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Culture, Tourism, Europe and External Affairs Committee

Thursday 17 September 2020

Session 5



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CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
21st Meeting 2020, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

*Annabelle Ewing (Cowdenbeath) (SNP)

*Kenneth Gibson (Cunninghame North) (SNP)

*Ross Greer (West Scotland) (Green)

*Dean Lockhart (Mid Scotland and Fife) (Con)

*Oliver Mundell (Dumfriesshire) (Con)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*Beatrice Wishart (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Dr Anna Jerzewska

Paul Lowe (National Records of Scotland)

Jamie MacQueen (Scottish Government)

Stuart McMillan (Greenock and Inverclyde) (SNP)

Anne Slater (National Records of Scotland)

Pete Whitehouse (National Records of Scotland)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

Virtual Meeting

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 17 September 2020

[The Convener opened the meeting at 09:01]

Interests

The Convener (Joan McAlpine): Good morning, and welcome to the 21st meeting in 2020 of the Culture, Tourism, Europe and External Affairs Committee. This is our 11th remote meeting. I welcome Stewart Stevenson MSP, who has replaced Stuart McMillan MSP as a member of the committee. Stuart McMillan is, however, joining us at his request for the first agenda item. I invite Stewart Stevenson to state whether he has any interests that are relevant to the committee that he wishes to declare.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Thank you, convener. I have nothing in my register of interests, but I draw members' attention to my postgraduate qualification, which means that I am a regular and intensive customer of the National Records of Scotland.

The Convener: Thank you—that is noted.

European Union: Future Relationship Negotiations

09:02

The Convener: Our first agenda item is evidence on the committee's commissioned external research on checks on goods that are imported into the European Union. I welcome the author of the external research, Anna Jerzewska, who is a customs and trade consultant.

Dr Jerzewska is a globally recognised customs and international trade policy specialist, with a combination of extensive theoretical knowledge and years of practical experience in delivering solutions for real firms facing real problems with regard to customs. Anna has worked as a customs consultant for three of the big four advisory firms: PricewaterhouseCoopers, EY and KPMG in London, where she advised clients on a wide range of global trade and customs issues. In recent years, her main reoccurring clientele have been the United Nations International Trade Centre, British Chambers of Commerce, assorted private sector firms and the Government. She is an associate fellow of the United Kingdom trade policy observatory.

Before we hear from Anna, I remind everyone to give broadcasting staff a few seconds to operate your microphone before beginning to ask a question or provide an answer. I would be grateful if questions and answers could be as succinct as possible. If we have time at the end, I shall bring members back in for supplementaries, but I ask members to restrict themselves to two questions.

Before we move to questions, I invite Anna to make a brief opening statement of around two or three minutes.

Dr Anna Jerzewska: Good morning, and thank you for taking the time to read the report and organise this session.

I want to formally acknowledge my colleagues who helped with the report. The report covers customs, sanitary and phytosanitary measures and technical barriers to trade, and so is cross-area reporting in many ways. Although I authored it, I would not have been able to write it without the help of two consultants who contributed to it: Emily Rees, on sanitary and phytosanitary measures, and Dr Peter Holmes, on technical barriers to trade. They are not here, but they both kindly agreed to provide any additional information or to answer your questions in writing should there be a need. If there are questions that are not covered in the report, they will be happy to help after this session.

The Convener: Thank you. That was very succinct, which is great. We will now move to questions. I will begin, and I will be followed by Claire Baker.

Your research outlines in great detail some of the trade barriers that we would face under World Trade Organization agreements, and even under a free trade agreement of the type that Canada and Japan have with the European Union, or an association agreement such as the one that Ukraine has with the EU. Of course, it looks extremely unlikely that the UK will achieve a free trade agreement, so I will focus on WTO arrangements.

I have just been reading about some of the documentation that is required. You mention that the EU uses a customs declaration document called the single administrative document. I was astonished to find that, on that customs declaration alone, there are 50 data fields covering things such as commodity codes, agents' details, where the goods were shipped from and the type of customs procedures that the goods are entered into. However, you say that there are other forms. There is transportation documentation, a packing list, licences, transit documents and certificates of preferential origin, and it goes on. You mention that that is not an exhaustive list, but I have to say that I was absolutely exhausted just reading it. Obviously, that is before we consider the other checks that you talk about in terms of phytosanitary measures and regulations.

Some of that will come as a surprise to many people who perhaps voted for Brexit believing that it would reduce the burden of red tape. Will the burden of red tape and bureaucracy on business after we leave the EU be considerable?

Dr Jerzewska: That is a big question. You can look at the issue of red tape in two different ways. There is the red tape of behind-the-border regulation, and then there is border regulation, which you mentioned. You are absolutely right that, in terms of borders, Brexit will definitely increase the amount of red tape, because at the moment we do not have internal borders.

Some of the documents that I mention in the report are still necessary when goods are being moved within the EU. At the moment, such goods are normally accompanied by some paperwork, such as transport documentation or a commercial invoice. Some of that documentation is standard and accompanies any goods that move, even within the EU. However, you are correct that a lot of the documentation will be new. Even though the customs declaration is just one form and, on the face of it, it is just a one-page document that is submitted several times, for any business, a significant amount of time and information goes into preparing it. In addition, there will be other

forms, checks and requirements. Therefore, quite a significant amount of additional work will come with having a new customs and regulatory border.

Perhaps you are right that that might take some people by surprise. In a way, we have forgotten what it is like to trade under WTO rules, because we have been a member of the EU for such a long time. There is definitely a reason why countries enter into such arrangements, whether it is a customs union, an FTA or particularly something like the EU, which is unique in its form. As you pointed out, the report points to the fact that, even if we achieve a free trade agreement or even if we were aiming for a customs union, that would not necessarily limit the amount of paperwork at the border. A new customs and regulatory border will definitely increase the amount of red tape, and that was perhaps not fully conveyed at the time.

