House of Commons

Committee of Public Accounts

Defra's progress towards Brexit

Sixty-Eighth Report of Session 2017–19

Report, together with formal minutes relating to the report

Ordered by the House of Commons to be printed 5 November 2018

The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine "the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit" (Standing Order No. 148).

Current membership

Meg Hillier MP (*Labour (Co-op), Hackney South and Shoreditch*) (Chair)

Bim Afolami MP (*Conservative, Hitchin and Harpenden*)

Douglas Chapman MP (*Scottish National Party, Dunfermline and West Fife*)

Sir Geoffrey Clifton-Brown MP (*Conservative, The Cotswolds*)

Chris Evans MP (*Labour (Co-op), Islwyn*)

Caroline Flint MP (*Labour, Don Valley*)

Luke Graham MP (*Conservative, Ochil and South Perthshire*)

Robert Jenrick MP (*Conservative, Newark*)

Gillian Keegan MP (*Conservative, Chichester*)

Shabana Mahmood MP (*Labour, Birmingham, Ladywood*)

Layla Moran MP (*Liberal Democrat, Oxford West and Abingdon*)

Stephen Morgan MP (*Labour, Portsmouth South*)

Anne Marie Morris MP (*Conservative, Newton Abbot*)

Bridget Phillipson MP (*Labour, Houghton and Sunderland South*)

Lee Rowley MP (*Conservative, North East Derbyshire*)

Gareth Snell MP (*Labour (Co-op), Stoke-on-Trent Central*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No. 148. These are available on the Internet via www.parliament.uk.

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), Laura-Jane Tiley (Second Clerk), Samir Setti (Second Clerk), Hannah Wentworth (Chair Liaison), Ameet Chudasama and Carolyn Bowes (Senior Committee Assistants), Zainab Balogun and Kutumya Kibedi (Committee Assistants), 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.

Contents

Summary

The Department for Environment, Food & Rural Affairs (the Department) faces enormous challenges in the lead-up to EU Exit and, with the deadline of 29 March 2019 looming, still does not know which scenario it is preparing for.

There is a high level of risk in the Department's portfolio, with many of its plans dependent on co-operation from other departments, the devolved administrations and agencies and the goodwill of EU member states. The Department is too complacent about the levels of disruption or interruption to trade that may be faced. Fundamental issues for food, chemical and animal importers and exporters are yet to be resolved.

Many businesses have not been given detailed advice on what is required by EU Exit, as the Department has had very limited engagement with stakeholders until recently. Six months since we last reported in May 2018, the situation for the Department's stakeholders has changed very little, as the Department's preparation for EU Exit continues to be complicated by its need to work on a range of solutions for different scenarios. It has now established a new directorate for business readiness and engagement, but its focus has been on industry and representative groups which means that individual businesses and organisations, in particular SMEs remain unaware and ill-prepared. This is all too little, too late and it is particularly concerning that the Department's ability to impart specific information has been hampered by excessive secrecy at the centre of government and continuing uncertainty over the outcome of the negotiations.

The Department has made good progress in drafting the 86 statutory instruments it must prepare, with three-quarters of them either fully drafted or near completion. But in its efforts to rush through the drafting, we remain concerned about risks to quality. The amount of parliamentary time that these, and those of other departments, will require is daunting. Cabinet Office needs to ensure that those of the highest significance across government receive greatest priority but that all receive adequate parliamentary scrutiny ahead of EU Exit. With the pace at which new legislation will have to be agreed we are seriously concerned about the level of scrutiny. We need the Department to be clear about the impact of not being able to make the necessary legal changes in time. Muddling through in the hope of goodwill is highly risky and means many businesses are left not knowing what the future will bring.

Introduction

A full six months after our previous report and, as the negotiations continue, the Department must still address a range of different scenarios, including Exit without a deal in March 2019, and a negotiated Exit with an implementation period lasting until the end of 2020, or possibly longer. In all its policy areas it must plan to have in place systems that will be appropriate for each scenario.

