management of the border?

Patsy Wilkinson: All the Departments represented here and other partners who sit with us in the Border Planning Group, which we might say a bit more about later, have our individual responsibilities for managing the border. In the case of the Home Office, I have my responsibilities, Mr Lincoln has his responsibilities, and our Ministers—for me, the Home Secretary; for Mr Lincoln, the Home Secretary and the Chancellor—have oversight of everything we are doing. We are seeking through our joint work to make sure that where our plans in the Home Office need to dovetail with plans from other Departments, we have a vehicle for doing that, so that we can make sure things are properly co-ordinated and that when the right decisions need taking by either us or our Ministers, those decisions are raised and taken at exactly the right time.

- Q17 **Caroline Flint:** The Report is clear, as are previous ones, about the different organisations that have some “in” to what happens at our borders, wherever they are, and also post the borders, after goods or people have entered the country. Do you think there should be a sense of some organisation, whether it be yours or Border Force, being overall in charge, with the others—whether it be HMRC, DEFRA or the many others—being clients in some ways to you.

Patsy Wilkinson: That is a very good question. It is worth pausing on what we see the border to be. The border is, of course, a system itself. Lots of parties are involved in running it, and we need to look at it in that way and join up in that way. The border sits in the middle of a lot of other systems as well. It sits in the middle of the immigration system, counter-terrorism efforts, customs and business and trade. We therefore need to strike the balance between being really joined up when we need to be and having clear accountabilities for the wider systems that the border supports. That is what we have tried to navigate in putting in place the things we put in place.

- Q18 **Caroline Flint:** Mr Lincoln, your staff are often on the frontline, doing different types of jobs for different clients who have needs at the border. What do you think about some body being overall in charge?



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Paul Lincoln: We work with a variety of different partners. They range, as the Report says, from the National Crime Agency to CT policing and HMRC and others at the border. We effectively are given a set of targets that we need to meet as part of that wider system, and we perform against those targets and are held to account against them.

Q19 **Caroline Flint:** There is a partnership agreement, I understand. Is that correct?

Paul Lincoln: A particular one?

Caroline Flint: There is a partnership agreement, I understand, that links all the agencies together. I think it is in the public domain.

Paul Lincoln: I effectively work against five main mandates: the control strategy, which is agreed across Government as to the priorities we should look at, in terms of interdictions at the border; an operating mandate, which relates primarily to immigration matters; the Cyclamen mandate, which is around chemical, biological, radiological and nuclear matters; revenue, with the Chancellor of the Exchequer; and service-level agreements with the various different port operators.

Q20 **Caroline Flint:** Do those service-level agreements report against performance?

Paul Lincoln: They do. We have a target, agreed with the main airport operators, of 25 minutes for passenger times for EEA nationals and 45 minutes for non-EEA nationals.

Q21 **Caroline Flint:** Perhaps I could move to the Border Planning Group that has been set up. I understand it is jointly chaired by Mr Thompson and Ms Wilkinson. How will you measure the success of that group?

Jon Thompson: The Border Planning Group was set up in March 2017 as a result of a meeting of Permanent Secretaries whose Departments were primarily involved in leaving the European Union. It is not aimed at operational targets in the sense that your question suggests; its purpose is to provide strategic oversight of the Government's plans to manage the impact at the border of the withdrawal from the European Union. There are six specific areas that we are looking at together; I will happily run through them, if you like. There are 21 Departments or agencies represented in the group—29 people altogether—and we have met seven times. Early in the process, it was decided that it required a full-time director general, which is Karen. She does all the co-ordination work across Government Departments, and we have put together a team of 20 people to help her to undertake those six primary tasks. Would you like me to run through them?

Q22 **Caroline Flint:** No, I am just interested in how your learning from what you currently do informs the Border Planning Group. Whatever happens come March 2019, I think we can all agree that some of the challenges will increase. I am interested in how you are looking at what you do now, and how you work together in an effective—or sometimes not so effective—way to inform the Border Planning Group.



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Jon Thompson: You are totally right. We are learning a whole range of lessons, from the operational level through to the setting of Government policy about how the various Departments and agencies work together. Several of us have travelled fairly widely; Patsy and I have visited a whole range of different places. You can draw from that experience and from the working as a group that there are some common themes between us. One is about data exchange between the various organisations; another is about the underpinning IT structures; a third is about the overall level of resources and co-ordination; and there is possibly a fourth about how we co-ordinate around businesses—you will remember our exchange about the implementation of the Customs Declaration Service. There are a range of changes that could occur on the border, so how do we work together with importers and exporters on those sorts of areas?

Q23 **Geoffrey Clifton-Brown:** Mr Thompson, you tell us that you have 21 Government Departments or agencies represented in that group. That is a very large number and a very big cross-Government function.

Jon Thompson: Yes.

Q24 **Geoffrey Clifton-Brown:** Do you have in place, in readiness for our Brexit negotiations, a rapid dissemination system, so that if the Government were minded to negotiate a particular aspect of the Brexit negotiations, the effect it would have on the border control and the time it would take to implement if the Government were minded to negotiate that particular thing—

Jon Thompson: May I ask you to repeat the question, to make sure I am clear about what you are asking?

Geoffrey Clifton-Brown: It's about a warning system for Government, across Government, of the consequences of particular actions in their Brexit negotiation.

Jon Thompson: Ahead of it happening?

Geoffrey Clifton-Brown: Yes.

Jon Thompson: Yes, that is one of the primary tasks. Perhaps it would be easier if I tell you what the six primary tasks are, and that may answer your question.

One is that the 21 of us need to have a shared understanding of what exactly we do and where we are planning to go. Secondly, we were asked to make sure that those were aligned, because what you do not want is for HMRC to say that it requires a change, only for that to run into what DEFRA might want, meaning that it cannot be operationalised by Paul and his people. Thirdly, we were to share the plans for the future between us—policy issues, location questions and so on. Fourthly, we were to give assurance to Ministers, most notably the Secretary of State for Exiting the European Union on the political side and the Cabinet Secretary on the civil service side. Fifthly, we were to test some of the designs; people are bringing forward, within the civil service, various aspects of how the border might work, and we have been able to test those with colleagues to



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make sure that they would integrate. Lastly, we are working with the Treasury on funding bids, to make sure that they align. Those are the six tasks.

So the short answer to your question is yes: at this point, we have a decent assessment—we think—of how the border might work in 2019.

Q25 Chair: You talk about funding bids to the Treasury. On the Customs Declaration Service, have you had any news from the Treasury about the money that you might need to keep CHIEF going?

Jon Thompson: We are negotiating—

Chair: Still negotiating.

Jon Thompson: And I am grateful for your additional leverage.

Chair: I think we all don't want to see lorry queues and food rotting at Dover.

Jon Thompson: Just to be really clear, it is going to happen and I am going to spend the money, whether I get the funding or not.

Chair: That is a challenge to the Chancellor, Mr Thompson. Very bold of you. We appreciate you sharing that.

Q26 Caroline Flint: I do not want to reopen all the different programmes that are currently being worked on—we have had other Reports and inquiries looking into them—but it is still the case in 2017 that across your Departments there is still a dependency on some technology that goes back to the 1990s, and in some cases, paper-based systems and lists. Can I go along the row, starting with Clare Moriarty? What border processes are you trying to automate at the moment? What paper-based systems, if any, will you end the life of, and when?

Clare Moriarty: There is a range of systems we are responsible for which are essentially to do with ensuring the safety of food that comes into the country, and animal and plant health. So our systems are slightly different from the others you have been talking about. We have a range of existing IT systems and, as far as I know—though I am still a relatively recent arrival at DEFRA—none goes back to the 1990s. The key one, which is used for notifying consignments of products of animal origin—meat-based food—is actually an EU system. It is not our own system; we input directly to an EU system that is quite recently developed.

Q27 Caroline Flint: Do you like that system? Would you like to keep it, even if it becomes just a UK system?

Clare Moriarty: There is the IT capability and then there is the system as a whole. What the system does is take in import notifications and it allows them to be matched up with export certificates. It provides various flags where there needs to be—

Q28 Chair: Can I be clear? Your system is the physical bit where, when someone brings an item in, it is inspected—and then there is the IT



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system. You talk about a system of a system. Can we be clear about what you are talking about? System, system, system.

Clare Moriarty: Yes, I know, and there are end-to-end systems and all sorts of systems. So there is IT capability which facilitates what we might call the import control regime, which is about applying the rules that apply. Currently, we apply them as part of the EU, essentially to products entering the EU from third countries.

Q29 **Caroline Flint:** Can you give an example? Let's say we are importing some beef. Just as an example, give me the story of the beef coming in.

Clare Moriarty: This system at the moment would only—

Caroline Flint: Just so that we have an idea. Presumably, you want to know where it has been and where it comes from.

Chair: Give us the beef, then, Ms Moriarty.

Clare Moriarty: At the moment, this is a system that you would only engage with if you are importing beef from a non-EU country, so it is for third-country imports. With the beef, you would bring an export health certificate, which is basically a certificate whereby a vet has determined that the product is safe for the third country to export to the EU. It arrives and the importer puts the notification on the system saying, "This is coming in." When the product arrives, it can be matched up with the notification.

There is a risk-based regime for checking a proportion of the consignments and if there are particular issues that have been raised in relation to food safety anywhere in the EU, that will be flagged up on the system. It may require a vet to go and look at the product, or it may just be a question of checking the paperwork. When all of that has been done, there is then a connection through to the HMRC database, which allows the beef to be released for sale.

Q30 **Chair:** We are just wondering, with all that going on, how horsemeat got into the UK. Ms Flint is asking about how well the systems are working now. You have given the theoretical detail, but horsemeat got through that. For the benefit of the particular pub in Hackney that started selling horsemeat burgers, the Shetland was rather small and the Trojan horse was cheese-filled. Anyway, what went wrong there? How can you be sure that that will not go wrong post-Brexit if there is much more coming through?

Clare Moriarty: To be honest, I am not an expert on what exactly happened with the horsemeat situation. I think it was food that was not what it appeared to be, so there was a question about smuggled food. Again, we have interaction with the Border Force. No system is completely foolproof, but the systems are designed to identify where the risk is likely to be higher and to enable consignments to be inspected. It only applies to food coming in from third countries.



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- Q31 **Caroline Flint:** But I would hope, Ms Moriarty, that what happened with the horsemeat situation would be uppermost in your mind as you think about not only how our existing capability is being provided, but what happens when a whole number of other pressures get put on, depending on the outcome of the Brexit negotiations. I am surprised you have not got horsemeat printed on your diary every day to make sure this is going to be right. Wouldn't you agree?

Clare Moriarty: The Food Standards Agency has responsibility for making sure the right processes are in place. We work closely with them. You are absolutely right that we need to make sure that the controls we apply now will be the controls we apply on day one of the EU exit, and that the controls we design and apply in the future are set up, operated and fit for purpose with exactly that kind of issue in mind.

- Q32 **Caroline Flint:** Okay. Moving on to Karen Wheeler, same question about legacy systems and paper-based systems.

Karen Wheeler: My role, as Jon has described, is to support the cross-border work. I am not directly responsible for any current operational area, but I am trying to ensure that all the work we are doing to prepare for exit also takes opportunities to look to the future to see where we should try to improve the systems that we currently have in place. At the moment some 85 or 86 systems operate at the border across the various Departments; 34 of those are in HMRC, but all different Departments have those systems and something like 29 or 30 will need to change or be replaced or modified as we prepare for exit. Some of those systems are very old; some are very effective; and some of the systems we will decommission as we no longer need them. There are some new ones as well that we are looking to put in place.