The Convener: That is helpful. We recently spoke about customs and regulations with Michael Gove, the Chancellor of the Duchy of Lancaster, when he gave evidence to the committee in June this year. I asked him about the possibility of checks between the UK and Northern Ireland in the port in Cairnryan. Michael Gove was adamant and said that, if goods

“are bound for the Republic of Ireland, customs procedures will be conducted, and we believe that they can be conducted electronically as the goods make their way there.”

He went on:

“However, the overwhelming majority of trade between the UK and Northern Ireland is intra UK.”

He said that the protocol would “safeguard” the

“Good Friday agreement and ... ensure that there is unfettered access for goods that are circulating in the United Kingdom”

and Northern Ireland, and that the protocol would enable provisions to ensure that there is

“no physical infrastructure at the border between Northern Ireland and the Republic of Ireland.”—[*Official Report, Culture, Tourism, Europe and External Affairs Committee*, 25 June 2020; c 44.]

Indeed, he said that there would be no physical infrastructure here, in the UK, in the south-west of Scotland.

Why do you think that he said that, given that the Prime Minister has now admitted that he is willing to break the law because there will be physical infrastructure as a result of the protocol?

Dr Jerzewska: I cannot comment on why Mr Gove said that, but I have quite a lot of points to make in response to your question.

The key one is that, at this point, we cannot determine which goods are going to Northern Ireland and which goods are at risk of going into

the Republic of Ireland. One thing that the joint committee under the protocol was supposed to do was to agree on that and establish a way to determine it, but that has not been done. The joint committee postponed that until the autumn. It is a difficult technical issue and the procedure does not exist anywhere else. There will have to be a new procedure and a new way of dealing with imported and exported goods coming through a port. At this point, we do not have any way or facility to determine where the goods are bound to and what the risk is. It is difficult to say that goods that are not at risk of moving into the Republic of Ireland will not be subject to certain procedures, because we do not have a way to determine that at the moment.

Secondly, the fact that customs procedures will be done electronically will not facilitate trade. In a way it will, but the majority, if not all, of customs procedures are already done electronically. The way that the forms are submitted is not the problem; as you mentioned, the problem is all the data fields, the information that needs to be covered and so on.

To come back to the issue of there being no checks for movements from Great Britain to Northern Ireland, there is a misconception in that regard. That is something that has been discussed quite a lot. Boris Johnson has mentioned several times that there will be no checks. As I mention in the report, checks and requirements are two different things. Just because checks are not necessarily conducted or are conducted only on high-risk goods or a limited percentage of movements, that does not make the process any easier for traders. The burden is in the documentation requirements—the forms and the other work that traders need to do before they export goods—and that is what makes a difference.

The Convener: You say that there are more requirements but, given that some of them will be fulfilled electronically, will there still be a need for some physical infrastructure? Will there be some delay?

Dr Jerzewska: There is always infrastructure with a border—that is an important point to make. We do not have borders without infrastructure—they do not exist. If there are any checks, you need people to conduct them. You need people to check the forms and the goods, and you need a place to do that. If a truck is considered to be high risk or suspicious, you need somewhere to stop it so that it does not stop the flow of traffic, and you need to examine it, look at the documents and so on. There is always infrastructure.

The key phrase that has been mentioned by Michael Gove and Boris Johnson is “no new ... infrastructure”. I think that that was in the

command paper on Northern Ireland in which the UK outlined its understanding of how the measures will be implemented. The phrase used was “no new ... infrastructure”, but we do not necessarily know what that means. If there is already a port, what constitutes “new” infrastructure? If you add staff and desks and perhaps expand a building, is that new or existing infrastructure? That is where the devil is in the detail.

09:15

The Convener: Thank you very much. That is very interesting.

Claire Baker (Mid Scotland and Fife) (Lab): I am interested in the other examples of EU trading relationships in the report that we have been given. I have a couple of questions.

What are the key things that we could learn from the trading agreements that other countries have made with the EU? It appears that those develop over time. Additional mechanisms or simplifications are added in. Do you think that there is scope for that to happen with the relationship with the UK and that our starting point might not be where we are in six months’ time or a year’s time?

Dr Jerzewska: I will start with the second question. Relationships do develop, and additional and supplementary agreements can be added. A lot of trade agreements include a provision for, or leave the doors open for, additional negotiations, consultations and simplifications in the future. If we end up having a free trade agreement type of deal, it will very likely include provisions for additional co-operation, joint committees and joint co-operation. That could happen over time. There is also an option for that in a no-deal scenario. A smaller deal could be agreed—for example, on mutual recognition. There is that possibility.

With any deal, the question or the most important part of the process is the political will on both sides. Obviously, if we end up with a no-deal scenario, the question will be how soon the parties will be ready to come back to the negotiating table and restart the process. To a certain extent, that will depend on the terms on which they left the negotiation process. Obviously, we have a difficult situation at the moment, but perhaps we still have some time to reach a compromise.

On the first question, the first thing that I would like to get across is that we will have a new border in place whatever we do now and whether we have a deal or do not have a deal and end up in a no-deal scenario. That is still not fully understood. Members will see from the report that there are significant differences between the different scenarios, whether we are talking about an FTA, a

customs union or a WTO arrangement. However, although the differences are significant in some areas, they are not that great overall. If there is a border, there will be requirements at it. There will be additional paperwork. In customs, which is my area, the differences are quite small. Whether or not we have a deal, we will have customs declarations and perhaps pre-notifications, as well. That is one of the most important points. Changes are coming, whether or not we end up with a deal.