Some of the Department's plans rely on the EU to grant concessions to allow continuity of trade in the event of a no-deal Exit. For example, the UK is seeking continued participation in the European Chemicals Agency. Without this, exporters of chemical products would need to re-register their products with the Agency and may face a long wait while their registrations are processed. Exports to the EU of animals and animal products would require export health certificates that have to be signed off by vets that are not yet in place. The Department plans that food imports from the EU will be waved through into the UK without checks and hopes that the EU will reciprocate for UK food exports.

On its engagement with stakeholders, we reported in May 2018 that the scope of the Department's EU Exit programme remains uncertain and dependent on decisions yet to be taken. This uncertainty is making it difficult for the Department to engage and communicate effectively with businesses and stakeholders.

The Department needs to lay 86 Statutory Instruments by the end of January in order to ensure legislation is in place when the UK leaves the EU.

We first reported on the Department's preparations in May 2018 and took further evidence on its progress on 15 October 2018.

Conclusions and recommendations

1. **In a no-deal scenario there is a risk of UK exports of animals and animal products being delayed at borders because of a shortage of vets.** In the event of a no-deal Exit, the UK's continued exports of animals and animal products to EU member states will for the first time need to be accompanied by export health certificates. These certificates currently have to be signed off by vets and the Department estimates that the equivalent of around 50 additional full-time vets will be needed to cope with the extra volume. Individual vets would probably take on such work on an ad hoc basis alongside their existing work, so the actual number of people required will be many more than 50 and the Department is cavalier about enough suitably qualified staff to take on this work being available. It believes that the training investment of around six hours online would not be a barrier to uptake, and that its requirements can be easily sourced from a pool of over 6,000 potential candidates in the private sector. However, the Department has failed to consider the geographic distribution of vets and their willingness to take on this additional work. At present the UK only allows this work to be undertaken by vets and although the Department is discussing this with the Royal College of Veterinary Surgeons no resolution has been reached that would extend the candidate pool. We are concerned that the increased demand for veterinary services will increase costs to UK exporters.

2. **Recommendation:** *The Department needs urgently to develop a credible plan for increasing vet capacity for export health certificates that does not add to exporters' costs including addressing concerns around coverage across the country and whether it is appropriate or possible for non-vets to sign off health certificates.*

3. **The Department is too complacent about the risk of disruption that UK chemical exporters could face in a no deal scenario.** It is relying on the EU's goodwill to help minimise any interruptions to trade. Under a no-deal Exit the registration of UK chemical products on the EU's REACH system will no longer be recognised. Companies would not be able to continue exporting their products to EU member states until they had re-registered their products with the EU. We are concerned that the Department has underplayed what re-registration involves. It is dependent on the European Chemicals Agency delivering on its promise to open up the registration process to allow sufficient time to process the re-registrations without creating a hiatus in trade. The goodwill that this relies on may not be forthcoming if there is no deal, particularly if no deal results in a dispute over the financial settlement. There is also likely to be a spike in re-registrations following EU Exit, as UK manufacturers all seek to re-register their products as quickly as possible. In addition, manufacturers will incur costs for re-registration that the Department estimates at between £200 and £1,200.

4. **Recommendation:** *The Department and the Health and Safety Executive need to provide realistic, honest advice to chemical manufacturers about the implications of a no-deal exit, including the steps manufacturers need to take to re-register their products with the EU, and the possible interruption in their ability to trade with EU-27 countries.*

5. **There are increased risks to food safety and of smuggling as a result of the Department's plan to allow food imports to pass through UK ports without**

checks following EU Exit. In the event of a no-deal Exit the Department intends to prioritise the flow of food imports in the first instance. This means that it will for a period following EU Exit continue to allow food imports from the EU to pass through UK ports without checks, and hopes that the EU will reciprocate this arrangement for UK exports. The Department concedes that its approach will add to biosecurity and food safety risks but says it has to balance the need to preserve the flow of goods against maintaining food standards and safety. This approach may also lead to an increased risk of smuggling if unscrupulous traders take advantage of the lax approach to border control.