- Q33 **Caroline Flint:** Of those 29, 30, how many would have had to be dealt with regardless of Brexit?

Karen Wheeler: Largely, those 29, 30 are changes arising as a result of Brexit, so there is another set of systems that will change anyway, and change is already being made. Some, like CDS replacing CHIEF, were already happening.

Chair: Customs Declaration Service, to be clear.

Karen Wheeler: Exactly. That was already happening, but of course it will have further changes.

- Q34 **Chair:** How many of those are full-blown Government IT programmes? You talk about some changing or being replaced. How many new IT systems will there be?

Karen Wheeler: There are five new ones: completely new systems. Three are complete replacements. Clare referred to TRACES as one key system in DEFRA. There are three replacement systems and five completely new ones. Most of those we are not anticipating having to be ready by day one, by March 2019.



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Chair: I should hope not!

Karen Wheeler: I can reassure you we are not making assumptions that IT systems can be ready in that scale of time, because clearly they can't. But, because they are having to be replaced or modified, we are anxious to make sure we get the best possible value from those changes for the longer term. In addition to the work that we are doing specifically for EU exit, we are setting up a programme that builds on a previous programme, One Government at the Border, which was intended to look at and prepare for a more joined-up system, processes, IT and data at the border to make it operational and more effective, both for traders and Government. The new programme that we are setting up will not deliver in time for exiting the EU, but it should be leveraging off all the changes that do need to happen as a result of leaving the EU to develop a more fit-for-purpose border with less friction for the future, when we do leave the EU.

Q35 **Chair:** We don't know what the border requirements will be, do we?

Karen Wheeler: No, we don't know exactly what control regimes will be negotiated, but we know that we will need to support customs declarations, food controls and other controls. The best way that we can do that is by having much better data, shared between the systems, and to make the system a lot more simple and effective for traders.

Q36 **Caroline Flint:** Just on that, before I pass on to Patsy Wilkinson—I am not trying to ignore you, Mr Thompson, but if other people from your Department can answer, they can answer—what is happening with paper-based systems in this area, Ms Wheeler? Will they all be gone, and by when?

Karen Wheeler: One of the things that we are trying to do as we leave the EU is minimise what needs to be done to ensure that the changes we make can be delivered effectively from day one. If there are paper-based systems—and there are not many—that work perfectly effectively and will survive, we will not necessarily change them unless we deem that the system will not work for the volume of EU traffic that now needs to go through it. Where we have to look again at systems and processes to scale up for the EU, we will take those opportunities, but I do not have a list that says, "These are the five paper-based areas that are due to be changed." We are mostly changing and amending existing IT systems.

Clare Moriarty: I can give an example, if that is helpful. We are all trying to be sensible and pragmatic and trying not to do lots of different things at once. The system that we use for issuing export health certificates for products that are going to third countries is not strictly paper-based, but it is quite old-fashioned in its operation, and we have been looking at moving the system to a more digital, certification basis. We will not try to do that in the middle of all the other things that we need to do for EU exit. We can sustain that system—we have done the work to say that we can—and we can scale it up to operate on a larger scale if we need to. Essentially, we can do that with the system as it is and then come back to the question of how we make it a better system, as part of a broader programme.



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Q37 **Caroline Flint:** I am going to come back to staffing to scale up for these operations, but it is actually very positive to hear from you, Ms Moriarty, and Ms Wheeler that you are trying to stage this and incrementally build up what you need to do. One of the criticisms of previous programmes is that things were over-promised, and that we overpaid and they did not deliver what we want. Ms Wilkinson, do you want to add anything more to that from your perspective in the Home Office?

Patsy Wilkinson: Briefly from me, there are no new systems for the Home Office for the border for Brexit. We have a major programme that is going on under Mr Lincoln's leadership in Border Force, which has very much adopted the incremental approach that you described. In line with the overall Home Office strategy, the aim is to achieve improved infrastructure—so not outdated infrastructure—and the maximum use of data, making sure that capabilities get to those that need them as quickly as possible. Perhaps Mr Lincoln can say something specific about the programmes in Border Force.

Paul Lincoln: The major programme, which you referred to earlier, is Digital Services at the Border. It provides three main capabilities. The first is Border Crossing, which is a replacement for the Warnings Index—a 1990s technology, which was introduced in 1994. The second part of that is the advanced freight targeting capability, and the third part is the advanced border control, the replacement for Semaphore, which is also a more dated system, although it goes back to about 2005-06, rather than the 1990s. They should provide a much more effective and efficient service for those who have to operate those systems, and also better connectivity with partners, a number of whom are at this table.

Q38 **Geoffrey Clifton-Brown:** Ms Wheeler, you have already said that there are three main systems: the Semaphore system, which Mr Lincoln just mentioned, the CHIEF system, which is to be replaced by CDS, and the Warnings Index system. All of them are to be replaced by March 2019, according to the Report, and you are going to have a huge increase in demand for both the screening of passengers and customs declarations in 2019. Will the system cope?

Karen Wheeler: Warnings Index and Semaphore are systems that Paul Lincoln—

Q39 **Geoffrey Clifton-Brown:** You have a co-ordinating role.

Karen Wheeler: Yes, indeed. They were on the list as being systems that were going to change anyway. My understanding is that they are not having to change very specifically as a result of Brexit, so they are not having to be scaled up for any additional work. There is no additional work associated with people movement at the border for Brexit, so no scaling is necessary there.

Customs declarations are obviously going to be scaled up as a result of Brexit. They are currently processed on CHIEF, which is being replaced by CDS. CDS is indeed scaled up. I think this Committee has taken evidence before from Jon about the readiness of the CHIEF system for March 2019.



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Q40 **Geoffrey Clifton-Brown:** I think I would like to refer your answer to Ms Wilkinson. You said that there will not need to be any increased checks for people movement. What about EEA nationals, just to give one example? Surely there will be a significant increase in people checking after we leave the EU.

Patsy Wilkinson: We already have 100% checks on—

Q41 **Chair:** Sorry. I thought we don't actually have 100% checks at the border.

Patsy Wilkinson: On scheduled services.

Q42 **Geoffrey Clifton-Brown:** But will there not be a hugely increased number of people movement checks after we leave the EU, because suddenly people who were formerly part of EU arrangements—I mentioned the EEA—will need to be checked?

Patsy Wilkinson: They are currently checked, as Mr Lincoln might describe.

Paul Lincoln: As Ms Wilkinson said, we check 100%—every single person who comes off every scheduled arrival into the UK—and we do checks on others on top of that. The systems we use will continue to be able to do that, and we will continue to be able to process additional information as part of that process.

Q43 **Chair:** Are you not concerned about the ports you don't check regularly—the unscheduled ones? We have highlighted in this Committee before the smaller ports, the small airports, private jets and so on. Are you not worried that people might attempt to come into the UK through other routes? Have you not made any provision for that?

Paul Lincoln: We are planning against a whole range of contingencies, as you might expect. In terms of looking at those kinds of scenarios, we plan on an intelligence basis and a risk basis, and we go to many of those airfields and ports. We will check if we suspect that there is something that is deemed to be inappropriate, and we take action when we find it.

Q44 **Chair:** We know what you do now. Have you got plans post-Brexit? Are you worried about an increase in the people coming through back routes into the UK?

Paul Lincoln: We will continue to do exactly what we have done in that regard. We already include EU passengers and flights. On an intelligence-led basis, we already stop EU nationals. Last year alone, we stopped over 1,300 EU nationals. We are taking a targeted approach to looking at the risk that is approaching us.

Q45 **Chair:** I put it to you, Mr Lincoln, that your capacity is going to be quite stretched. If you are sending a sprinkling of people round, whether it is intelligence-based or not, to the smaller ports and the small airports, isn't there a risk that that will get overlooked if you are overwhelmed by the amount of other work you have to do?



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Paul Lincoln: I completely understand your concern. At the moment, the people we are intervening with are those we think are high risk. There is no reason to suppose, from our perspective, that that level of risk will change in a day one scenario.

Q46 **Caroline Flint:** How do you prioritise now, in terms of what you do? Obviously, there is the safety of the nation, movement of trade, and everything else. How do you prioritise where you deploy your staff?

Paul Lincoln: As the Committee will be aware, we look at three main things: security, flow and revenue. We routinely change, in an agile way, to respond to the threat as we see it at any given time. The control strategy that we have in place against those is agreed across Government. We do not release that publicly, but we move when the threats change. An acute example of that would be when you see a counter-terrorism incident, where we would, of course, make every effort to ensure that either inflow or outflow is restricted to try to contain that threat.

Q47 **Caroline Flint:** One of the issues highlighted in the NAO Report is the struggle to predict staffing needs across our border management. For example, the Report refers to an incident where it was clear that there was going to be a surge of people coming in for the Olympics. Although people were deployed to deal with that, it was not foreseen in the way you might have thought it would have been, given that it was a set event that was definitely going to happen. On forecasting demand, do you feel that, whether it is the Border Planning Group or other partnership arrangements, you are on top of that?

Paul Lincoln: We look at demand in a number of a different ways. The primary way of looking at demand and growth is to deal with the Department for Transport, which only a few weeks ago published its latest demand figures. We also work on a port-by-port basis with each of the operators to look at what the most effective schedule might be to meet their demands. On top of that, we use a particular tool called the Dynamic Response Tool. It has had some criticisms in the past for not being effective enough, but we are now enhancing it by adding the advance passenger information, to improve its effectiveness in forecasting the particular demands at any given port.

Q48 **Caroline Flint:** Do you think the advance passenger information has been a game changer for you in terms of this?

Paul Lincoln: We are just starting to roll that out, so we have yet to pilot its effectiveness, but the key difference is probably the amount of work that we do on an individual, port-by-port basis with the operators to make sure that they understand how we work, and we understand how they work most effectively.

Q49 **Caroline Flint:** On any given day, you are there and your staff are on the frontline. I know they work with people from other Departments, but it seems to me that you hold the ring. Do you feel that you have enough influence to prioritise what happens on any given day, and what trade-offs have to be made?



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Paul Lincoln: As I say, we have a very agile system to do that, within a set framework that is effectively laid down by Ministers, whether by the Chancellor on revenue, the Home Secretary on security and organised crime, or any of the other mandates that I outlined at the beginning of the session. Within that, we can prioritise on any given day to make sure that we respond to particular parts of intelligence or particular threats as we see them. Frontline officers can pick up some of those things in terms of their training as part of that process.

Q50 **Caroline Flint:** Advance passenger information has been mentioned as helpful to this end. Ms Wilkinson, what for you are the most worrying gaps or weaknesses in data, in terms of being able to predict demand and make decisions about what is the most important priority from one day to the next?

Patsy Wilkinson: Overall, we have made huge strides in the data that we collect, and in the data that we are then able to consume and match with other data—whether that is our own data, or data from third parties. Like a lot of organisations, we are on a journey in terms of absorbing data and making it absolutely part of our core operating model, with plans including—

Q51 **Caroline Flint:** What is the biggest weakness? What is the biggest gap?

Patsy Wilkinson: We have closed many gaps so far.

Q52 **Caroline Flint:** So what gaps are left?

Patsy Wilkinson: There are some gaps that I cannot go into in detail here for security reasons, but a good example of where we would like to get more data is some trader data on freight. We will keep building that data, absorbing it into our systems, and making it usable by the people who can take decisions on it. The Digital Services at the Border programme is designed to facilitate that.