Another point that is probably worth mentioning is that there are various elements of customs, SPS and technical barriers to trade requirements—again, that is explained in detail in the report. Those are three very different areas, and not all agreements cover them. If we end up having a free trade agreement, that does not necessarily mean that there will be a set type of agreement. We would still need to see what is in the agreement to know what will happen at the border, if that makes sense. A deal is not set in stone: it will still vary, depending on what is agreed between the parties.

Claire Baker: Depending on what deal there is, there will be some kind of border, checks and balances, and additional bureaucracy. How will that impact on the types of goods that the UK trades with Europe? Is there a significant difference between what we currently trade and what other countries that are not part of the single market and the customs union trade? Will that make a difference to our markets?

Dr Jerzewska: That is a very difficult question for me to answer. Having spoken to companies and traders over the past four years, I have heard from a number of companies that they have been losing clients in the EU not necessarily because of the final outcome but because of the uncertainty that we have witnessed over the past four years. That is not necessarily because of the new customs and regulatory border that will be implemented. A company that is based in the EU that knows that Brexit is going on, that does not necessarily know what will happen and that has a supplier in a neighbouring member state that sells goods that are of equivalent quality might not want to deal with the additional uncertainty. It is more to do with that.

The situation might be quite similar after Brexit, whatever the outcome is. Even if there are no tariffs because we end up having a free trade agreement, we will still have the additional costs of moving goods between the UK and the EU because of customs procedures and other administration and regulatory requirements. If a company has a good, long-term relationship with its supplier in the EU and the products that it provides are of a quality that is perhaps difficult to find somewhere else, that relationship might

continue. In some cases, the relationship will not continue and EU suppliers will find alternative sources closer to home. It is very difficult to say what the long-term impact will be.

A number of countries trade under WTO rules. Obviously, that is not impossible; it simply makes things slightly more expensive and slightly more time consuming. There will be a bit of a learning curve in how companies on both sides adjust to the change. Over time, companies in the UK might find a way to be more competitive and make their products attractive on the EU market, despite the additional costs. However, it is very difficult to comment on the composition of trade after Brexit.

Annabelle Ewing (Cowdenbeath) (SNP): Good morning to our witness, and thank you very much for giving evidence.

I will stick with the issue of the impact on trade. What are your thoughts on what the impact of the regime, whatever it will be—it is looking increasingly like it will be WTO rules as of 1 January 2021—will be on the physical movement of goods? There was a reference the other day to a UK Government document that suggested that there could be massive lorry parks in Kent. Lorries could be queuing for two days, and thousands of lorries could queue up. From the work that you have been doing, is business simply accepting now that that is how trade will continue from 1 January next year?

Dr Jerzewska: Again, that is a big question. It is worth mentioning that we do not necessarily know how things will work at the border. In a recent select committee meeting, I was asked to provide a percentage figure for how certain I was that there will be chaos in Kent. I think that I gave 70 to 80 per cent. However, what will happen is quite difficult to predict.

The reason for that is that a border process is very complex. A number of parties need to be ready. In order for everything to work smoothly, the Government, with its new information technology system, new processes, new guidance and so on, needs to provide the information that it needs to provide on time, and there should be enough time for traders and any other operators to familiarise themselves with that information and implement it. Then there are the hauliers and customs brokers. We know that the lack of a sufficient number of customs brokers is an issue and that there might be shortages of them. The port operators, which have their own IT systems and processes, need to be ready. They need to have enough information, and their IT systems need to connect to the Government's IT systems. There are also the traders, who will need to provide information to all the other parties.

A number of players and IT systems are involved, and some of those IT systems do not currently exist. We do not necessarily have visibility of the full operating model. We have an initial version of it, but we are waiting for further information.

The biggest worry is that it is all being done at the last minute. That is the main reason why we are expecting difficulties. It is not impossible to make things work; the difficulty is in how late in the year we leave things until. If we get information in November—it is looking a bit more likely that we will get full information, including all the guidance, in November—that will leave companies and all the other players very little time to prepare. In turn, that makes it very likely that, in places such as Dover and especially in the rural ports, where there is very little time to conduct any checks or very little physical space, there will be bottlenecks, lines and difficulties as a result of the initial chaos and uncertainty about what all the parties should do.

I think that that will change over time and that companies, hauliers and ports will find a way to operate and figure things out. However, initially, there might be difficulties because of a lack of information, we are not prepared, and we probably should have had a bit more information earlier on in the year to leave ourselves more time.

Annabelle Ewing: Thank you for that. You mentioned IT systems. I understand that it was reported in the press this week that the UK Government's IT system, which I think is called the smart freight service, is to go online and become operational from 1 January. However, it has not been beta tested. I am not a computer person, so I checked what that means—beta testing refers to the final testing of a product before it goes to market. The UK Government does not expect beta testing to be completed until at least April, although, of course, that could be put back. Therefore, an untested IT system that is supposed to deal with billions of pounds' worth of trade is going live from 1 January 2021. That does not seem to me to be optimal.

Dr Jerzewska: No, it is not optimal. It is worth pointing out that that system was designed as a back-up option for the goods vehicle movement service system, which was originally going to be used as the main system as of 1 January 2021. At some point, the UK Government realised that GVMS would not be ready in its full capability and functionality on 1 January. As a back-up system—as a fallback option—the other system was designed. If you do not have time to develop one IT system, setting up another IT system as a back-up option is probably not the best way to go.

The key function of the system is to manage traffic, particularly in Kent, because we know that

that is a high-risk area for bottlenecks, queues and so on, given the volume of trucks and goods moving through it.