6.   **Recommendation:** *The Department needs to commit to a timeframe for implementing pre-notification and full checks of EU food imports at UK borders.*

7.   **The Department's engagement with industry stakeholders has been too little, too late, insufficiently focused on SMEs and hampered by excessive government secrecy.** The Department argues that engaging with stakeholders at an earlier stage, whilst there were still a wide range of possible scenarios in play, would have been confusing and counter-productive. The Department sought permission on several occasions from the centre of government to communicate more freely but was prevented from doing so. It now has detailed plans for engagement to be rolled out, but many businesses feel it is "too little, too late" and that opportunities to keep businesses informed have been missed. The Department acknowledges this, but claims to have provided coherent messages, based on what is likely. The Department has used the staged release of government technical notices from August as the starting point for more detailed communication activities as these remove government constraints that have restricted its ability to talk openly with stakeholders. In previous discussions, the Department has been limited by confidentiality concerns and has even used non-disclosure agreements in discussions with, for example, the British Retail Consortium on areas where there are commercial or government sensitivities, such as border arrangements. The extent to which such agreements have been used is not clear. In response to concerns, the Department has recently established a new directorate for business readiness and engagement, but this step-up may not be sufficient as it is planning to produce guidance on re-registering chemical products in November 2018, only four months before Exit. We are concerned that the Department has been over-reliant on engaging with industry and sector groups rather than individual businesses and organisations and that SMEs in particular may be disadvantaged by this approach.

8.   **Recommendation:** *The Department needs to limit the use of non-disclosure agreements to commercially sensitive discussions. It should urgently step up its communications with businesses and other stakeholders on what they need to do to prepare, particularly with SMEs that are not affiliated to industry bodies.*

9.   **The Department has very little time left to get the necessary statutory instruments (SIs) on to the statute book in time for EU Exit, putting quality and parliamentary scrutiny at risk.** The Department faces a huge challenge to have in place all of the necessary legislation to prepare the UK for EU Exit. It is one of the most affected departments and must lay 86 SIs by the end of January. The Department is confident that it can meet this challenge and has made a lot of progress since June, with over three-quarters of the SIs fully drafted or close to completion. However, this leaves

around 20 that still require considerable drafting effort. The Department tells us it has worked hard with the devolved administrations over the summer to overcome hurdles and has set up an operations room that aims to unblock issues within 24 hours. It claims this has accelerated the drafting process without compromising on the quality of decision-making. The Department has recruited staff into this area of work from external and internal sources to ensure the deadline can be met. However, we remain concerned about risks to the quality of drafting given the speed at which the Department is having to act. We are also concerned about the amount of time available for parliamentary scrutiny given the volume of legislation across government that needs to go through parliament. The Department reports that most of its SIs are relatively straightforward only two contain changes that require consultation—but very long (some up to 150 pages) with a lot of technical detail, so a backlog could build up very quickly.

10. **Recommendation:** *The Cabinet Office should prioritise EU statutory instruments across government to ensure the drafting of those of highest priority is completed to the proper quality standard, and that there is time for proper parliamentary scrutiny ahead of EU Exit.*

11. **The Department is continuing to expand its workforce rapidly and, with time running out, is now having to take shortcuts in its recruitment and training of staff.** For example, the Department needs to strengthen its capacity to patrol English fishing waters. The training programme needed for Marine Enforcement Officers has been front-loaded to a three-month intensive period rather than being carried out over the usual twelve months. In addition, given the need for increased veterinary capacity to process export health certificates in a no-deal scenario, the Department is looking into using non-vets to do some of the certification work. The Department recruited 1,300 staff in 2017–18 and aims to recruit a further 1,400 during 2018–19. It said it is about halfway through this process. We are concerned by the numbers needed and the availability of suitable staff. Many of these staff are relatively new and inexperienced graduates. The Department says that it is bringing experienced staff in from its agencies and that new staff are being deployed for less challenging 'business as usual' work, whilst experienced staff are focused on EU Exit work. This approach raises the risk that the agencies may become exposed if their essential skills and experience are depleted.