Paul Lincoln: May I just add a comment? The other thing that is critical for us is being able to do more with our existing data. For example, the advanced freight targeting capability means that our targeters can write their own rules and put them into action straight away, which saves a huge amount of time and is a much more effective process than what we could have done previously.

Q53 **Caroline Flint:** What progress has been made on minimum data for asylum cases? That was one of the weaknesses that was identified by the NAO, I think in the 2014 Report, "Reforming the UK border and immigration system". Page 20 of the new Report says, "34% of sampled asylum cases did not have the minimum expected data at the decision stage and 84% of removal cases did not have minimum data entered, meaning removals could be attempted without knowing where an individual lives or whether they still had an appeal outstanding."

Patsy Wilkinson: We have been taking incremental steps throughout the immigration system. It is less of a boarder-specific issue that you are raising. We have been taking incremental steps throughout—



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Q54 **Caroline Flint:** I suppose it is about when people pass the border. We have the border, but what happens after that is also important.

Patsy Wilkinson: Yes. We have been taking incremental steps across the immigration system to strengthen our technology underpinnings, through the immigration platform technologies programme, which is the other major programme in my part of the Home Office. Through that work, we are in the process of replacing our traditional caseworking system. That will make it much easier for caseworkers to link pieces of information. Ultimately, at a later stage, Digital Services at the Border will make it much easier for our officers working at the border to check immigration or asylum status, or whatever aspect it might be, directly. We are making good progress through the immigration platform technologies programme.

Q55 **Caroline Flint:** Mr Thompson, what gaps and weaknesses in customs data collection are the biggest worry for you?

Jon Thompson: My biggest data concern is about the way in which international trade works. I gave you some evidence four weeks ago on that. Quite often, the information we have is that the sender is an agent and the recipient is an agent. The amount of data that you have on what exactly is in the consignment can be extremely limited. In extremis, an entire container can be described in one word. You can have 40 tonnes-worth of a container described in one word and it is going from Agent A to Agent B. It seems to me that we are reliant, quite a lot, on the accuracy of that data. One of the pieces of work that we have commissioned, ultimately, is the so-called single window. So, as you said, incrementally, we may go through Brexit in 2019 or 2021, and then we, collectively, think there is a much larger piece of work about joining together electronically all 26 different Government organisations and Departments, so that you have one single window to collect all the data that is required for all agencies and all Government Departments.

Q56 **Chair:** There has been some interesting evidence from the North East England Chamber of Commerce, which said, "There are very few international trade businesses, both importers and exporters, who take customs compliance seriously." They are saying that they need more support from you at HMRC to get businesses ready for post-Brexit, when they will have to deal with more of that, because we will be outside the EU. I do not know if that resonates with you. They also say that you have all these staff being brought in to raise revenue, but do you have enough people—Ms Flint will come to this in a moment—in place to ensure that businesses are ready and are not describing a whole container of goods in the wrong terms, so that you do not know what is actually in there?

Jon Thompson: It's one of your four recommendations, on the basis of the previous hearing about the customs declarations service, that we need to engage business. I do not think we agreed in principle about that; in fact, I was very open that we need to do that—

Q57 **Chair:** I am just giving you some evidence to back up what we said.

Jon Thompson: Okay. The answer is yes. The biggest difference between where I was and your recommendation was, when do you do that? That is



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the key issue. Yes, we have a team that is stood up. There is a decision for Ministers to make about whether individual Departments engage with importers and exporters on a departmental basis or whether that should be joined together in a single HMG interaction with importers and exporters. We are in the middle of setting out the pros and cons of that to give Ministers some advice.

Chair: Wow. And only 14 months to go.

Caroline Flint: To continue on resources and staffing, they have become recurrent themes in a number of reports the PAC has undertaken. Page 23 of the NAO Report outlines the difficulties that there have been across Government. Why is it so difficult to forecast the staff resources that you need? Mr Thompson, at a previous inquiry we talked about VAT and that there might be some need for more attention to staffing in that area. We know the legislation on the fulfilment houses as well and how that might be followed up. Why is it such a struggle to predict the staffing needs?

Jon Thompson: Are you asking me about Brexit or about HMRC in general?

Q58 **Caroline Flint:** No; Brexit may present its own problems, but in terms of the existing state of play, there have there not been problems under different programmes to predict the number and the right sort of staff that are needed, in the right sort of place. Let's just talk about now, but if we haven't got it right before Brexit, how will we make sure we get it right after?

Jon Thompson: I'm not sure I recognise that. I don't think that page 23 particularly puts anything at HMRC's door in that regard. I am very happy to talk about Brexit—why it is between 3,000 and 5,000—if you want me to. In general, I am also very happy to talk about HMRC staffing in the round, which we have had several exchanges about.

Chair: We don't have to repeat everything.

Jon Thompson: What would you like me to answer?

Q59 **Caroline Flint:** From what I understand, looking at different ports—whether it is do with customs or protection of the border, identifying the flows of people coming through and what-have-you—if you don't understand the demand, it is very hard to plan for the workforce in these areas. If you have IT programmes that are meant to take the place of the workforce and they fail or they are delayed, again, that has an impact on how you plan your staffing, doesn't it?

Jon Thompson: We in HMRC believe in relation to customs that we have a good handle on the demand. You've seen what the maximalist calculation is, because it was put in the National Audit Office Report on customs declaration. So we know what a straight line extrapolation would mean, but the issue that is being debated is risk.

Is a French lorry full of wine, entering the United Kingdom after we have left the European Union, any more risky that it was when we were in the



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European Union, and does that require us to respond or not? That is the question here. The reason we are holding to between 3,000 and 5,000 is that we have mapped out some of the risks. We need to put those to Ministers and Ministers need to give us some sense of, "We are prepared to take these risks and not those risks," and as a result of that we will be able to come to a much narrower view about how many people we need. I can bring that to life, if you want me to.

Q60 **Caroline Flint:** I think that my colleagues will come on to some more questions about what will happen post-Brexit, so perhaps we will come back to that. Ms Wilkinson, what have you done to improve the accuracy of how you look at staffing needs, in terms of people coming through and protection in the other areas that you and Mr Lincoln have to look after?

Patsy Wilkinson: Mr Lincoln described some of the steps that have been taken in Border Force to improve forecasting. Another example I would use from my part of the Home Office is HM Passport Office, which is now in a much stronger position to forecast demand and the staffing that is needed to match that demand. That means that the seasonal peaks that we have seen in the past, which sometimes were hard to manage, are much more manageable now. We are trying to make sure that we use that experience.

Chair: Sorry, a general point about the passport service, which—

Patsy Wilkinson: I am talking about the experience that we have built up in the Home Office, which we want to make the norm in the Home Office, in the way that Paul has described for Border Force.

Q61 **Chair:** Are you suggesting that what HM Passport Office is doing is just a recent thing?

Patsy Wilkinson: No, we have been building that up incrementally, but we are—

Q62 **Chair:** Over how many years would you say, Miss Wilkinson?

Patsy Wilkinson: Three to four.

Q63 **Chair:** I have to say, as the last Labour passports Minister, we had a pretty good idea of peaks and flows. Every week, I think, the Minister received an absolute, real figure of the ins and outs, and every passport office had an absolute figure on the wall in flashing red lights about the flow coming through. It went through a very bad patch, but I don't think it is great to claim that it is all good now when actually, dare I say, it wasn't bad before. Perhaps I speak with some personal opinion; but seriously, it was a very well-performing and well-managed service, so it is a bit worrying that it went downhill and now it is being claimed that its retrieval into a better service is a success. You must have better examples of systems that you have improved, as that was good to begin with.

Patsy Wilkinson: More broadly across the immigration system we are drawing on that experience—obviously, I respect your own experience of



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that—through what we have learned through Border Force and, crucially also, we are talking to other partners, including in industry, about what demand might look like.

- Q64 **Caroline Flint:** What about people who get access and then overstay? Students an example of that. Looking at some of the figures on page 22—although they refer to early reports; it is also beyond the border as well—about whether the entitlement that people came in with is still their entitlement, and, when it is proved not, how effectively they are removed: what about the work on that area, and the data on that?

Patsy Wilkinson: Is there a particular aspect of that, that you would like me to answer on?

Caroline Flint: I am just interested, again, in whether there are enough staff in the back-office functions, or the right data is inputted; so, effectively, when someone is given permission to come into the country for a limited period of time, how effective, or how improved, is our ability to identify where they are in order to ask them to leave the country because they are no longer entitled to be here?

Patsy Wilkinson: Immigration enforcement is another area where we have more data available to us, and we are making more use of that data, and have more plans to make more use of that.

- Q65 **Caroline Flint:** How are you making more use of it, and what is different from what you did before?

Patsy Wilkinson: Because we are using technology, so that if we can have the maximum chance of making connections between information about someone's whereabouts and contact arrangements, we can work more efficiently with local policing and we can work with other partners. All of that is changing right now, and at the same time we are using data like exit checks data to understand where compliance is good and where we might need to focus our efforts a little bit more; but that is work in progress as we get used to having exit check data.

- Q66 **Caroline Flint:** And are there performance targets against that piece of work?

Patsy Wilkinson: Against which piece of work?

Caroline Flint: For example, on page 22 of the Report, it says "Of 248,000 cases assessed by December 2013"—this was about people with no legal right to remain in the UK—"47,300 had departed and 50,000 could not be contacted. In 121,000 cases there was a barrier to contact and additional work was required." I am just trying to understand, given that you are using the data better, how that is actually being implemented to reduce the number of people that it is impossible, it seems, to contact, or who have just gone under the radar or, even when we have contacted them we are not getting them out of the country.

Patsy Wilkinson: We are using more data wherever we can, firstly to encourage people who have overstayed to return. We have a voluntary



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return service that can support people if they wish to return. We are using data, working with partners—I mentioned local police, and also the National Crime Agency—to follow up on individuals who need to know, if they do not know it already, that they no longer have a right to be here. We need to be able to explain what the options are—

Q67 **Caroline Flint:** Do you think you have got enough people for that work?

Patsy Wilkinson: I think we have strength and experience in all our enforcement activity. We are constantly balancing—

Q68 **Caroline Flint:** Do you think you have enough staff to do that extended piece of work? Whatever data is put together, fundamentally, sending someone an email saying “You are not allowed to be here anymore; could you leave?” is not necessarily going to be enough. There will have to be hands-on personnel involved in this. Do you think there are enough staff to do that work?

Patsy Wilkinson: I think we have the right amount of staff for the programme of work we have at the moment; and one key element that that data enables us to do is to automate contact—

Q69 **Chair:** Come on, Ms Wilkinson, some of us represent constituencies where we meet a lot of people who are in the immigration system; I was also an immigration Minister. It is not going very well really, is it? The figures that Ms Flint has highlighted rather highlight that; but the idea that you can do it digitally for people who are not supposed to be in the country, is—

Patsy Wilkinson: In terms of retaining contact with people, and nudging people about when their visa expiry time might be—

Chair: So you are going to nudge people; they will still be here for another seven to 10 years.

Q70 **Caroline Flint:** How in advance of their expiry date are you nudging them?

Patsy Wilkinson: I am afraid I haven’t got that precise timing, but it is a short time before. We have been running a pilot—

Chair: But if people have been here since—well, never mind.

Q71 **Caroline Flint:** Maybe that is for another time, to come back to, but I find it astounding that you seem to think you have enough staff to do this sort of work. My experience of constituency MP casework is that it is a very loose system—of the willingness of people to turn up to report, as much as anything else, but also people just disappearing.