The key point of the system is to deal with goods on the way out of the UK—that is, exports to the EU, where we do not have any simplifications and full procedures will operate from 1 January to manage trucks and the movements of goods. It is to make sure that trucks that are not ready and do not have the necessary paperwork do not proceed to Kent, so that they do not end up at the port without paperwork and then have to be parked somewhere and given help or turned back and so on. That is the point of the system. Without that system ready, there has to be some other fallback system or way of dealing with traffic on the outgoing leg of the journey.

09:30

On the import side, we have the simplifications that the UK Government introduced, which are very likely to help to manage the inbound traffic, but the outbound part of the journey is where we have problems at the moment. Again, without the IT system, I am not entirely sure what the procedures are. We have the—[*Inaudible.*—]—might be a way to do it.

It is definitely not helpful. We were hoping that the system would be ready for 1 January.

Annabelle Ewing: It is all very gloomy. If the smart freight IT system is the back-up to the first system that they could not get to work, and if the system has not been tested, it is difficult to see what could be done between now and 1 January 2021 in terms of a third option.

This is my last question. Obviously, at the moment, we have frictionless trade in the single market and the customs union. Whatever happens, we will not have frictionless trade with the single market and the customs union. I would imagine that, even in the medium to longer term, that will still be a different way for businesses to operate. To what extent are they able to plan for that, particularly given that we are in the middle of a global pandemic, when there are severe restrictions on normal business? In your experience, how optimistic are businesses about the possibility of trade resembling anywhere near what they can do at the moment, which is trade freely across a market of 500 million people?

Dr Jerzewska: We will not have frictionless trade—there is no such thing as frictionless trade outside the single market and the customs union. The EU is the highest form of economic integration, and that is what we get as a result. There will always be friction outside of that, as is the case with all borders.

On trader readiness, again, that is a complex question. On the one hand, there is the notion that companies have had four years to prepare. On the other hand, it is a completely different story when you speak to companies. For the majority of that time, there was great uncertainty. Companies in general have been put in a difficult situation. It is quite difficult to prepare for something if you are not sure what that will look like. For a company to be able to prepare, it is not the high-level information that it needs. It does not necessarily need to know whether there will be a customs union or an FTA; it needs the operating details, the tariffs and all the technical details and regulation in its specific area. For example, the pharma industry is highly regulated, and the companies in it need to see what the regulation and provisions will be. The same is true for producers of food and animal products—they need all the details to be able to prepare and to understand what the impact on them will be.

I think that we got the UK's external tariffs only in May. That is quite early, given that, the last time, I think we got the information two or three weeks in advance of the deadline. We are still not entirely sure whether those are the final tariffs. I speak to companies that are about to make orders and have goods shipped from all different parts of the world. In some cases, the shipping process alone takes several weeks. Coming back to the readiness point, if we have full information by December, the goods will have already been shipped; they will be en route. As we had twice already with the previous deadlines, we have a situation in which traders are ordering or purchasing goods without knowing what the conditions and trading terms will be when they arrive in the UK, which is an unprecedented situation and not one that any business should be in. I guess that that is one part of it.

I come back to what you said about the pandemic. A number of businesses left their Brexit readiness preparations until 2020. Towards the end of last year, we had perhaps not certainty but some sort of clarity with the withdrawal agreement. Then, obviously, we left earlier this year. I think that a number of businesses waited until that moment to start looking at what they can do to prepare and get themselves ready. Unfortunately, that was the moment when the pandemic hit and businesses were completely sidelined with Covid-19. Now, with the time that we have left, we have not only a potential second wave and the impact that that might have on businesses that are, in many cases, already struggling and have staff who are furloughed or who have been let go, but the potential impact of Brexit, and even a no-deal Brexit. Furthermore, as a number of people in the supply chain and retail have pointed out, we also have Christmas, which is the busiest time for any

retailer. It is not even a double whammy—there is a triple effect.

This is the worst possible moment for any significant change for businesses. From mid-December, everyone is on holiday anyway—it is a bit of a strange period. To have the information published and a deal perhaps reached at the very last minute, along with the pandemic and the Christmas retail madness, will be incredibly difficult.

It is very difficult to say whether businesses are optimistic. In the long term, there will definitely be issues, but, at the moment, businesses are focusing on the short-term difficulties. I think the short term will be very difficult, and there will be a long-term impact. I am by no means trying to make it sound as though that is not important, but I think that the struggle will be in the short term—it is the first couple of weeks or months that will be quite difficult.

The Convener: Thanks very much. We need to move on now to Oliver Mundell.

Oliver Mundell (Dumfriesshire) (Con): [*Inaudible.*]

Dr Jerzewska: I apologise, but I am not able to hear the question. I think the microphone is muted.

The Convener: You seem to have been muted there, Oliver. Do you mind repeating your question? Oliver is still muted, I am afraid. I may need to go to another member until we have Oliver's sound sorted out. Could I move on to Beatrice Wishart until we have sorted out Oliver's sound?

Beatrice Wishart (Shetland Islands) (LD): Convener, can you hear me?

The Convener: Yes.

Beatrice Wishart: My questions follow on from Ms Ewing's. We seem to be heading for a perfect storm on 1 January. You have also mentioned clients losing business in the UK over the past four years. We know that one of the things that business does not like is uncertainty. What sectors of the Scottish economy are most likely to be impacted, particularly by checks on goods that are going into the EU? I am particularly interested in perishable goods from fishing and aquaculture.