12. **Recommendation:** *In its response to this report, the Department should set out how it will ensure that all posts, including those unrelated to EU Exit, are staffed by people who are fully trained and with the right skills and experience to maintain quality of work and workforce well-being.*

13. **The Department still has an enormous task leading up to EU Exit, including completing six critical IT systems that have not yet been tested.** One of the six IT systems is the new import notification system, which will be used to manage food imports after Exit. The Department is confident that it will have a functioning system in place for a potential exit without a deal in March 2019, although it says manual workarounds may be needed. It is planning to start testing this system in January 2019 and this will inevitably throw up new issues and put increasing strain on the likelihood of it working in time. The Department is planning to test a number of its systems simultaneously early in the new year, so there is a risk that a

high volume of issues will arise that the Department will have little time to address. The Department has been pragmatic in prioritising the most essential functions for March 2019 but has left building more enduring systems to the longer term.

14.   **Recommendation:** *The Department should provide us with an update by the end of December 2018 on whether the key IT projects are on track for testing in the new year and a further update in January on the results of the testing.*

1   Risks to continuing international trade

1.   On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Environment, Food & Rural Affairs (the Department).[1] The Department is one of the government departments most affected by EU Exit. Its portfolio is very varied, covering the chemical and agri-food industries as well as crucial policy areas such as agriculture, fisheries and the environment.[2]

2.   The Department estimates that approximately 80% of its areas of responsibility are currently framed by EU legislation and that 25% of EU laws apply to its sectors. Because of the scale of its challenge, the Department needs to make major changes to the size and structure of its organisation as it begins to provide the services and functions that will replace those currently provided by the EU.[3]

3.   In 2017–18, the Department recruited over 1,300 new staff and it plans to recruit a further 1,400 during 2018–19, more than doubling the size of the core department since March 2017. It has relied heavily on consultants, for example it has contracts to the value of up to £6.7 million with PwC, and with Boston Consulting Group for £9.5 million. HM Treasury has approved additional funding for the Department's EU Exit programme of £94 million for 2017–18 and a further £320 million for 2018–19. Of this, the Department is expected to find £37 million from its existing resources.[4]

4.   The Department has, in common with other government departments, organised its portfolio into individual "work streams". With 55 work streams and 14 cross-cutting and co-ordinating activities, it has the second largest number of work streams of any department. In addition, it has to draft a large volume of legislation, contribute to the government's negotiations and work closely with the devolved administrations. The C&AG's report in September 2018 included detailed coverage of four of the Department's work streams that were selected to cover the range of changes that the Department needs to make. It also examined the Department's legislative programme, one of the Department's five central planning work streams.[5]

The potential shortage of vets

5.   Following EU Exit, UK exports of animals and animal products to EU member states will for the first time need to be accompanied by an export health certificate (EHC). Each EHC needs to be signed off by a qualified vet and, without a significant increase in the UK's veterinary capacity, the Department will be unable to process the expected increased volume of EHCs, and consignments of food could be delayed at the border or prevented from leaving the UK.[6]

---

1   Report by the Comptroller and Auditor General, Department for Environment, Food & Rural Affairs: Progress in implementing EU Exit, Session 2017–19, HC 1498, 12 September 2018
2   C&AG's Report, paras 1–2
3   C&AG's Report, para 1.3
4   Q 11; C&AG's Report, paras 1.17, 1.19, 1.22
5   C&AG's Report, paras 4, 7, 1.5, 2.1
6   C&AG's Report, para 2.21

6.   The Department told us that there are currently 600 vets doing this work part-time, and these amount to the equivalent of 200 full-time vets. It estimated that the additional requirement as a result of EU Exit is the equivalent of 50 full-time vets, an increase of 25%. Individual vets are likely to take on this work alongside their existing work, so the number of people required will be many more than 50.[7]

