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PACAC EVIDENCE SESSION CLARIFICATION

At our evidence session with your Committee on 28 February, we committed to provide clarification on a number of points. We have set out this additional information below, and in an annex.

Q235 on the Common Transit Convention

The Committee asked for the latest position on membership of the Common Transit Convention (CTC). The UK has successfully negotiated to be part of the CTC as an independent contracting party, in a no deal scenario. Membership of the CTC provides a number of economic benefits, and would reduce administrative burdens on traders by reducing the need for additional import/export declarations when transiting across multiple customs territories. It also provides cash-flow benefits by allowing the movement of goods across a customs territory without the payment of duties. Our successful negotiation to accede to the CTC, and our work in preparing our borders to allow CTC traffic, is a cornerstone of our efforts to ensure that the UK is prepared for leaving the UK without a deal.

In a no deal scenario, there will be a temporary arrangement at Dover, Holyhead and Eurotunnel (the ports where we expect the greatest volume of CTC traffic) where Transit Accompanying Document (TADs) and vehicle registration

numbers will be scanned and collected prior to arrival in the UK, to capture the movement of goods entering the UK customs territory. At all other ro-ro ports, the usual process of scanning TADs will continue to operate at offices of transit.

Q242 on assessment of the financial services sector

The Committee noted a reference to the Financial Policy Committee's Financial Stability Report in the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office's Written Ministerial Statement of 27 February, and asked whether the document's assessment of the financial services sector is now out of date.

The Financial Policy Committee (FPC) is the UK's macroprudential authority, and has a statutory duty to monitor risks to financial stability and take action, where possible, to reduce them. Since the publication of its Financial Stability Report in November 2018, and following the Government publication *Implications for business and trade of a no deal exit on 29 March 2019*, the FPC has published its latest assessment of the risks to financial stability in a disorderly Brexit scenario. This is contained in the Financial Policy Summary and Record of the FPC meeting of 26 February 2019, which was published on 5 March 2019.

The financial services section (paragraphs 41 and 42) of the Government publication is consistent with the FPC's 5 March publication. In the record published on 5 March, the FPC notes, consistent with the assessment in the November 2018 Financial Stability Report, that the 'core banking system is strong enough to withstand the economic shocks that would accompany a worst case disorderly Brexit.' The FPC also assesses that: 'Most risks to UK financial stability that could arise from disruption to cross-border financial services in a no-deal Brexit have been mitigated ... However, some disruption to cross-border services is possible and, in the absence of other actions by EU authorities, some potential risks to financial stability remain.' Regarding mitigating actions by EU Member States, the FPC notes that: 'A number of EU states with material uncleared derivatives activity have proposed or implemented legislative measures which seek to address this risk but the scope and effectiveness of these measures will vary between jurisdictions. Notably, there remains particular uncertainty about the scope of current or proposed legislation in jurisdictions which account for more than 40% of the notional value of outstanding contracts.'

As stated in Paragraph 21 of the paper, the government's long-term analysis does not account for any short-term disruptions. It does not model the transition to the long run, or any immediate operational impacts in the event of a 'no deal'

EU exit, including – in financial services – short-term measures introduced to mitigate risks in a ‘no deal’ EU exit.

Q297-8 on recruitment and secondments in the Civil Service

The Committee asked for a breakdown and grade of the number of civil servants who have been recruited or seconded from other government departments to work on EU Exit. This data is attached in the annex.

Do let us know if you require any further clarification or information.

Yours sincerely,


MARK SEDWILL


JOHN MANZONI

ANNEX: recruitment and secondments in the Civil Service

Recruitment campaigns are one element of departments' EU exit resourcing strategies. Across the Civil Service, 16,118 EU exit posts have been filled through a mixture of recruitment and redeployment.

GRS has supported departments with 2,965 EU exit recruitment campaigns, which have identified 5,833 successful candidates to fill priority roles in departments.

By Department

Department	Number of civil servants recruited/seconded
BEIS	1,009
DCMS	339
Defra	1,255
DIT	393
HMRC	1,278
Home Office	1,559
Total	5,833

By Grade

Grade	Number of civil servants recruited/seconded
AO	29
EO	491
HEO	1,662
SEO	1,640
G7	1,528
G6	483
Total	5,833

By Profession

Profession	Number of civil servants recruited/seconded
Commercial	226
Digital	514
Policy	3,709
Project Delivery	1,384
Total	5,833

Notes

1. This data is correct as of end February 2019.
2. This data covers GRS client departments using the EU Exit Priority Recruitment Service. The total EU exit posts have been filled for these departments (BEIS, DCMS, Defra, DIT, HMRC, HO) is 14,297. Recruitment data for other departments is not held centrally.
3. This data includes recruitment campaigns that have identified both internal and external successful candidates. It is not possible to accurately distinguish between internal and external recruitment at campaign level as existing civil servants can apply for, and be successful in, external campaigns. However, of these campaigns, 1,402 are recorded as external campaigns.
4. The number of EU Exit posts includes returns from CO, DExEU, DfT, DHSC, FCO and MHCLG which are not included in the tables.