Dr Jerzewska: That is exactly the answer to your question, in a way. It is difficult to assess what will be impacted and what will not, but food and animal products and the fishing sector are at risk, particularly given how many small and medium-sized companies are involved in them. Many producers are not necessarily large, multinational companies but small producers. The additional paperwork—especially something like SPS requirements, which are so complex and

require so much work in advance to obtain a certificate or make sure you comply with all the regulations—is an incredibly burdensome requirement for companies that have never had to deal with it before. That will be an issue.

I have had conversations about the uncertainty around what happens if a truck is sent from Scotland all the way down to the south and it is turned back. What happens if the documentation is not sufficient? That is a serious concern and there is a need for some sort of regional support or additional support for companies, especially small and medium-sized companies and the family-run businesses. The requirements are incredibly technical, and it is not a question of reading the guidance and saying, “All right. That is what I need to do,” or, “These are the forms that I need to fill in.” You need to understand all your obligations, otherwise the truck will be turned back or your shipment will be turned back and will not be able to enter the EU. The regulations are incredibly strict. You have to have everything done on time, with the right certificates and the right checks for your type of product.

The other problem is that it is not necessarily the same for different types of products. One exporter in Scotland might be subject to different regulations and different requirements from those that another is subject to, so it is not even a question of their necessarily learning from each other if they export different types of products.

There is definitely a need for some support here. This will be an area where there is significant risk of an impact on the Scottish economy.

Beatrice Wishart: Are there any lessons to be learned from other countries about perishable exports and their borders? Is there anything that you can see that would be useful in our situation?

Dr Jerzewska: Not necessarily, because the problem we have, particularly in this instance, is that we are moving from a degree of higher economic integration into something of a lesser nature, in a way, in terms of economic integration, without making any political judgment on that outcome. In other countries, if you start exporting or if you start trading, you are aware of what the requirements are and you either conform to those requirements and export abroad or you do not. We are in a unique situation whereby, overnight, something that was never required becomes mandatory.

Coming back to the need for additional help, a lesson that might be useful is that, in a number of developed countries and some African countries, the Government actively supports exporters of such goods by helping them to understand the requirements. For example, a number of African countries have special bodies or make special

help available to exporters. Because EU regulations on perishable goods are so strict and complex, it is understood that companies are not necessarily able to export them themselves. It is, I guess, one of the lessons that, at some point, additional help will need to be made available.

The Convener: We need to move on to the next speaker. I think we have Oliver Mundell's microphone sorted out now. Oliver, are you there?

Oliver Mundell: I am here. I hope that you can hear me this time, convener.

The Convener: Yes.

Oliver Mundell: Excellent. I am sorry if I cut across my colleague's questions, because I do not know what was just asked. I am interested in what proportion of businesses export only to the EU. Obviously, there will be some businesses in that category, but a lot of other businesses are surely used to at least some customs paperwork from the small amount of trade that many of them do with other countries around the world.

09:45

Dr Jerzewska: I am sorry, but I forget the number. There is an official number of UK businesses that the UK Government estimates export only to the EU. Apologies, but it has slipped my mind. I will have to get back to you on that.

It is definitely an interesting point about the fact that some businesses already export to the US, and all around the world. They are used to customs formalities, customs procedures and so on.

There are two points to make. One is that, in a way, it is easier for those businesses to understand what they need to do to submit a customs declaration, but there are two points that make it still difficult. One is the availability of customs agents and customs brokers. Very few businesses submit customs declarations themselves; the majority use an agent or a service provider. Because of the increased volume of export declarations as well as import declarations, there will be shortages of those brokers and service providers. As a result, even companies that export and are already engaged in the process might find it difficult to find a service provider to do it for them. That is one area where it is difficult.

Another area where it is difficult is that, although those companies will be familiar with customs declarations, there will be some specific information in terms of the UK-EU relationship that they need to add to the mix. Along with everyone else, they are still waiting to find out what the details of the arrangement are. It is not necessarily true to say that, just because a business already

exports to the US, it will be sorted and have everything it needs for 1 January. That is not necessarily the case. It will be easier for it, but it does not mean that there will be no problems.

Oliver Mundell: You have highlighted Christmas as a risk factor in terms of business preparation. When do you feel a better time in the year for that would be? I could be wrong, but, for a lot of industries, January and February tend to be quieter times of the year for exports, so it should be easier to manage any short-term disruption to the kind of work that was being brought up earlier. Is there a better time in the year for that to happen?

Dr Jerzewska: Is there a better time of year for a massive change and disruption? Let me put it this way: Christmas is probably not an ideal time, but I am not sure what time would be better. A quieter time would definitely be better.

Companies did two things to prepare themselves for the two previous deadlines. They stockpiled, hoping that they would be able to use the provisions if there were any disruptions. Related to that, in the run-ups to the two previous deadlines, they also had a period of time during which they imported and exported less. They had a bit of a quiet period without orders. They planned ahead and did not take on additional orders for that period of time, which gave them some breathing space to see how the situation developed and what happened at the border. If a number of companies do that, it will mean less volume coming through ports for a couple of days, or up to a week, which will give port operators, logistics providers and so on a little bit of time to figure things out. With this being one of the busiest times for retail and volumes, that will be difficult. Christmas is just an additional difficulty, and companies are not necessarily in a position to stop orders for a week or even just limit quantities.

It is also worth mentioning that companies have stockpiled twice and had issues with that and their financial investments. If they have already done it twice, they might be a bit reluctant to prepare for it this time as well.

The Convener: Thank you very much. I will now move on to Stewart Stevenson.

Stewart Stevenson: Let me pick up Oliver Mundell's first question and develop it a little bit. Companies that export to countries outside the EU are, of course, often doing so under the overarching arrangements between the EU and those countries. For example, a seed potato exporter whom I know exports to Uruguay and to the Philippines, and I have been involved in helping them with issues. They are covered by EU regulations and trade agreements and, therefore, the paperwork is known. To what extent is trade

between Scottish companies—and UK companies, for that matter—and countries around the world where the trade is governed by EU agreements going to be disrupted by what might happen at the end of this year?