7.   There are 6,000 vets who the Department believes could, with six hours' online training, carry out this work.[8] However, the Department concedes that it does not have control over the geographical distribution of vets that agree to undertake the training necessary and does not know whether exporters will need to wait longer to get their EHCs signed off. Localised shortages could mean that exporters need to pay more to persuade local vets to carry out this work. The Department is relying on the fact that, because there are 6,000 vets in total, this will provide an even distribution across the country.[9] The Department said it was having "very detailed conversations" with the veterinary industry on the numbers of vets required and the extent of flexibility and capacity in the system to take on this work, and it said that the veterinary profession does not anticipate a problem in meeting the additional requirement.[10]

8.   The Department is confident that, if there are any gaps in veterinary capacity, it will be able to fill these by using unqualified personnel to check records and processes that do not require veterinary judgement.[11] The Department is in discussion with the Royal College of Veterinary Surgeons over the use of non-vets, as they believe it will be very helpful to be able to supplement veterinary capacity through the use of non-vets. The Department expects to reach agreement with the Royal College on the use of non-vets in November 2018 and told us this would allow sufficient time for them to be trained. The issue of veterinary capacity sums up the challenge the Department faces: it is one of many small but important areas of its work that has taken up a lot of the Department's time and attention, but still remains to be resolved.[12]

Risk of disruption to chemical exports

9.   The UK's position is to seek continued participation in the European Chemicals Agency but if this is not agreed, the UK will need to establish its own regulatory regime for chemicals and facilitate continued trade in the EU for the sector. Without this agreement the Department will need to establish its own IT system to allow registrations of new chemicals and chemical products to replace the EU's REACH (registration, evaluation, authorisation and restriction of chemicals) system and products currently registered on the EU's system will no longer be recognised. To recover market access to EU member states, UK manufacturers will need to re-register their products on the EU's system via an affiliate or representative based in an EU member state.[13]

10.   The Department said that re-registering products would be a quick process for exporters ("weeks, not months") because they already have a registration in the UK and

---

7   Q 52

8   Q 50

9   Q 57

10   Qq 51, 54

11   C&AG's Report, para 2.21

12   Qq 60, 61

13   C&AG's Report, paras 2.10–2.11

"effectively want to change the address at which they are registered."[14] However, in reality, manufacturers will need to identify a representative (known as an "only representative") that is not only based in an EU member state but is also equipped with sufficient knowledge in the practical handling of the substances and information related to them. A representative whose only role is to act as a third party representative in the data-sharing process of REACH is not sufficient.[15] The Department told us that it will have to pay a fee for the only representative and estimates that this will be between £200 and £1,200.[16]

11.   The Department told us it is working closely with the chemical industry to make sure they have the information they need about what they will need to do to continue exporting to the EU. It is expecting to produce further guidance to supplement the government's technical notices published in November 2018, four months before the planned EU Exit date.[17] The Department told us that the European Chemicals Agency had promised to open up the registration process in sufficient time to process re-registrations. However, the Department acknowledges that it could not guarantee preventing a hiatus in trade as "there are elements of this that are the EU's choices rather than our choices".[18]

12.   The Department is hoping that the goodwill that currently exists between the EU and UK will continue and that the European Chemicals Agency will make every effort to process the UK's re-registrations quickly. However, in the event of a potentially fractious no-deal scenario, this goodwill may dissipate. In any case, as every UK company will need to re-register its products at around the same time, the Agency is likely to face a spike in processing volumes, for which it may not have the capacity.[19]

Food imports

13.   In a no-deal scenario, the Department will need to establish the UK's own system for imports of animals and animal products. In order to be prepared for this scenario, the Department is building an IT system, known as the import notification system, to replace the import functions of TRACES (trade control and export system), the EU's system to which the UK will no longer have access.[20] The Department is aiming to have the system up and running by February 2019 so that imports coming from further afield, such as lamb imports from New Zealand, can be registered in good time.[21]

14.   Imports of animals and animal products from the EU are not currently subject to any checks at the border. If the UK were to decide to impose new import controls, it would need to manage imports of animal products from the EU and process 730,000 consignments of animals and animal products each year.[22] To prevent delays, the Department is proposing to allow imports from the EU to come in without pre-notification and without being checked at border inspection posts. The Department recognises that this approach presents increased risks to biosecurity and food safety, but it has decided in the short term

