Dear Chair

RESPONSE TO THE COMMITTEE OF PUBLIC ACCOUNTS RECOMMENDATIONS FOR THE DEPARTMENT FOR INTERNATIONAL TRADE

The Committee of Public Accounts wrote to the Department for International Trade (DIT) requesting further commitments and details to recommendations four and seven. This followed the joint HMT-DIT-DEFRA response to recommendations it made in its 37th report of session.

This letter responds to your letter of 16 October 2018. It follows my separate letter responding to your earlier request for updates on recommendations three and eight.

Recommendation four

On recommendation four, the Committee requested a written update to ensure the Department has realistic plans and key milestones in place for all EU Exit work streams. As referred to in the HMT response of 18 June 2018 we committed to your recommendation and I have set out below further information on our preparations.
DIT’s objectives are to:

- help businesses export;
- drive inward and outward investment;
- negotiate market access and trade deals; and
- champion free trade.

The Government is undertaking a wide range of preparatory work to support UK EU Exit preparations in which DIT is participating. DIT has plans in place for EU Exit and our future operations based on the guidance and assumptions issued by the Cabinet Office and DExEU. We continue to test, revise and refine these plans as negotiations progress.

These preparations – including our work to ensure continuity for EU trade agreements as we leave the EU – are monitored through our EU Exit portfolio to ensure greater coordination of activity and timely response to issues. This builds upon the strong activity that has already taken place across the Department at individual project level to understand key activities, milestones and decision points. The portfolio reports in to a top-level governance function of my Executive Committee, which meets regularly to discuss our preparedness, and which is supported by the Department’s wider governance framework.

Naturally much of our preparations for EU Exit, including the programme to secure continuity for our existing trade agreements, are dependent upon ongoing discussions with both the EU and third countries. Separately, DIT is preparing to be ready to launch negotiations on new third country trade agreements at the point it is viable to do so. This preparatory work is focused around four proposed sets of negotiations (United States, Australia, New Zealand and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)). In July we launched public consultations to seek input on our potential approach to these negotiations. The consultations closed at the end of October and the responses received will feed into our policy development. We are held to account on the progress of our preparations for both EU Exit and Free Trade Agreements through departmental and cross-Whitehall governance.

Recommendation seven

On recommendation seven, the Committee requested a written update on how the Department plans to ensure we have the skills we need to negotiate trade deals. The Committee has requested further detail on future recruitment plans and an assessment of the success of our resourcing strategy to date.

We are ambitious in what we have set out to achieve for the UK’s future trading position and are planning our recruitment accordingly. International benchmarking shows that we need a range of skills and expertise, including: policy-making expertise; analysts; lawyers; trade policy and negotiations skills; and project and programme delivery
expertise to negotiate multiple Free Trade Agreements (FTAs) in parallel. Since July 2016, the department has sought to build capacity and capability through targeted recruitment, and by developing an accelerated Learning and Development (L&D) programme drawing on UK and international trade expertise.

Recruitment

Our Trade Policy Group has grown from a standing start in July 2016 to over 550 staff today. The increase was as a result of a strategic plan for growth which we facilitated through two successful bids to HM Treasury for additional resource to reflect HMG’s ambition on independent trade policy. To support our growing trade policy function, we have also increased our staff levels across our corporate functions, including analysts and project and programme management specialists.

This increased policy capability and corporate support has helped us undertake an extensive programme of work, including:

- Preparing the UK’s independent trade policy for when we leave the EU;
- Establishing working groups with over 20 countries around the world;
- Undertaking work to establish the future Trade Remedies Authority (TRA), as an intended new arm’s length body to investigate complaints of unfair trading practices and unforeseen surges in imports.
- Commencing public consultations on our future trade relationships with the US, Australia, New Zealand and the CPTPP; and
- Laying our tariff schedules at the World Trade Organisation.

However, we continue to review our resource requirements against our trade policy and negotiations programme. We recognised that we would need a further uplift to ensure we would be in a position to respond fully to trade negotiation and policy demands in both a ‘deal’ and ‘no deal’ scenario. Funding agreed with HM Treasury means we are able to bring on board the right number and mix of policy expertise, lawyers and analysts to ensure that DIT is positioned to deliver on its EU Exit commitments. Trade Policy Group continues to expand to ensure DIT has sufficient capacity to be prepared to begin formal negotiations upon exit from the EU.

DIT, in common with all departments across Whitehall, is facing recruitment challenges as resource growth across the Civil Service means that departments are competing for policy, specialist and project delivery resource, and some labour markets are more competitive by their nature, such as digital. We are responding to this through intelligent recruitment, such as batch campaigns, targeted search and exploring contingent labour. A recent example of this has been an external campaign we have run to attract people for our policy roles. Through an innovative approach to recruitment we attracted 687 applicants for an initial advert for 30 roles. We are still running the campaign but are
confident the design of the campaign and the approach taken will result in a higher number of appointable candidates that we can make further use of as part of our growth plans.

Therefore, we continue to have, and review, resourcing plans that support us in having access to the skills and capabilities needed to deliver departmental priorities.

**Building capability**

In parallel to building capacity, we have also developed an accelerated programme of trade policy and negotiations capability at foundation, practitioner and expert level in partnership with the FCO’s Trade Faculty. We are also working with other Government Professions, including the Policy and Project Delivery Professions, to offer a rich L&D curriculum to our staff.

We are building capability through the new cross-HMG International Trade Profession, with professional standards and an L&D Curriculum. Since launch in May 2018, 2,500 new and aspiring trade professionals have joined the Profession across 25 Government Departments and Arms-Length Bodies, and we have appointed Heads of Profession across 12 departments to champion and lead the Profession.

Our training programme covers developing frontline trade negotiation skills through to technical policy expertise. There has been increased demand to train staff on the Future Economic Partnership and new FTAs in parallel. Nevertheless, we have delivered a wide-ranging syllabus through a number of different formats including:

- Trade Foundation and practitioner level training for those working on trade policy, delivered through e-learning modules and classroom-based training, given by experienced UK and International experts.
- Expert level trade policy L&D, delivering ‘deep dive’ training across a range of trade policy areas for our trade policy ‘expert cadre’. We currently expect to deliver 20 expert-level modules including: rules of origin; customs and trade facilitation; and services, by April 2019 through the DIT’s Trade Policy Group and the Trade Faculty.
- Trade negotiations training, including Chief Negotiator training delivered by the Trade Faculty, and negotiations simulations for our frontline cross-HMG negotiating team. We expect to run a further 6-8 simulations by April 2019 to support the negotiations readiness of our teams.
- Access to trade training in world-leading trade establishments, including the World Trade Organisation; Blavatnik School for Government, Cambridge; Columbia and Georgetown Universities; and expert level masterclasses with global trade experts.
- Masterclasses with trade experts, including Sue Schwab (former United States Trade Representative), and Luis González García (former Counsel in investment treaty arbitrations and trade negotiator for the Government of
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Mexico) to speak to DIT teams on a diverse range of subjects such as investment law, the future of subsidies, and reform of the WTO.

I am copying this letter to my Secretary of State, the Treasury Officer of Accounts and the Comptroller and Auditor General.

ANTONIA ROMEO