Dr Jerzewska: That is an important question. The UK is still a party to a number of trade agreements that the EU has with countries around the world. As of 1 January, that will no longer be the case. The UK Government has been working on extending the provisions or signing continuity or rollover agreements for a number of years, and quite a lot of progress has been made, although there are some notable exceptions, such as Canada and Turkey, where the agreements have not yet been signed. We obviously had the announcement on Japan last week or the week before that. The agreements that have not been rolled over are still under negotiation. As far as I am aware, depending on what happens between the UK and the EU, some agreements might be rolled over before the end of the year, so we might still have some additional opportunities there.

The impact of the change on Scottish and UK companies, from the wider perspective, will very much depend on the companies. A number of companies that I speak to are looking at their supply chains to understand whether their products will be able to fulfil rules of origin, which will determine whether they are eligible for preferential tariffs under the deals. One of the helpful things that the UK Government was able to achieve is certain provisions with these trade agreements, meaning that producers in the UK can still use EU inputs and still be eligible for these preferential tariffs under the trade agreements.

For a number of companies, that will be very helpful because they will still be able to export and import under the preferential tariffs. However, some companies will be impacted by the fact that the EU is not part of these agreements. The biggest impact, in one sense, will be the other way around and will affect companies that exported—well, not exported because at the moment we do not have exports—or supplied EU manufacturers, which then sent the products to these other trade agreement partners. That is not highlighted enough, and it is not something that we focus on enough. It is not necessarily the UK to the free trade agreement partner movements that will be impacted; there will be significant impact on the companies that supply EU manufacturers and the EU, because the EU will not be using the same provision and will not be counting UK imports as originating. That is worth mentioning. I do not think that that is getting enough attention.

Stewart Stevenson: There are also the sanitary and phytosanitary issues, because the UK will no longer be governed by EU law in that regard. Even

if the paperwork and the tariff side of it might be okay, I am not sure it facilitates.

I want a relatively short answer to this question. Your very helpful submission to the committee talks about the export of live animals but seems to focus on mammals, whereas many rural areas and small communities in Scotland export nephrops such as langoustines, lobsters, scallops and prawns, which are also live animals and which are absolutely time critical. Boulogne-sur-Mer's market, for example, specifically refers to the fact that many Scottish companies trade through there. How are they going to be placed in getting their goods to market when a delay of even six hours will leave the goods dead or valueless?

Dr Jerzewska: Yes, absolutely. In one of my projects I am looking at exports of shrimp from Scotland, so I am starting to appreciate the complexity of that supply chain and how time is important there.

Again, it will depend on where the goods are shipped to. In respect of trade with particular third countries, that relationship will be bilateral as of 1 January, so, for the UK and the particular country, if there are any issues in terms of delay or any documentary requirements, to a certain extent the rolling over of the agreements should help. However, there is a risk of delays and, as you said, even a couple of hours in that particular example will matter.

The silver lining is that, if it is a UK and third party country relationship, there is scope for bilateral co-operation to address any delays, especially if there is a rollover agreement. It is a question of ensuring that the UK deals with these issues bilaterally. Obviously, so far it has not had to, but now it will be up to the UK Government to address these issues.

Dean Lockhart (Mid Scotland and Fife) (Con): Good morning, Anna. What tariffs would apply if we reached a Canada-style free trade agreement with the EU? Can you clarify what tariffs apply on products that are traded between Canada and the EU? I would like to get your views on whether there are any particular reasons why the EU could not agree a Canada-style deal with the UK. I think that you mentioned this earlier, but I understand that this is the first time that a free trade agreement will be reached where the parties—the EU and the UK—are already in full regulatory alignment.

Dr Jerzewska: I will try to answer that briefly. I believe that the EU and Canada comprehensive economic and trade agreement liberalised 98 to 99 per cent of tariff lines, which means that the majority of tariffs have been removed and are at zero provided that goods comply with the rules of origin and are eligible.

The tariffs that will apply under the UK and EU agreement will depend on what is agreed. The original plan was to have a tariff-free and quota-free trade deal, although there would probably still be some exceptions. There are always some exceptions in every agreement, even in the EU and Japan agreement and the current UK and Japan agreement. Even if it is said that 99 per cent of tariffs are being removed, there are always some exceptions, and some products retain tariffs. However, if an agreement is reached, it is very likely that the majority of tariffs—perhaps 98 or 99 per cent—will be removed. We would need to see which tariffs would remain, and that would still be subject to goods being eligible and fulfilling the rules of origin. That addresses the first part of your question.

On why the UK and the EU cannot agree a deal, first of all, I am still not entirely sure, despite everything that has happened in the past couple of weeks, that we will not have a last-minute deal. The stakes are really high on both sides, and, at the end of the day, both sides appreciate that a deal will be important.

As you mentioned, the two sides are completely aligned, and they will be so until 1 January. It is a very new situation because it involves a divorce rather than a coming together of two parties. The reasons why we are having difficulties in obtaining an agreement have nothing to do with technical questions; they are all political issues. In a few areas such as fisheries, the level playing field and so on, provisions are difficult to agree between the parties, but I repeat that the reason for that has nothing to do with the technical side. It is all a question of political agreement and the difficulties on that front. The same applies to customs.

There is absolutely no reason why the UK and the EU could not reach an agreement. Technically speaking, it is absolutely doable, which is why I hope that common sense and reason will prevail and we will reach an agreement at the end of the day, even if it is a very last-minute agreement.