---

14   Q 66

15   See European Chemicals Agency guidance on "only representatives" at https://echa.europa.eu/support/getting-started/only-representative

16   Q 77

17   Q 73

18   Q 80

19   Qq 82–85

20   C&AG's Report, para 2.16

21   Q 90

22   C&AG's Report, figure 7

to prioritise the flow of goods over implementing border checks that may cause delays. It justified this course of action on the basis that the risk from EU food imports will be no different on the day after EU Exit from what it was the day before and, because of continuing regulatory alignment, would stay the same for the foreseeable future.[23] The Department does not yet know whether the EU will reciprocate this arrangement by allowing UK exports to enter the EU without border checks. It assumes the EU will do so on the same grounds that, as an EU member, the UK is currently compliant with all of the standards required of the EU and will continue to be so after EU Exit. However, the Department recognises that there is a risk the EU will not do so: "would they insist on checking all of our food manufacturers and our slaughterhouses? You mentioned losing goodwill before. If they wanted to be very difficult there, they could be, and there is not a lot we could do about that."[24]

15.   The Department told us that it has a dedicated work stream to develop its plans for an "enduring regime" on border controls for imports and is looking at how it can improve on the current EU border regime that would no longer apply to the UK in a no-deal scenario. This includes assessing the risk of smuggling and the development of a more risk-based approach to border control.[25] However, the Department is focused on being prepared for "Day One" and not on the enduring regime, and so it acknowledges that there is initially an increased risk of smuggling. The Department said that it could not know for sure that what was in an individual lorry did not impinge on public safety or include smuggled goods, but added that, as a result of existing controls on how food is produced that apply across the EU27 member states, the risk following EU Exit would be no greater than before.[26]

Engagement with industry stakeholders

16.   The Department cannot yet fully predict what may happen in a no-deal scenario or whether arrangements will be in place with the various EU bodies, and this makes it difficult to communicate with businesses and industry stakeholders.[27] The Department explained that, in the government's technical notices, that were published in phases starting in August 2018, it has tried to set out as clearly as possible for stakeholders what it understands the current position to be and it was using these as a starting point for more detailed and open communication activities.[28] It said that the technical notices present the message that "we very much hope this [no deal] won't happen but, if it does, these are the things you need to do".[29] The Department said that it is developing guidance and training that will be shared "very shortly" on how to use the new IT systems. However, it has been difficult to inform stakeholders how to use IT systems that have not yet been fully developed. The Department is planning to provide further guidance in November 2018 on re-registering chemical products, just four months before EU Exit.[30] As the exit date approaches, businesses need to make important decisions such as who they need to recruit and even, for smaller organisations, whether to cancel holidays. In response

---

23   Qq 40, 43

24   Q 104

25   Q 48

26   Q 46

27   Q 80

28   Q 21

29   Qq 151–154

30   Qq 73–74

to criticism for its lack of engagement, the Department told us that it is increasing its communications staff complement and has set up a new directorate for business readiness and engagement. However, it is still considering when best to get particular messages to particular groups of stakeholders.[31]

17. The Department acknowledged that levels of secrecy imposed by government had hampered their discussions and that it has had debates with government about the timing for release of information. It had asked DExEU many times for permission to communicate more freely in order to get information out as early as it felt it was needed.[32] It had used non-disclosure agreements in areas of commercial sensitivity and for discussions about border arrangements with industry representative groups. The Department stressed that non-disclosure agreements were used in discussions where the Department wanted to get an early reaction from industry on the arrangements that would be in place. For example, the Department asked the British Retail Consortium to look at the new import control system, but did not want the Consortium to pass on information from these discussions to its members.[33] However, we were concerned that this approach keeps small and medium-sized enterprises in the dark and prevents them from finding out what they need to know to make preparations. Defra insisted it was important to be able to have private discussions but is now aiming to have "the maximum number of conversations with the widest possible range of people."[34]