Patsy Wilkinson: There is a lot more that we need to do in terms of our capabilities, but I would particularly highlight—

Q72 **Caroline Flint:** What do you have to do? What more do you need to do? Give us one example.



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Patsy Wilkinson: For instance, one of the things that the Government has put in place is making it more difficult for people to get work and accommodation. We need to make sure that we make it easy for landlords, et cetera, to check someone's status.

Q73 **Chair:** Ms Wilkinson, I have to say that is staggering. You think that makes it harder for people to be here, but people still stay. They eke out an existence living on someone's sofa, doing whatever they need to do, getting money from the church or whatever it may be. They stay here for a decade or more. We have all got cases like that on our caseload.

Patsy Wilkinson: We are working hard with the Ministry of Justice on the returns process to remove somebody from the country. We are making that as smooth as possible, exchanging data and working hard with them. It is worth noting that last year we successfully removed the highest number of foreign national offenders from the UK, at 6,300.

Q74 **Caroline Flint:** I suppose data is okay, but there is also an understanding of human behaviour in all this. I find it astounding that you say you are happy with your staffing complement for dealing with this really complex area. I will not go into my colleagues' questions, but my experience as a former Home Office and Europe Minister was that when you deal with any foreign country about better bilateral relations, the No. 1 question is that they want more access through visas to come into the country. Post-Brexit and trade deals with other countries, it is likely that that will go up, isn't it, let alone trying to deal with what will happen with our EU colleagues?

Patsy Wilkinson: We are, of course, working closely with colleagues across Government on the relationship between immigration and what new trade arrangements might be.

Q75 **Chair:** Can I just ask, with all the data-sharing going on, will waiting times at the border increase as these checks are carried out? I suppose that is a question for Mr Lincoln.

Paul Lincoln: When it comes to what we do now with passengers, there is no reason to suggest that we would have any greater waiting times than we do at the moment. In fact, increasingly, notwithstanding our SLAs, the actual physical waiting time for people going through the border is lower than it has ever been.

Q76 **Chair:** If there was a no deal scenario, would you have enough of a trained Border Force to operate at the border? Would there be space for them? I am thinking particularly of the ports, where there is no additional space.

Paul Lincoln: We are planning against the full range of scenarios, whether that is day one, no deal, an interim arrangement, maximum facilitation or a deal that effectively mirrors the external border. Against all those, we are looking at what the detailed compliance regime might be with HMRC and what the detailed resources would be on the back of that. As the Committee will be aware, we have already started to recruit an additional 300 staff into Border Force. The key reason for doing that is to



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make sure that we have sufficient to allow people to get off the front line to do additional training to deal with the actual scenarios we face, as well as having a reserve of people to deal with that.

Q77 Chair: That is just to deal with training. What about the numbers you might need in a no deal situation?

Paul Lincoln: In addition to the training, we also have that 300 as a contingency. The real question, as we have been discussing among our partners, is to work out the exact compliance arrangement and whether those checks will actually be done at the border.

Q78 Chair: Would you have the physical space? That is a big issue for the ferry operators.

Paul Lincoln: I might ask Ms Wheeler.

Karen Wheeler: If we take the three basic aspects—people movements, freight movements and, within freight, agriculture and food controls—as far as people are concerned, as we have said, we do not see the need for any additional resource associated with that. We do not see any need for scaling up or increased checks; there are already 100% checks. The biggest potential area of growth would be at ro-ro ports, where the biggest amount of freight goes through the ports. We are currently assuming that all that freight will have customs declarations, but we are not assuming that we will be doing any more physical checks on that freight as it comes into the country than we currently are. There is obviously partly a pragmatism around that, because if there were to be a significant scaling up of customs-related checks at the border, we would need more infrastructure and space at the border at key ports, which cannot be made available in a day one, no deal situation in March 2019.

Q79 Chair: What is your warning to the UK, then? If you are not going to do more physical checks in a no deal situation, is there a risk?

Karen Wheeler: The assumption is that there is no additional risk associated with that freight. That freight comes in, that routine—

Q80 Chair: Except that now you have told people there will be no more additional checks, has it not given an open ticket to anyone wanting very badly to import anything in the middle of a crate full of French wine?

Karen Wheeler: That is as true now as it was before. There is no additional risk, because anybody could be doing that with EU trade at the moment and the control the Border Force execute there is through intelligence-led risk checks. They will be doing as many of those intelligence-led risk checks at Dover, Eurotunnel and other ports as they currently do. The risk itself per se does not go up. The only change that happens at the time we leave the EU is that we now require them in addition to submit a customs declaration. That customs declaration will be—

Q81 Luke Graham: On two points you made there. You said that the risk would not increase. Surely, when we leave the European Union and we



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will be looking to have a higher proportion of our goods and services coming from elsewhere in the world, risk will increase. We have had a higher proportion of freight coming from the EU where we have agreed standards and there is common regulation, but we are moving to a model where there will be a higher proportion coming from elsewhere in the world. That is point one, which I will obviously let you come back on.

Chair: Let's take that point first.

Karen Wheeler: On that point about the controls and checks that we implement currently on any trade coming through the rest of the world, if that goes up, we will be applying the same regime on that freight as we currently do. That trade with the rest of the world comes largely through container ports. Those container ports have space systems, IT systems and resources for those checks. We have no evidence to suggest that those trade flows will necessarily increase, but that is capable of being scaled up, because the systems and processes are there and indeed there is space in those container ports as well.

Luke Graham: We are creeping on to Brexit, so I will go back to Mr Mills.

Q82 **Nigel Mills:** I thought there will be quite an increased risk, Ms Wheeler, because we will be expecting to collect a load of revenue from imported goods from the EU if we have not got a deal, so won't there be quite a lot of tax at stake if you are not enforcing the border correctly? It will matter quite a lot if a lorry contains items with zero tariff or 25% tariff. Won't there be some new risk that you will need to be policing?

Jon Thompson: Hang on. You've leapt forward to: we've left the European Union and what we are unilaterally going to do is impose tariffs on the European Union.

Q83 **Nigel Mills:** We were talking about a no deal situation, Mr Thompson, weren't we?

Jon Thompson: I know we were, but you have leapt forward to a decision that has not been made.

Q84 **Nigel Mills:** So has a decision been made that if we left without a deal, we would not impose any tariffs?

Jon Thompson: Ministers have yet to consider that issue.

Q85 **Chair:** But Mr Lincoln is talking about scenario planning. This is partly what you are here for today: to tell us how you are planning for these various scenarios. Mr Mills' question is perfectly in order.

Jon Thompson: It is not a decision that Ministers have made. It is correct to say that we need to think about whether there are different risks in a tax system, which is part of the variable on the 3,000 to 5,000 staff, but you need to be really careful about whether that scenario will actually play out.

Q86 **Nigel Mills:** But I thought Ms Wheeler was saying that there was no additional risk if we left the EU with no deal, because if we were worried



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about finding naughty things in the middle of a container of wine, that would be the same as we already have. I was trying to suggest that it is quite different if we are worried about not collecting revenue that we never used to have to collect but now do.

Jon Thompson: In the scenario in the Customs Declaration Service Report by the National Audit Office, where you have the additional 200 million declarations, those would flow in the way that the 55 million currently flow. In your scenario, all those require you to declare—there are 55 fields on a customs declaration including, “What are you importing?” and “What is the tariff rate?” If you want to play it out, there are 27,000 tariffs in place at the minute in the EU and, assuming that you adopted all that, the customs declaration you made would cover that revenue.

Q87 **Heidi Allen:** This perhaps builds on the same point, but I just want to check my hearing, Karen. Did I just hear you say that there is no evidence to suggest that when we come out of the EU, whether with or without a deal—that is immaterial—there would not be an increase in freight from non-EU countries? Did I hear you say that?

Karen Wheeler: On day one, we are assuming the same levels of freight from EU and non-EU—

Q88 **Heidi Allen:** But how on earth can you be planning with that in mind? Isn't the whole point—

Karen Wheeler: I agree with your proposition, which is that ultimately the aim would be that there might be a shift of freight to rest-of-the-world countries from the EU. What I was really trying to say was that there is no reason to assume that there will be a reduction in freight from the EU. There is no change to the composition of that freight from the EU, and therefore no change to the physical risk associated with that freight. For the container freight that comes—

Q89 **Heidi Allen:** But I think you're wrong. I have to say, as an observation, that I don't hear any vim and vigour from any of you. It feels to me like the world is not going to change at all. I am not hearing from a single one of you any dynamic response about what extra stuff you are doing to prepare for the various scenarios that there might be. Everything I'm hearing is, “It's all just going to be the same, and we don't expect anything to change.”

Jon Thompson: No. I'm sorry, but that is not really fair, is it? We are taking this thing very seriously. You have already heard that we are thinking about 85,000 different systems. There is a whole range of Government White Papers, legislation to be done and so on. We are trying in a controlled way to make sure that we can advise Ministers, so that we can get through either April 2019 with no deal or around two years to 2021 with a deal. We are doing all that work. That requires massive amounts of effort. There are 340 extra people working in HMRC alone on how to leave the European Union in policy, legal, IT and operational terms.



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We are trying to make sure that you get some sense that we are taking this very seriously. This not an issue on which we can be flippant at all; it is about the future and the aspiration to be a great trading nation again. That is what we are trying to do. I appreciate that what has happened here is that the NAO has not been through all those plans, but if they wanted to—

Q90 **Chair:** They wouldn't have time.

Jon Thompson: They are all available; he could have them if he wanted to. There is not a problem with that.

Q91 **Chair:** I have to say that given the number of programmes that you are having to deal with, it is quite a big task for the NAO.

Clare Moriarty: I have a very small point on the same issue. Within DEFRA, this is occupying a huge amount of our time and energy. I think what we are all living and breathing—and therefore possibly not articulating as much as we might—is that there are different timescales. On 29 March, one enormous thing happens: we leave the EU, and we potentially leave the EU with no deal. We believe it would be much better to leave with an implementation period, but we have a plan for the eventuality that we leave with no deal.

That is a very large cliff edge on a particular day, but as for the flows that happen, we do not expect a massive change in the number of lorries that turn up at the border on 30 March 2019. We expect there to be a lot of change over time, but with the greater time, we are not going to make one change to systems and say, "That's all done and dusted." What we are doing—again, to come back to my pragmatic point—is trying to make sure that pragmatically, we can enable goods and people to flow through the border on 30 March under any scenario that might present itself. Then we are going to continue to improve those systems so that we can cope with the developing scenarios in terms of trade, practice and, in my case, animal and plant health regimes that happen over time.

There is one moment which is very big, in terms of our leaving the EU, but it doesn't necessarily mark a huge difference in flows. Then there are lots and lots of changes in flows and systems that go on. We are all planning for multiple different scenarios and multiple timescales.

Q92 **Caroline Flint:** I have two quick questions. The permanent secretary at the Home Office, Mr Rutnam, told the Select Committee on Home Affairs that Border Force would be increasing multi-skilling dealing with customs or immigration; I think you mentioned 300 additional Border Force officers. Mr Rutnam said they needed to be in place by September 2018 and trained by March 2019. What progress has been made on the 300 Spartans?

Paul Lincoln: We have launched a recruitment for those people to be in place by March or April. We have got six months before it is about to happen. We are confident that we can deliver that number of people in that timeframe to be trained, then to release others in due course.



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Q93 **Caroline Flint:** The job descriptions have been done. When are you advertising?

Paul Lincoln: They are being advertised as we speak.

Q94 **Caroline Flint:** When will you start interviewing and appointing?

Paul Lincoln: I can't be exact. There is a rolling process to take through that number of people.