10:00

Dean Lockhart: Thank you, Anna. That was very helpful. I share your confidence that a last-minute deal will be done. It seems to be the nature of trade negotiations that a deal is left until five minutes before the deadline.

I would like to ask about the joint committee that has been set up to identify goods that are at risk of being exported into the Republic of Ireland. You mentioned all the documentation that exporters have to produce in relation to export destination and the ability to track the movement of goods with modern technology. Should it not be relatively easy to identify goods that are at risk of being

exported into the Republic of Ireland if parties are acting reasonably?

Dr Jerzewska: That is a very good question. The short answer is, “Not necessarily.” We have never seen anything like this. Normally, when goods arrive at the border, the question that is asked is where they have been—where they have come from, or where they originated. No one will necessarily ask where they are going. In a limited number of cases with certain customs procedures, it is important to see where the goods will end up, and those procedures require a significant amount of documentary evidence from the company. The burden of demonstrating where the goods will end up lies with the company.

A while back, I wrote a paper about ways in which this could be solved from a technical perspective. I came up with three options based on existing procedures, but it seems to me that there is a balance to be struck between how certain the Governments of both sides—the UK and the EU—want to be, how much control and oversight they want to have and how much burden will be placed on companies.

For both sides to have absolute certainty that goods will end up in Northern Ireland and not in the Republic of Ireland, we would need to require companies to submit a lot of paperwork, as is required with the special procedures that I mentioned, such as inward processing. In those cases, tariffs are suspended, but the company needs to demonstrate and provide evidence of the goods then being re-exported. That involves a lot of evidence and time and it is a strict procedure. We do not want to end up with something like that, because it would be incredibly difficult for businesses. It would make it even more time consuming and expensive to trade between GB and NI, so we need to find a balance and a procedure that is reasonable, as you mentioned.

Again, I do not think that the difficulty here is necessarily technical. It is a difficult technical topic, but reaching a solution will require, as has often been said, mutual trust, confidence and co-operation. At the moment, we are struggling with that mutual trust and confidence. This has never been done before and it requires some creative thinking. The big thing is that we should not make it too strict; otherwise, companies will not be able to trade, because it will just be too difficult.

Dean Lockhart: That is very helpful. I guess that, if we have one party demanding 100 per cent certainty of tracking the goods, it will make the process difficult.

Convener, those were my two questions. Thanks again, Anna.

The Convener: We have some issues with Kenneth Gibson’s sound and video. We will try to

sort that out. In the meantime, we will move on to questions from Stuart McMillan.

Stuart McMillan (Greenock and Inverclyde) (SNP): Good morning, Anna. I represent a constituency that has a port. The UK Government has spoken of introducing some 10 free ports across the UK, and, having read your paper, I have a couple of questions on that subject.

In your report, under the heading “General Border Procedures”, there is a section on safety and security processes and anti-smuggling procedures. I am conscious that, earlier this year, *The Guardian* contained an article about the illegal activity that goes on through free ports. Are free ports a possible way forward to try to assist with the UK leaving the European Union?

Dr Jerzewska: That is a very good question on an interesting topic. I will make a couple of background points. We had free ports in the UK up to 2012, I believe, but they were not used. There are other customs procedures that do pretty much the same thing without the need to relocate and be near a port, so those procedures are more popular than free ports.

What the UK Government is planning to do now, with the consultation on free ports and the report that came out of that, is a mixture of a free port procedure in relation to customs and other incentives—tax incentives, support and additional provisions for companies. It is not necessarily purely a customs procedure.

From a customs perspective, free ports can be a useful tool, but they are not necessarily so. The very successful free ports are located in areas such as the middle east, where tax provisions are perhaps slightly more flexible than they are in the UK, so the big benefits of free ports that we see there might not be able to be replicated in the UK from a customs perspective.

It is worth mentioning that a free port adds one more customs border, because the free port itself is surrounded by yet another customs border, so it adds even more paperwork and red tape.

There has been a lot in the media about illegal activities, and the European Commission issued a report on the subject a while back. It is not a new topic. Free ports have been known to be places where various activities take place. A number of people in different disciplines know them for different purposes. For investors, free ports are a fantastic place to store expensive art and other investments because of their duty-free nature and the incentives that they provide.

I guess that everything will depend on the number of controls that are implemented in the free ports and how much illegal activity goes on. That brings me back to how much red tape and

how many additional procedures are involved in free ports, given that they require oversight, additional inspections and so on.

On whether they can be helpful or not, I note that a number of UK ports have applied or, at least, are thinking about applying for free port status. I am not saying that free ports cannot be beneficial, but I think that, in many cases, ports are expecting this to completely change their situation. There was an article about a port a day or two ago, and the headline said that free port status is key to its survival. I do not think that the benefits of a free port can be so great as to be the key to survival. If the situation in a port is that dramatic, I do not think free port status will change it.

There have been other reports about ports that have already invested in new technologies and have special plans for green investment, green infrastructure and so on, and they are applying for free port status. Again, I am not necessarily sure that the benefits will equal the up-front investment. I am also not entirely sure who will be making that investment. I am not sure whether it will just be the port or whether the Government will support it. However, up-front investment is required in fencing off the port, making sure that it is secure and providing additional staff, procedures, IT systems and so on.

The benefits of free ports might be slightly oversold. I am not saying that there are no benefits; I am just not entirely sure that they are as great as a lot of ports are expecting them to be. I think that the ports might be a bit disillusioned once they have received the status. Again, we will see what happens. We need to see what specific provisions will be granted to ports with the status, but I would be quite cautious about how much it can change things. It can be helpful for ports that are already doing well and operating well, but it is definitely not something that will significantly alter a port's activities.