---

31   Qq 3, 149–150
32   Qq 158, 160; C&AG's Report, para 17
33   Qq 26–28
34   Q 31

2   The Department's wider challenges

New legislation

18.   The Department faces an unprecedented challenge in the amount of legislation it needs to lay in order to prepare the UK for EU Exit. It is one of the most affected departments and has in the region of 850 separate pieces of legislation that have been grouped in to 86 statutory instruments (SIs). Almost all of these have a devolution angle which adds a further complication to getting them on to the statute book.[35] But the Department assured us that it has made considerable progress since June and has been working closely with the devolved administrations over the summer. It is confident it can lay more than half of the SIs by the end of November and the rest by the end of January.[36]

19.   The Department stated that all SIs have been started and nearly half are fully drafted, with a further 24 close to completion; leaving around 20 that still need considerable drafting effort. The Department told us it has accelerated the drafting process and has recruited staff into this area of work from external and internal sources to ensure the deadline can be met. It reported that it has also set up an operations room to unblock issues within 24 hours. We raised the concern that working at such speed could lead to poor quality legislation and challenged the Department to explain how it is maintaining quality. The Department assured us it is prioritising its time on the areas that need it and all the SIs have already been through extensive quality control processes and detailed discussions.[37]

20.   We challenged the Department on its plans to get all its SIs through parliament in time, given that it does not have control over the parliamentary programme or priorities and that there are also the SIs of other departments to be considered. The Department responded that it is now focused on ensuring that it presents the SIs to parliament as timetabled.[38] However, the process of scrutiny can be lengthy. The Committee knew of one SI recently that took an hour and a half of consideration. If this was widely repeated there would soon be a serious backlog. The Department said it is continuing to work closely with Cabinet Office around the whole programme and is confident of its ability to meet the agreed timetable to present all the SIs to parliament to allow sufficient time for scrutiny.[39] It assured us that most of its legislation is relatively straightforward, although some contain a great deal of technical information and are very long, some up to 150 pages.[40]

Getting the right staff in place

21.   The Department recruited around 1,300 staff in 2017–18 and it told us it intends to recruit a further 1,400 in 2018–19, more than doubling the size of the core department since March 2017.[41] It reported that it was about halfway through its 2018–19 recruitment programme. We asked the Department about how it was ensuring it has the right skills

---

35   Q 128
36   Q 129
37   Qq 132–137
38   Qq 129, 136
39   Qq 131, 143
40   Q 139
41   Q 11

in place in order to continue to ramp up its activities and meet its deadlines and about potential over-reliance on recent graduates. The Department said that it has enhanced its induction processes and training for staff and that it is attracting people from a range of sources, including people from other departments and from outside government. It is deploying newer recruits to its business as usual work and releasing experienced staff for the more demanding EU Exit work.[42]

22. The rate of growth in the Department creates additional challenges, in particular in terms of the capability and corporate knowledge within teams. As a result of its rapid recruitment, the Department has a different mix of people from what it is used to and, to aid assimilation, is running training programmes in areas such as legislation, Parliament, devolution and the EU in addition to its induction programme.[43] It is also recruiting experienced project managers familiar with big programmes to grow its capability within its portfolio management office and within the work streams. The Department conceded that there is competition from other departments for staff but said it continues to be successful in recruiting staff and has developed strategic relationships with suppliers to underpin this.[44]

23. The Department has taken staff from some of its delivery bodies, potentially leaving them without sufficient experienced staff. It said it has acted strategically to ensure that the most capable staff across the Defra Group are deployed where they are most needed and, where necessary, backfilling posts with less experienced staff. The Department said its specific needs have changed over time, from policy to project and programme skills and will change again towards operational delivery.[45]

24. The Department said that it was accelerating its recruitment to get people in sooner and looking for ways of shortening its processes. It cited its need for additional Marine Enforcement Officers to significantly enhance sea and aerial surveillance capability to patrol fishing waters. The Department has now agreed the business case with HM Treasury to recruit these additional staff.[46] In order to do this, the Department publicly launched the recruitment a month earlier than planned in September 2018, and has already received a large number of applications.[47] Instead of the 12 months training that had previously been provided in advance of deployment, the Department said it was front-loading its training programme, providing three months intensive training and continuing the training after they have been deployed.[48] To supplement veterinary capacity, the Department is in discussion with the Royal College of Veterinary Surgeons on the use of non-qualified staff to carry out parts of the export health certification process, where veterinary expertise is not required.[49]