Q95 **Caroline Flint:** What is the cut-off? If it is being advertised, are you advertising for the 300, or for 100 or 50 of them? There is normally a deadline—when you see an advert, you have to apply for the job, then there are interviews and you have a rough idea of when you should be in post.

Paul Lincoln: There are, but we have routine recruitment for Border Force officers to which, effectively, we are extending the amount we are doing. This is not being considered a completely separate process from every other bit of recruitment that we would do as part of our normal processes.

Q96 **Caroline Flint:** You are having to deal with your current load as people leave, I get that, but these are 300 additional, yes?

Paul Lincoln: Yes. In terms of overall numbers, it is 300 additional, but it is a rolling process.

Q97 **Caroline Flint:** Perhaps we can hear back from you about that. Secondly, Mr Lincoln, you spoke about scenarios and contingency planning, and I totally understand that, but I suppose my question is, at what point does the decision have to be made? You can scenario plan for different eventualities, but there is a point at which, for any of the plans to be implemented, you are going to have to have a lead-in time. May we ask, when is the cut-off date for deploying these contingencies?

Chair: Mr Lincoln first, then along the panel.

Paul Lincoln: The Home Office permanent secretary said to the Home Affairs Committee that we would need to make decisions in the first half of next year in order to be in a position to ensure that we are prepared, certainly from a Border Force perspective, in that regard.

Chair: Ms Wilkinson, presumably you agree with that, because you are the same team. Then Mr Thompson.

Patsy Wilkinson: Yes.

Jon Thompson: I think I have previously said, we need to make a decision in the spring. My recruitment timetable—the training length of period—is shorter than that of the Border Force, so I can press the go button at some point in the late spring and still be okay for April '19.

Q98 **Caroline Flint:** Let's just say that by June 2018 you should all know what you are going to have to deal with down the road and be able to start getting systems up and running, and merging what you currently have, to



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adapt to whatever is going to happen down the road.

Chair: We haven't heard from Ms Moriarty—you have slightly more interesting and complex arrangements, from a professional perspective.

Clare Moriarty: Broadly speaking, in timescale terms, that's true. We are working on the basis of a contingency plan of: we plan until we are confident that we can switch it off. We will keep going—at the moment this is what we are trying to do—to understand exactly what kind of technical solution we would need to put in place, what combination of IT and people would be needed to make sure that—

Q99 **Chair:** So you are making it very clear then that the lack of a decision means that you are carrying on with your various contingency plans. You can't turn it off—in one sense, quite rightly—until you have had a decision by Government. So delays in negotiations are costing the taxpayer dear is what you have effectively told us.

Clare Moriarty: At the moment we are planning to put a system in place that will be able to deal particularly with our third-country imports. That is not something that I would expect to be fully up, running and functional for March 2019, so we are working on that because we know that we will need to be able to deal with third-country imports.

Chair: So there are the known things, then there are the unknowns.

Clare Moriarty: And in parallel, the question we are asking at the moment is, given what we can then understand about how long it will take to implement the full system, what is the right combination of IT and manual processes that will work from March 2019? At the moment we are still in the planning phase for that, but if we did get to June 2018 and it was not clear whether we were not going to need that, we would responsibly still have to go on planning on the basis that we would need it.

Jon Thompson: Just to be clear, all Government Departments are working on that basis too. To repeat, all Government Departments are working on that basis; we are all working on the basis of building a contingency plan for April 2019.

Chair: Okay. I will come back to the costs later.

Luke Graham: I want to focus very much on looking at the border after the exit—a lot of this has been about where we are at just now in the immediate planning—but may I clarify some of the points made so that I am 100% clear, and the Committee is, before we move forward? On people first, when we look at the increase in numbers, it has been estimated that UK Visas and Immigration will need to make 230% more decisions per year as a result of the non-EEA nationals coming through. I understand, Ms Wilkinson, from your earlier answer that you have the capability to handle that and you are comfortable that we should be able to do that after we exit the EU.

Patsy Wilkinson: Our precise resourcing requirements will depend on the long-term immigration system that gets put in place. In terms of the



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things we are planning for at the moment, we are planning to implement what we are calling the EU settlement project to enable EU citizens who are here at the moment to secure their rights in the run-up to exit and through a grace period after that. We have a staffing model geared around that task. We will continue to refine our staffing models for what the long-term future of the immigration system might look like.

Q100 **Luke Graham:** Good. You have a plan for that, and you are comfortable—

Patsy Wilkinson: We have a plan for the EU settlement project.

Q101 **Luke Graham:** Yes, for existing requirements that would be applied to EEA nationals.

Patsy Wilkinson: I am not saying anything about what the long-term requirements for EEA nationals might be. I am saying that we have a clear resourcing plan for the EU settlement project.

Q102 **Chair:** So that is EU nationals living in the UK. You are going to open that opportunity for people to regularise—

Patsy Wilkinson: From late next year.

Q103 **Chair:** Is it November next year?

Patsy Wilkinson: It is by the end of next year. It will be on a voluntary basis.

Q104 **Chair:** You are going to manage all that volume of people coming through the Home Office by March.

Patsy Wilkinson: We and the Government have made it clear that there will be a grace period afterwards in the form of a transition period. That will allow people to continue to regularise their status through that time, so it does not all have to be done by March. Our staffing models are geared around that. In the event of a significant shift in the long-term immigration system, we will obviously need to adjust our staffing further.

Q105 **Luke Graham:** Thank you for that clarifying point. Ms Wheeler, on the goods point we were touching on before, you said that you did not perceive an increase in risk through the tilt of trade once we leave the European Union. Can I just confirm that? We have heard about the different requirements between EU and non-EU trade. I imagine that the customs forms for non-EU trade are more complicated than the ones for EU trade. Looking forward, if we are going out of the EU, surely there will be an increase in risk for us as a country—certainly at the border—because, versus the old EU model, we will have to have more or different sets of customs requirements or border checks as a result to look at those goods.

Karen Wheeler: We would be assuming that we would have the same customs regime for EU freight as for non-EU freight. We are not assuming a different customs regime; it will be the same customs systems and processes. All we are really saying about the risk is that the trade that comes across the border today is likely to be the same trade that comes across the border the day after we leave the EU. Over time of course we



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would expect that to shift as different traders, different tariff arrangements and free trade deals and so on play through. That means, I am sure, that there will be a different pattern of trade in our different ports. We will need to respond to each of those ports. At the container ports—they are well set up for large volumes of containers and are well automated—the resources and the capability for examinations and checks are good. While trade may increase there, there is no reason to assume that we and the ports and Border Force could not respond accordingly. It would not be happening as a cliff-edge change process.

Q106 Luke Graham: I understand. You are planning for it to be “as is”. You have probably heard a little bit of concern across the Committee about what happens if there is no “as is” agreement or we cannot continue our current arrangement with the EU and we have a “no deal” situation. We have seen some of the sensitivities in the past. I think it was 2015 when we had some of the big back-ups in Dover because of the halts that happened. There is a serious reputational risk to the United Kingdom. Do you have or are you creating a brown envelope with a doomsday scenario that says if we leave with no deal, there will be a lot more customs and additional tariffs that the EU put on? Will we be ready for that circumstance?

Karen Wheeler: We are absolutely planning for a day one, no deal scenario, as well as a scenario where we have a transition or implementation period. In that day one, no deal situation, we are assuming that all freight from the EU would be subject to customs declarations at that point, and the CDS system will be geared up for that purpose. We are assuming that there will be the same level of security-based checks as there currently is at Dover and existing ro-ro ports. What we are not assuming is that there will be a large number of additional physical checks, to check on the physical goods complying with the customs declaration at the ports. We are not assuming that there will be that large number of physical checks on day one, partly because the ports themselves would not have the physical hard standing for large numbers of lorries in order to facilitate the checks. But, obviously, if we were planning that, there would be a resource implication.

Overall, we are trying to ensure that trade can continue to flow through those ports. We will have the customs declarations. We will be able to follow up. HMRC is resourcing up so that it will be able to follow up on those customs declarations to manage the revenue collection from them.

Q107 Luke Graham: So there will be no increase in physical checks but definitely an increase in customs declarations. I have two very quick questions about that. First, what will be the time—I guess, queue—implications of those additional customs checks? Secondly, is it assumed that the CDS is fully online and operational from day one of exiting the EU in that circumstance?

Jon Thompson: Zero and yes, are the answers to your questions. The customs declaration doesn’t make any difference to the queueing time because you are doing it all in advance, and yes is the answer to your second question. That is assuming that the CDS is fully up and running.



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I am just going to add to my answer to your first question. We are talking here about risks that are either directly within the control of the Government or within UK plc, over which the Government have some influence, but there is a third layer of risk, is there not, in relation to the border, which is: what happens beyond the United Kingdom? We, as civil servants, can advise Ministers as much as we possibly can about, for example, Dover, but we are not in control of what happens in Calais. I think you need to be aware that when you ask whether there is a risk of Operation Stack, we, the Government and British industry can do everything else that is possible to do and you may still discover that the closed-loop system of Dover-Calais does not work because of what happens on the other side of the channel.

Q108 Luke Graham: I appreciate that, Mr Thompson. I understand that we are not operating in a vacuum. On that point, what we are trying to understand is, in your roles, what the scenarios are and what planning is taking place. I understand that Ministers have to make the final decision, but what planning is taking place to make sure that we have contingencies for the worst-case scenario? You have some of these contingencies being built up; what have you done to engage with other stakeholders—the border ports, the airports, the traders, logistical providers—to make sure that they are aware of the planning that is taking place and know the potential options?

Jon Thompson: I will take a run at this and then Karen can answer your question more directly. We have done a piece of work called “Mode, Place and Flow”, which thinks about what exactly crosses the border. Is it people, goods, agricultural products, security and all of that? How does it cross the border? Is it air, rail, sea, parcels and so on? And where does it cross the border? Is it Heathrow, East Midlands, Folkestone, Dover, Holyhead, and so on and so forth? We have done a sort of three-dimensional analysis of the challenge because we think that it may be that you potentially have to focus on the risks down any one of those three lenses. It might be a specific place that we need to focus on, it might be a specific flow of, say, parcels, which is something we have considered at some length, or it might be how exactly it has come. Rail is very different at the Eurotunnel from, say, ro-ro ports. We have done all that analysis—we have done it in considerable depth—and what it stimulated was: where should we specifically engage? That is the question about stakeholder management, and I will pass to Karen.

Karen Wheeler: We decided that we needed to try to co-ordinate. As you can imagine, every Government Department is communicating with the various stakeholders associated with its arrangements. What we wanted to do was co-ordinate how we communicate, particularly with those organisations that operate the border: the ports, the airports, the freight forwarders, the logistics industry, the road haulage industry and the carriers. We are organising ourselves to have very specific and targeted meetings and groups, where we have those discussions, so with the key ports and organisations that are particularly impacted, especially the ro-ro ports.



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Q109 Chair: Isn't there a risk, though, that because some of the big name ports, such as Dover, have raised concerns, which we raised those concerns in our last hearing, places such as Plymouth and other ports—Holyhead is quite a busy one—may lose resource to go to the riskier places and then you could open up a front in one of the smaller ports?

Karen Wheeler: We are absolutely conscious that we need to have a port-by-port assessment of what the change will be, for precisely that reason. We need to ensure that Holyhead, Portsmouth and Harwich, which are ro-ro ports, have the resources they need, as well as Dover and Eurotunnel.

So we are trying to work with those ports and discuss with them what the potential impacts are for them—including for people, agriculture and freight—what the constraints are in their locations and what the resource implications are, so that we can work with them to understand the implications.

However, as well as those individual locations, we also need to think about the industries that use those locations, because it is the freight forwarders, the carriers and the road haulage industry, and then of course there are their customers, who are the traders.

Q110 Geoffrey Clifton-Brown: You can do all the modelling you like but if the behavioural change of people bringing goods or people into this country is not as you predict, the situation with Dover is so critical that an additional two-minute delay per freight vehicle in the ferry terminal will cause a 17-mile queue on both sides. Surely, any common-sense contingency dictates that you should acquire additional secure car parking spaces in and around Dover; otherwise you will have an Operation Stack blocking up the motorways fairly frequently.

Karen Wheeler: We are obviously working very closely with the Department for Transport. They are looking at their arrangements for potential contingencies associated with any issues and delays, particularly for Operation Stack and making that more effective and less impactful. However, our priority is to try to avoid that situation and we are working on the assumption that we will not be introducing that type of delay to all the lorries that go through—

Q111 Geoffrey Clifton-Brown: Your assumption is you want to avoid it, but there may be circumstances in which you may not be able to avoid it. If you got specific intelligence on a particular day that a whole lot of goods were coming in, which are counterfeit or something like that, and you needed to have additional checks, and given the length of procurement in this country—getting planning permission, acquiring the land, building the car parks—isn't this something that urgently needs to be addressed now?

Karen Wheeler: We are working with the Department for Transport to consider whether there are additional contingencies that we need, largely not for the contingency of ourselves imposing those sorts of delays at Dover and at Eurotunnel but because that may well be the case in a day one situation if member states have those sorts of controls, and they have



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a knock-on impact on Dover and Eurotunnel. We will not be able to mitigate those circumstances directly.

In your particular example, of course if there is intelligence that we need to stop a number of trucks, the routine is to take those out of the line rather than delay the flow of traffic. You take them out of the queue, so that—

Chair: I know the Comptroller and Auditor General wants to come in, so I need to call him—briefly, Sir Amyas.

Sir Amyas Morse: Thank you, Chair. I just wanted to check something. I can understand that if you don't make this assumption, it's not really doable, so you have to make this assumption; I understand that. I just want to know how long you are relying on the assumption remaining in place. Supposing it stays stable and the mix doesn't blow up in your face for some reason on day one, how many years has it got to stay like that before you are able to have more capacity? Are we relying on three years, or is it five?

Karen Wheeler: Obviously, we are working on not just a day one scenario, but a longer-term scenario as well. There is a system in place, or a system that is being developed, with Dover and other ro-ro ports to consider how we can automate the customs declaration processes and controls.

Sir Amyas Morse: I was asking how long. That is interesting, but how long do you think you have? You are making a big assumption, which I do not think is unreasonable, but how long does it have to hold good for for you to be able to build your way out of trouble, if I can put it like that? Sorry to repeat myself.

Chair: Perhaps you could answer the question more succinctly, Miss Wheeler.

Karen Wheeler: It is a reasonable question and I do not have an answer for how long that situation will last because there will be a number of things that need to happen. How can we ratchet up the control regime after the day one situation? How quickly can we put in place the IT systems? How quickly can we put in place the infrastructure that would be needed?

Q112 **Chair:** That is for HMRC, but if you look at the immigration checks on roll-on/roll-off ferries, you do not have the advanced passenger information that Ms Wilkinson was talking about earlier, so that does not speed it up there. This could really slow things down. If you have lots of cars backing up at the ports as well as potential issues with freight, have you planned for that? Have you been talking to all the ports where there are passenger ferries coming in?

Paul Lincoln: We talk to all the ports where there are passenger ferries on. We have a programme of work where we work with the industry to look to increase the amount of advanced passenger information that we have. If we go back to the passenger mix, we are talking about people



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who predominantly come across from Europe. On day one, no deal, the situation that we face in Border Force is not substantially changed in terms of us being able to deal with those passengers coming in. We will still be doing 100% checks when they arrive and on other places, where we have rail, we already used juxtaposed controls to do the checks before they cross into this country.

Q113 Gareth Snell: A very quick question. Mr Thompson, Miss Wheeler, you have said quite a lot that you are working on contingencies with the ports on a port-by-port basis. How many contingency plans across all the ports are you actually working on? It sounds like you could be working on dozens of them. Are those contingency plans for each port working with the other ports? You could find that you have civil servants working on a contingency plan for a port over here that is identical to a contingency plan for a port over there, and not communicating.

Chair: Are they working together?

Karen Wheeler: We are obviously talking to individual ports, and we are setting up an all-ports group so that we can ensure that all the ports we are talking to and their representative bodies are sharing the assumptions that we are making and that, appropriately, they can communicate.

Q114 Gareth Snell: How many contingency plans does that equate to across all ports?

Karen Wheeler: We have a number of scenarios that we are asking each of the ports to think about or that are for us to think about with them. We are not counting those as additional and separate contingency plans at the moment, but we will expect each of the ports to work up their own impact assessments and plans against those scenarios.

Q115 Chair: So when will we know? A lot of colleagues contacted us prior to this hearing from the ports, worried about what is happening in their area. They do not have a lot of information themselves. When will they know what each of your Departments is doing at that local level?

Karen Wheeler: We have had our first meeting—

Q116 Chair: You can talk about the processes. Give us a rough date. We talk about contingencies being cut off or having to be ready for certain things by next summer. Is that when they will know?

Karen Wheeler: Absolutely before then, because we are trying to—

Q117 Chair: Spring? We can talk a lot, but just giving us a date would be good.

Karen Wheeler: I think yes. Certainly by the end of March of this year, we would expect—

Chair: Thank you. It is fantastic to have a precise month—that is sometimes unusual at these panels. Sorry, I am being facetious. I suspect there might be a flurry of parliamentary questions from those colleagues if they have not got that information by next March.

Q118 Luke Graham: I guess this question is for Ms Wheeler—I am not picking



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on you. It is the cross-border question. Obviously, we have the situation of Northern Ireland and the land border there; we have 300 crossing points where people and goods can freely move. From your point of view, in your team's planning, what are the specific challenges associated with planning for these changes between the UK and southern Ireland?

Karen Wheeler: I am not really able to say. That area is not within the scope that we in the Border Planning Group have been working on. The arrangements on Ireland are still subject to negotiations and ministerial discussion, so that has not come within our scope at this stage.

Chair: It is pretty poor that at this point you are still not able to plan because there is such a fuzzy plan around the Republic of Ireland and Northern Ireland.

Jon Thompson: We need the political process to go a bit further before we can fully get into understanding it.

Q119 **Chair:** Do you have an idea of timescale, Mr Thompson? I am sure the Irish press are hanging on your every word.

Jon Thompson: There is, of course, a Government paper on Northern Ireland that was published in August 2017.

Q120 **Chair:** Did you read the press coverage in Ireland and the general commentary on that?

Jon Thompson: I did not. I am afraid that I am—

Chair: I don't think it was taken very seriously there as a realistic set of propositions.

Jon Thompson: Opinions vary about that paper, I gather, but—

Chair: That is very diplomatic.

Jon Thompson: The Government set out their position on Northern Ireland in August 2017. There is some departmental information, but we cannot at this point update you on Northern Ireland.

Q121 **Chair:** When do you need to know by in order to ensure that you have everything in place for the soft border with the controls? Given the amount of cross-border activities of interest that already take place, there is huge potential for that to increase exponentially. How long do you need in order to be prepared for that? We know that it is quite a difficult area for some of your staff to work in.

Jon Thompson: The Government have been really clear that they will not implement anything that requires any infrastructure at the border. There is a clear position on customs, and of course the Government are also looking to continue the common travel area, which has a direct impact on the flow of people. That is the Government's position. We are unable to go any further than that until the political process, which is currently ongoing, travels a bit further and the Government make the position somewhat clearer. Sorry about that.



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Q122 Luke Graham: I completely understand that point. The political process between Northern Ireland and the Republic is very important. Going back to the point I made earlier, we are asking you about the plans and scenarios that you will be pulling together. Knowing the sensitivities and constraints with the Irish border, what contingency planning has taken place about what kind of, if not physical, then digital infrastructure might be required?

Jon Thompson: It depends on what you assume this scenario is. It depends on whether you assume that the common travel area continues, in which case it has a direct impact on the free flow of people. In relation to customs the position set out is that the highly streamlined customs arrangement set out by the Government in the customs paper is in place, and that the Government would move to unilaterally maximise authorised economic operator status for the trusted trader scheme, move to self-assessment for customs and seek to implement a derogation for small traders. One of the dynamics of that border is that a lot of smaller, micro-businesses cross it on a regular basis, and we would seek some derogation on those, with a threshold to be determined at some point in the future. We do not see any requirement for change.

Clare Moriarty: It is probably worth mentioning again that there are third country issues at the border. We are in regular dialogue with our colleagues in Northern Ireland, Scotland and Wales about how those third country elements are managed, and understanding that process. It means that there is an active dialogue going on with devolved administration counterparts, but as Jon says, the Government have been really clear about their position. This is part of the discussion that is going on at the moment, and it is not for us to pre-empt it now.

Q123 Luke Graham: Understood. That has covered some of the goods element, but what about the immigration risk? Obviously, if we are trying to have free movement of people—something a lot of people would probably support—how are we looking to be able to manage that flow of immigration?

Chair: From third parties.

Patsy Wilkinson: Shall I start off on that? Mr Lincoln may want to come in. As you know, the Home Office's main interest in this relates to the movement of people. The UK Government have developed principles with the European Commission for the continuation of the common travel area. That will preserve the rights of UK and Irish nationals to live and work in one another's countries; so we are working on the basis of the continuation of the—

Chair: What about the non-Irish nationals?

Patsy Wilkinson: We live at the moment with movement that we have to be aware of, of people who might be seeking to exploit the common travel area in order to get into the UK when they should not. We have a programme of work with the Irish Government which is aimed at increasing the overall security around the common travel area, and of



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course, as you know, where we encounter people who have no right to be here it will be harder for them, anyway, under the compliant environment work, to get work or somewhere to live. We will respond accordingly with partners.

Q124 Luke Graham: Just to follow up on that point, as the NAO Report has picked up on, in the past the Government have done a lot of work on exporting the border. How far have you gone into exploring this option with the Republic of Ireland, and how that might allow us to achieve our goals of having free movement of people but also the right protection and securities for people entering Ireland and then flowing into the United Kingdom?

Patsy Wilkinson: I will say something, and then Mr Lincoln may want to come in. For a number of years we have had very close dialogue with the Irish Government about the precise measures that we can collaborate on in order to increase that overall security. I do not think I can go into the very specific details of those measures, but in the context of, yes, exporting the border, both as the UK and with Ireland, we are moving to a point where the more information we get about people—whether it is through a visa system or through advance passenger information, or through other forms of data, that we can then act on—the better. That applies both to the Irish Government and to the UK.

Q125 Luke Graham: Understood—an option something similar to what the United States operates, obviously, to Shannon, with having their customs and immigration in Ireland: have we explored that option, and will we explore that option?

Paul Lincoln: The point I was going to make was that up until 2011 there was a joint declaration between the UK Government and the Irish Government, which set out a whole series of different work strands that we would take forward, around making sure that the external border to the common travel area was more secure, so it would be less vulnerable to people trying to exploit even the Irish side or the Great Britain side. It set out a series of measures, including data sharing and watch listing sharing, as part of that, to try to reduce any potential risk in that area.

Q126 Luke Graham: In the same vein, are there any plans for dealing with the special cases of Spain and Gibraltar?