---

42   Q 17
43   Q 18
44   Qq 12, 14, 16
45   Q 19
46   Q 106
47   Qq 4, 107
48   Qq 109–110
49   Q 60

Critical IT systems

25.   The Department is developing six critical IT systems that have not yet been fully tested. These are needed to replace EU systems to which the UK will no longer have access. For example, the Department is building an import notification system for imports of animals and animal products to replace TRACES (trade control and export system), the EU's system to which the UK will no longer have access. The Department told it us it is confident that its systems will be available in time for a no-deal scenario in March 2019, but recognised that some issues are bound to arise as a result of its end-to-end testing. It acknowledged that it cannot predict what these issues will be and told us that working to a fixed deadline and dealing with such scale and complexity does mean it is carrying high risk and cannot guarantee that it will be able to deal with all the issues that arise in time.[50]

26.   The food import notification system is the most complex of the Department's systems and is proceeding well, according to the Department. Testing will take place in January and February 2019. The Department anticipated that there will be issues but said that it has contingency plans ready depending on what the tests show. It recognised that there are huge challenges saying that "the thing that keeps me awake at night is the fact that we cannot know until we have gone through this process [end-to-end testing] what we will find". The project has been rated amber/green by the Infrastructure and Projects Authority but the Department concedes there is still a lot to do. The system has three parts and, even if its component parts work well separately, there is no guarantee that they will function properly together.[51]

27.   The Department told us that the UK's system that will replace the REACH (registration, evaluation, authorisation and restriction of chemicals) system used within the EU for registration of chemical products is about to enter its testing phase. This system will be unsophisticated but is designed to address the basic needs of industry with a contingency solution to enable it to function at greater scale and with better functionality in the longer term.[52] The Department also told us that the system to support export health certificates would be an unsophisticated but resilient contingency system that would enable users to find the information they need whilst a more enduring system is developed. Three other systems—for fish catch certificates, fluorinated gases and ozone-depleting substances and veterinary medicines authorisation—are all scheduled for end-to-end testing to commence in January.[53]

28.   The Department stressed that it has done all it can to identify, pre-empt and mitigate possible issues with the systems and that it was proceeding with its programmes in the knowledge that it will be challenging.[54] We remain concerned that there will be so much concurrent critical testing activity in January leaving little time to resolve issues that arise.[55] The Department emphasised that it has received assurance over its IT portfolio as a whole from the Infrastructure and Projects Authority, as well as on some of the individual projects.[56]

---

50   Q 7
51   Qq 7, 8
52   Qq 87, 89
53   Qq 90–92
54   Qq 8, 92
55   Q 164
56   Q 93

Formal Minutes

Monday 5 November 2018

Members present:

Meg Hillier, in the Chair

Douglas Chapman	Anne Marie Morris
Sir Geoffrey Clifton-Brown	Bridget Phillipson
Caroline Flint	Lee Rowley
Stephen Morgan	Gareth Snell

Draft Report (*Department for Environment, Food and Rural Affairs progress towards Brexit*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 28 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Sixty – Eighth 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 Monday 12 November at 3:30pm

Witnesses

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

Monday 15 October 2018   *Question number*

Clare Moriarty, Permanent Secretary, Department for Environment, Food and Rural Affairs, **David Kennedy**, Director General for Food, Farming, Animal and Plant Health, Department for Environment, Food and Rural Affairs, **Sonia Phippard**, Director General for Environment, Rural and Marine, Department for Environment, Food and Rural Affairs, **Tamara Finkelstein**, Director General for EU Exit Delivery, Department for Environment, Food and Rural Affairs.   Q1–164

Published written evidence

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

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

1   British Veterinary Association (EED0002)

2   Food and Drink Federation (EED0004)

3   National Office Animal Health (NOAH) (EED0001)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)