Jon Thompson: What question are you asking?

Chair: Ms Wilkinson—about the Gibraltar nationals who try to cross to Spain and are facing quite long queues at the moment. What discussions are you having with Spain or the EU about that border?

Patsy Wilkinson: I haven't as things stand had any discussions with Spain. With regard to Gibraltar, the FCO are in the lead on this. They are working with us as part of the Border Planning Group, and they are setting in train and have already begun, I believe, their own conversations with the Spanish Government.



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Karen Wheeler: From our perspective, from the position of when we leave the EU, there is no specific change that happens to the Spain-Gibraltar border, because there are already customs and people controls at those borders; so there are no changes that we are expecting to happen as a result of us leaving the EU.

Chair: So we should direct our questions on this to the Foreign Office; that is what you are saying.

Q127 **Luke Graham:** Understood. Obviously, as we are leaving the EU, it is not confirmed if we will have access to certain data services—some of them have been mentioned earlier today; so I guess this will be one for Mr Thompson. What are you doing now to ensure these information and data services, or suitable alternatives, will remain in place once we leave the European Union?

Jon Thompson: So your question is, when we lose them what are we doing to make sure we keep them?

Q128 **Luke Graham:** No, I said will suitable alternatives be in place so we can access the data; or will we indeed already have the data because it will have been transferred?

Jon Thompson: There are a series of conventions that cross a number of different Government Departments about data-sharing; there are various ones on criminality, money-laundering—there is the Naples II convention in relation to customs, and so on. It depends what you assume in terms the scenario for leaving the European Union. The Government's position has been that in 2021 we would want to continue access to those, in the various position papers that have been published. In 2019 of course it depends if you're leaving the European Union with no ongoing special relationship; then the assumption is that you lose that information flow.

Q129 **Luke Graham:** Completely?

Jon Thompson: We may well enter further negotiations about getting it back but the reasonable assumption would be that you have lost that information flow, which would be a pity of course—

Chair: "A pity" is putting it very politely; it could be disastrous.

Jon Thompson: Well, a contingency scenario has a number of advantages and disadvantages depending on your politics and—

Q130 **Luke Graham:** On that one, there would be no suitable alternatives. In a worst-case scenario, any critical information that we usually require to secure our borders we just lose if we leave with no deal.

Chair: This is slightly different from the Home Office.

Jon Thompson: Let me switch to an HMRC perspective. The Naples II convention from 1997 provides for mutual co-operation on customs, so it does things like joint surveillance, controlled delivery, data exchange and providing intelligence across boundaries. If you lose access to that your effectiveness is reduced. In that scenario, I would want to go back to see



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if we could continue that access, because it has benefits for all 28 member states, but in the particular scenario you are looking at I have lost access to it. Paul may have some Home Office-related conventions too.

Paul Lincoln: I said we use a range of different data tools as part of our watchlisting and—

Q131 **Chair:** Just to cut to the chase, we are asking which ones are at risk if we crashed out with no deal.

Paul Lincoln: The stated position of course is that we don't think we expect to have that, because it is just as much in Europe's interest as ours—

Chair: We have to plan for all eventualities—it is sort of like the planning you did for the referendum—

Paul Lincoln: We are planning for every single EU tool that the UK uses in the law enforcement and national security space as to what the alternative mitigations may be. In some of those of course we exchange with security and intelligence agencies, which is not part of the EU—it is interesting, national security is exempt, so we do a series of bilateral exchanges on that, in particular in the context of work that MI5 and others do in the context of the counter-terrorism group. We go through a list of those mitigations as part of it, including work that we do with Interpol.

Q132 **Luke Graham:** Can you confirm that you, Ms Wilkinson, Mr Thompson and Ms Wheeler, will make representations—or already have, I guess—to Ministers about all the systems that we currently share with the EU and which ones we should try still to have access to? A prime example would be the New Computerised Transit System, from a customs point of view.

Karen Wheeler: Yes, absolutely. Each individual Department is making sure that that happens. We are certainly reinforcing the need for continued access as part of what we shall be trying to negotiate—

Q133 **Luke Graham:** So Ministers have 100% awareness and clarity of those points and systems.

Karen Wheeler: I am sure they do, yes.

Q134 **Luke Graham:** Excellent. I will move on to infrastructure now.

In that case, looking ahead—we have covered this slightly—do we think that we will be able to put the appropriate infrastructure in place for when we leave the European Union? Mr Thompson, you highlighted earlier that some of the customs requirements would be dependent on us having a CBS system in place. Are we confident that all the infrastructure requirements necessary for us leaving the EU in a “no deal” scenario can be put in place by 2019?

Karen Wheeler: Do you have in mind the sorts of things you mean with respect to infrastructure?

Chair: Partly. We talked a bit about the lorry parks, and other physical infrastructure may be needed.



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Luke Graham: The hon. Member for Dover put together a quite comprehensive report in which he talked about the need for additional infrastructure. There is already a disadvantage if we look at the number of motorways that have been built since 2000 by comparison with our continental counterparts. It is specifically infrastructure, which I guess will be digital and physical.

Chair: You talked about this earlier, Ms Wheeler. I think we were a bit sceptical. You can talk with the Department for Transport until you are blue in the face, but the planning role is not with the Department for Transport, for example. That is where, if I am right, Mr Graham is driving.

Karen Wheeler: What the Department for Transport is obviously responsible for is making sure that the transport infrastructure is there and continues to operate. What we are trying to do is to work with the ports themselves to ensure that they have the infrastructure that they need to manage the control process. This is obviously dependent on the policy areas, on DEFRA and HMRC defining exactly what requirements there will be for infrastructure at ports to be able to manage potentially increased control processes. DEFRA is working through what it expects to be the requirements post-Brexit for the food controls processes and at the moment has not specified exactly what infrastructure it is likely to require at ports. We are working on the assumption that on day one, if there is no deal, there will be no requirement for additional infrastructure at ports—border inspection posts, for example, which currently are not present at some of the ro-ro ports that take trade from the EU. They will not be present in March 2019, and we do not expect that we will need them at that point. We are waiting on what will be required so that it can be built and taken forward as and when, and to whatever specification comes forward.

Q135 **Luke Graham:** Understood. We do not have all the departmental specifics yet. Presumably they are working to the same deadline of spring next year to have those detailed requirements. Is that right?

Clare Moriarty: Shall I say a word about DEFRA?

Luke Graham: Sorry, Ms Moriarty; you were used as an example, but I am really speaking to all the Departments.

Karen Wheeler: Exactly. The two primary areas are DEFRA controls and customs controls. We have touched on the customs controls as well. The assumption is that at some point there will be a need for some additional physical infrastructure to enable customs controls. As much as possible, we would like that to be inland rather than at the ports, particularly where ports are constrained. That is reliant on one of the facilitation accesses to the common transit convention, which would need to be negotiated, and there would need to be a process of identifying and establishing new inland facilities to—

Q136 **Chair:** Sorry, that is quite a new revelation. So if you are living in Plymouth, Holyhead or Dover, you can look forward to infrastructure development as that bit of the port process effectively extends into the



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town. Where would you put it?

Karen Wheeler: This is assuming that there may need to be that type of infrastructure to facilitate more customs controls and checks, for example. That is what the ports would need to look at, together with HMRC, to consider what type of location might be appropriate and relevant.

Q137 **Chair:** It is hardly to do with the ports. It is more to do with the local councils in those areas, I would have thought, and land constraint in those areas is quite—

Karen Wheeler: The problem at the moment is that we are not clear what size such a facility might need to be, because we are not clear about exactly what the risk-based requirement will be.

Q138 **Chair:** So it's another known unknown to add to your list, which you are no doubt checking twice and all the rest of it.

Karen Wheeler: It is. We do expect that there will be something. We don't know how great that will be. We would expect that we will be able to scope this out by, again, about spring of this year in order to be able to—

Chair: Okay, so it's another thing on that list of things.

Q139 **Luke Graham:** Just to pick up on the point you made there, we are hoping to have the specifics on customs and DEFRA from the Department by spring next year. If you get specific infrastructure requirements, will you have time to implement them before Brexit—whether there is a transition or a hard exit—and make sure that infrastructure is in place so we do not have any risks or we mitigate the risks to the UK?

Karen Wheeler: We are not anticipating that infrastructure being in place for March 2019. That would not be a realistic expectation. We would neither expect to need it at that time nor expect it to be in place.

Paul Lincoln: Can I just add something about risk? I would say this, wouldn't I, but I am clear that I will still be making sure that we don't have security risks in terms of that particular set of processes.

Q140 **Chair:** That is reassuring to hear. Forgive me, Ms Moriarty; I meant to come back to you.

Clare Moriarty: Just to say, in terms of food imports, that at the moment we are in the process of determining with Ministers what an import control regime should be. It should balance our security risk—which, as Ms Wilkinson said, doesn't immediately change, because Europe is still operating to the same animal and plant health regime—with security of supply, taking account of what can be done logistically in terms of infrastructure, and our international obligations. That is the short term. We have got to find something that sensibly balances that.

For the medium term, we are looking at what is a sensible import control regime that starts from risk. The EU system at the moment assumes no risk at all within the boundaries of the EU and significant risk for third countries, but that is not necessarily how things will be. The infrastructure



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at the physical port may or may not be part of the final solution. We do checks in all sorts of different ways. We do destination checks—

Chair: So another known unknown.

Clare Moriarty: What I am saying is, we shouldn't assume that the only question is, "At what point do I need to put down a huge shed?" There is a prior question.

Chair: No, I think Mr Graham wasn't assuming that. He was just asking questions about what infrastructure might need to be planned for, and I think that has rather thrown up that we are on a very, very optimistic trajectory if something physical is needed by the time we leave.

Q141 **Luke Graham:** In a broader context—I guess this question is to Mr Thompson—obviously you have got a huge raft of transformation projects and programmes going right across HMRC. What activities have you stopped in order to prioritise some of this work on the border and to make sure it gets the right attention, in terms of man hours and resources?

Jon Thompson: I think I gave you the answer to this either two weeks ago or four weeks ago—I can't remember when. We are going through a process of reprioritising the existing changes to HMRC, the transformation of HMRC, what is necessary for Brexit and what might be announced on Wednesday. We have to put those four into our reprioritisation process. Up to this point, thinking about those four elements, I have got 267 ongoing projects. I am going to have to reprioritise them.

Chair: We talked about that last time.

Jon Thompson: The executive is meeting all day on Thursday to find some criteria for that so we can engage Ministers on what we may need to slow down or stop to be able to accommodate this.

Q142 **Luke Graham:** I appreciate that. What was your deadline for that?

Jon Thompson: I told you before. We need to give that to Ministers between January and March, and we will need to make it clear if anything is of any significance.

Q143 **Chair:** Is there anything that the Home Office is not doing?

Patsy Wilkinson: There is nothing that we have stopped doing so far, but we are undertaking a similar reprioritisation exercise, looking ahead particularly to the next financial year—2018-19. We have one Brexit-critical project, which is the EU settlement project that I referred to earlier. We clearly need to prioritise that.

Q144 **Chair:** Does that mean that non-EU citizens trying to settle will get a rougher deal?



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Patsy Wilkinson: This is about our investment portfolio and our capacity to deliver technology programmes. It is that kind of prioritisation.

Q145 **Chair:** So you are not going to reprioritise—for instance, in the immigration system—between EU citizens and people who are non-EU citizens?

Patsy Wilkinson: We will be expecting to deliver our service standards across all of the immigration business. The prioritisation exercise, which we need to undertake, is to make sure we can deliver the new project on top of our existing commitments.

Q146 **Chair:** That doesn't sound like prioritisation. That sounds like you are going to do everything you were doing anyway, and you are going to sort out the EU citizens.

Patsy Wilkinson: The remaining work we need to do in reprioritisation will be looking at whether we need to slow down some of our other investments—at the moment we haven't stopped anything—or resequencing them to make sure they make sense in the context of the Brexit-critical project that we need to do.

Q147 **Chair:** Sorry—just answer my question about the immigration system. I, particularly, have a lot of European constituents who are anxious about their future. That will be in place towards the end of next year. Equally, I have a lot of constituents who are going through the main immigration system and have been knocking around that for many years. They have been spending a lot of money on it—a lot more than what, I gather, will be the fee for European citizens. Can you tell us now clearly whether non-EU residents going through the immigration system are going to have any slow down or a deterioration of service as a result of the effort and resource you are going to have to put in to the EU citizens?

Patsy Wilkinson: The prioritisation exercise I have just described is about our major change portfolio within the Home Office. We will be delivering a new service for EU citizens with extra resource on top of the resource we have got right across the immigration system at the moment, so we are not expecting there to be a trade-off.

Q148 **Luke Graham:** Is that extra resource coming from the £250 million that was announced to facilitate a lot of Brexit preparations?

Patsy Wilkinson: Thus far, the extra resource that is coming to the Home Office is £60 million: £10 million in the first part of this financial year and £50 million for the remainder of this financial year. We are in discussions with the Treasury about what we will need for next year. That partly relates to the kind of scenario planning that we have been talking about today with regard to Border Force and other aspects of our work. But yes, it will be part of the Treasury—

Luke Graham: The £250 million.

Patsy Wilkinson: Our provision across the Government, I believe, yes.

Q149 **Chair:** On that £250 million, Ms Moriarty, have you bid for any of that



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money yet?

Clare Moriarty: We have been in discussion with the Treasury since the end of 2016. We are receiving some money to support the costs that we are incurring this year, and we are now starting to talk to them about future-years costs.

Q150 **Chair:** So you are getting an advance. Have any of you had to ask for a ministerial direction as to how you spend it and get it? It was only recently announced, so I doubt that is the case, but just to be clear.

Clare Moriarty: I expect to need to ask for one because of the timing issue, but we have not done that yet.

Q151 **Chair:** So you will have to spend it and get that ministerial direction, but you have got licence to do that.

Clare Moriarty: At the moment, everything we are spending is within our vires. We have identified the point at which we will need to have a ministerial direction. It is likely that, if we need to spend money that is not covered by our vires, it will come before the withdrawal Bill receives Royal Assent, so I will need one, but we are managing the timing very carefully.

Q152 **Chair:** Mr Thompson, you were bullish earlier, saying that you would have to spend the money on CHIEF even if it is not available. Will you be asking for a ministerial direction if you have to spend £7.3 million on CHIEF, to get it out of that £250 million?

Jon Thompson: It remains unclear to me constitutionally whether there is anyone who can give me a ministerial direction.

Chair: Given that you do not have a Minister leading your Department—

Jon Thompson: I am running a non-ministerial Department. So I don't think anyone can.

Chair: There is an interesting constitutional dilemma for us to go and worry about tonight.

Jon Thompson: The plausible scenario is that if I did not get the funding that I think is required to implement something, I will implement it and I might overspend, and I will be back here with a qualification that might have breached Parliament's limits; but, you know—

Richard Brown: My understanding is that it is rather unusual. I think it is the case that the vires that HMRC have got are really quite broad, so they are not necessarily in exactly the same position as the Departments.

Q153 **Chair:** Mr Thompson, you are the envy of the Permanent Secretaries across Whitehall—no pesky politicians to deal with. Do you know of other Departments that are bidding for the £250 million fund?

Jon Thompson: I am sure there is a schedule somewhere, because if you—

Q154 **Chair:** Who keeps that schedule? You are involved in this group in No. 10.



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Is it the Treasury?

Jon Thompson: The Treasury will have that, because it is not all necessarily related to the border—it is Brexit in general. But if you add the three of us together, you would not get—

Q155 **Chair:** Ms Wilkinson, are you bidding for any of this money?

Patsy Wilkinson: We have secured money for this financial year and we are in discussions with the Treasury about what funding we will need for next year.

Q156 **Chair:** What ballpark figure are you trying to bid for out of the £250 million?

Patsy Wilkinson: We have not got a ballpark figure at the moment. We are looking at a range, and it will be influenced by the discussions about scenario planning, particularly around customs policy.

Q157 **Chair:** Would it include staffing, for instance?

Patsy Wilkinson: Oh yes, it would. Absolutely, yes.

Q158 **Chair:** So you are probably talking in the tens of millions.

Patsy Wilkinson: I cannot put a figure on it right now.

Chair: Okay. We will probably write to you on that.

Q159 **Geoffrey Clifton-Brown:** Mr Thompson, in terms of your Border Planning Group, it is now almost 18 months since the referendum and almost a year since we triggered article 50, yet Ms Wheeler says you do not know whether you need this infrastructure at the ports or not. If you conclude that you do, that is a year's delay. We have heard from the panel this afternoon that it will not be in place by Brexit. Isn't this a pretty serious issue that your planning group needs to get to grips with pretty quickly?

Jon Thompson: There are a number of strategic variables to this conversation, and if you can tell me what those strategic variables will turn out to be—for example, when exactly are we going and under what scenario?—that would significantly help. Is it 2019 or 2021? Is it the highly streamlined customs arrangement or is it the customs partnership in relation to customs? Other colleagues have got policy papers, too. That is where you have got, if you like, some strategic uncertainty. We are all running multiple, different scenarios all at the same time.

The balance of the conversation towards us so far has been: what happens in April 2019? That has been the focus of the planning group. I think Karen was very clear with you that in some respects in April '19 it would not be a fully optimal system that would be running in the scenario that we have left the European Union with no ongoing special relationship. That is not the Government's preferred scenario, as you know. After April 2019, we would have to make further changes to make the system optimal.

I am just being realistic with you. I suppose I am agreeing with you that we just have to be realistic about how much time is left and what can be



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done in that time to have a functioning border, but it would not be optimal in any way.

Q160 Geoffrey Clifton-Brown: I phrased my question very carefully. You told us today that your planning work on this matter will be completed by April next year. Why could this not have been done a year ago, to decide whether you need this infrastructure or not?

Jon Thompson: I can't exactly answer that question. I think I told you that, in March of this year, there was an open conversation between the Permanent Secretaries whose Departments are most directly involved in leaving the European Union, including Clare. We had a good, open conversation with the Cabinet Secretary and said there are several areas where the civil service needs to co-ordinate, and this is one. The request was that we set up a group and get going. Seven months later, we think we have a reasonable grip on it, but now we have to implement it. It will not all fully be there in April 2019.

Chair: I appreciate your candour.

Q161 Geoffrey Clifton-Brown: My final question to you, Ms Wilkinson, is not Brexit-related, you will be glad to know. You will be familiar with the graph on page 25 of the Report, which shows that passenger numbers crossing borders has increased by 27% since 2005 and is likely to double by 2050. Are you considering introducing any form of electronic customs clearance system, such as the ESTA system in the United States, so that you can actually clear people in advance before they come to this country?

Patsy Wilkinson: I think, if it is a customs clearance question, it is probably for HMRC.

Geoffrey Clifton-Brown: No, I quite clearly said people—immigration and ESTA.

Patsy Wilkinson: There have been discussions about having an electronic travel authority, and those discussions continue.

Q162 Chair: They just continue? When do you need to know that? How long would that take to implement? That would be a whole new IT system; another one to add to the list that Ms Wheeler holds.

Paul Lincoln: That is true, but this is something that has not been agreed by Ministers, so this is not a Government policy position. However, we continue to talk, for example, with the Americans and the Canadians, who have similar systems in place. The European Union itself is also thinking about introducing such a system in 2021, I think.

Q163 Chair: So, effectively using advance passenger information to issue an ESTA?

Paul Lincoln: Using information that a passenger would enter, which would not necessarily be advance passenger information. If you think about the American system, you may enter that months or even years



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before you actually travel, and that information is then used for a combination of immigration and security purposes.

Q164 **Chair:** So at the moment you are at the point of formulating ideas. Might you put this as a proposal to Ministers, Ms Wilkinson?

Paul Lincoln: There is potential to do that.

Patsy Wilkinson: Yes, there is potential to do that.

Q165 **Chair:** I love the phrase “There is potential to do that”. Will you be putting it to Ministers at any point in the next six months or a year? What will be the timescale?

Paul Lincoln: I cannot give you a specific date on that.

Q166 **Chair:** So Ministers are aware that you are working up these ideas, are they?

Paul Lincoln: Ministers are aware of that.

Chair: Thank you very much indeed.

Q167 **Caroline Flint:** I want to ask, on a scale of one to five, how important the transition period is, which the Government seem to be pursuing, for you to be able to manage and smooth the transition as we leave the European Union?

Jon Thompson: To 2021?

Caroline Flint: Yes. The Prime Minister has already indicated that she now recognises the need for a transition period, but some people are saying we should crash out with no deal. I am just interested in how important to your scenario planning, from one to five—one being not that important, five being very important—is having those additional two years, post March 2019, to manage our exit and all the different aspects of border management you have outlined this afternoon? What would you give it?

Jon Thompson: I gave some fairly extended evidence to the Treasury Committee about this. To be direct in answering your question, if the Government reach an agreement with the European Union to implement the highly streamlined customs arrangement, the answer is five. We would need the two years. That policy change is a basket of changes, some of which are the continuance of existing arrangements and that can be implemented straight away. Some will take a year, some will take two years and some will take three years, depending on the basket of elements that make up the highly streamlined customs arrangement.

Chair: Ms Moriarty?

Clare Moriarty: I will answer a slightly different question. I think—

Chair: Perhaps you could answer the question Ms Flint has asked.

Clare Moriarty: How important is it to my scenario planning? I am scenario planning on the basis of both a deal and no deal transition,



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because that is what scenario planning is. How important is it to the smooth transition? I would give it a four or five. We can deliver a much better, streamlined, effective move if we have a transition period, than we can if—

Q168 **Caroline Flint:** And would we save money by having that transition period, rather than trying to achieve something with no deal by 2019?

Clare Moriarty: Yes, we would, because the no deal scenario will almost certainly involve a significant manual element, and manual elements cost money, and doing things once and once again costs money. Being able to plan for a slightly longer period—to get to the right point, exactly as Mr Thompson was saying—would make a big difference to our transition.

Chair: Ms Wheeler, did you want to briefly add anything?

Karen Wheeler: Five as well. The additional risks it would hopefully enable us to manage would be those associated with member states and what they do, and would also give the industry and traders time.

Chair: Okay, so five. Ms Wilkinson?

Patsy Wilkinson: Ministers have always been clear that we are looking for a smooth transition to reassure EU citizens and business and to give time for the consultation about what the future of immigration might look like. I am definitely up at the four or five, because an implementation period has always been part of that approach.

Paul Lincoln: Mine is pretty much dependent on what others may ask me to do at the border or elsewhere, which is therefore mostly about recruitment in the meantime. It would be less than others, but it is linked, as there is obviously a significant dependency.

Chair: Thank you all very much indeed for your time. The uncorrected transcript will be up on the website in the next couple of days. Our report is looking likely to be out in January, but I cannot be absolutely sure of the timings. Thank you very much indeed.