Stuart McMillan: I am conscious that your colleague and co-author of the report, Dr Peter Holmes, has questioned free ports in the past.

My second question is about section 5 of your report, which is headed

"Canada and Japan (FTAs with the EU)".

You say:

"however, it only covers a subset of products and the recognition of Canadian testing bodies is dependent on a further process laid down in the agreement."

Again on the issue of free ports, does that indicate that, if there are to be some type of individual agreements with countries across the world, different testing bodies, regulations and regimes will be put in place for each individual agreement?

As a consequence, could that make free ports more of a challenge than an opportunity?

Dr Jerzewska: I would separate the two and look at the questions separately. Let us say that we have a UK and Canada agreement. Free ports are separate customs areas, so they would be outside the agreement. If you were importing something from Canada under a preferential tariff and it went into a free port, the preferential status would be lost. Free ports cannot be used in that respect. For a free trade agreement to apply and tariffs to be reduced, you need to ship directly. A free port is a separate entity. That is what I meant in saying that free ports add another border and another layer of difficulties.

On TBT and SPS requirements, you are correct. The report contains examples and case studies of agreements around the world, and that is what I meant when I said at the beginning that FTAs are not all created equal. The fact that we have an FTA with a certain country does not mean that the provisions on SPS or TBT requirements will be exactly the same. That creates a situation whereby the UK, just as the EU has done, might agree different things in this area with different partners. An exporter from the UK, as is the case now with the EU, will need to know that, for Canada, they can get their product tested in the local testing facility that has been approved and recognised but that, for another trade partner, they cannot do that and they will have to do something else.

It is definitely the case that different agreements have different provisions and there will be differences. However, if companies already export to a number of countries, they will be familiar with that, and especially the TBT and SPS requirements. These are very complex areas where regulation differs per partner. Customs is slightly different.

The Convener: We need to move on because we are already over our time.

10:15

Kenneth Gibson (Cunninghame North) (SNP): I am interested in the discussion with regard to bilateral agreements. I was looking at the Ukraine association agreement and I realised that, even with that agreement, waiting times can be up to 25 hours or sometimes longer. I wonder how effective these bilateral agreements could be with regard to the UK.

Also, I know this is a difficult question, because there are different agreements and some have not been signed and so on, but, given where we are, what do you believe the collective annual cost to UK business will be of the additional border and customs checks with EU countries?

Dr Jerzewska: I will start with the first question. Borders such as the one with Ukraine can come with significant waiting times. Turkey is another one where waiting times can be well beyond 24 hours, and there will be cases where borders are particularly blocked or are in a bottleneck.

That is a key point on agreements. When people hear about free trade agreements or a customs union, they automatically think that the word “free” refers to border restrictions, but that is very much not the case. With the EU’s free trade agreements, one of the borders where significant reductions in waiting times, red tape and procedures have been achieved is the border with Norway. However, that has little to do with the agreement. It has a lot to do with bilateral co-operation between Norway and Sweden that predates the EU participation. I think that that is mentioned in the report. Norway and Sweden have established joint customs offices whereby there is so much customs co-operation between the two parties that companies can submit to the export and import sides of the process at the same time. That leads to significant reductions in the time that is required, waiting times and so on.

The biggest point to make here is that an FTA between the UK and the EU will be only part of the solution. Any agreement—especially given the draft agreements that I have seen from both the EU and the UK—will include a provision on customs co-operation, and that is where reductions in waiting times can occur. Whether we have an agreement or not—obviously, this will be much easier if we have an agreement—there will be a need for co-operation in customs and border procedures between the parties. An FTA in itself will not solve the difficulties relating to waiting times, especially in the case that we talked about earlier, with delays and bottlenecks in Kent. A lot of this is also related to traffic management on our side and on the French side, although I think that France has it covered a bit better than we do.

There are two points here. One is that part of it—the internal traffic management—is up to the UK and is something that the UK needs to sort out and provide solutions for. The other point is that, to facilitate trade at the borders, the key thing will not necessarily be in the free trade agreement, but will lie in customs co-operation between the parties, which is slightly separate. An FTA facilitates that co-operation, but it is not necessarily the answer. It is not the final answer in order to facilitate trade, if that makes sense.

I appreciate that this is a bit complex and maybe a bit unclear in the way that I explained it, but basically, an FTA in itself, without customs co-operation, will not help with waiting times.

Kenneth Gibson: I think that, ultimately, what we are looking for is the impact in terms of the

costs to UK businesses, competitiveness and employment. That is really the crux of what I am looking to ask you about.

Stewart Stevenson, Beatrice Wishart and others have talked about vulnerable sectors such as fish and animal products, but which other products will be particularly affected? If we consider the impact on competitiveness, some businesses will clearly become less competitive because they will have to meet costs that they do not have to meet now. That is why I am looking at the issue. Will you expand on that?

Dr Jerzewska: Yes. I will try to be brief. There have been some official estimates of the costs for business, but I do not believe that we can give full numbers, and I will explain why. We can estimate how much it will cost for the additional customs declarations and customs and admin procedures. We have a set cost for a customs import or export declaration, which is between roughly £15 and £40 or £45, depending on what is included. There are premium services for more complex import and export declarations, and the cost of those can be as high as £70 or £80 for a declaration. We can do calculations by multiplying those sums by the number of additional declarations.

However, we cannot absolutely estimate—I do not think that anyone can give this number—the internal cost to businesses of hiring additional staff, getting advice from consultants and trying to understand the new regulations. There are other costs, too. If someone has products that have SPS requirements, there is the cost of obtaining certificates and the additional fees related to going through border inspection posts. The costs will be different depending on the industry, but no one can fully estimate the internal costs to businesses. Another example is the cost of a new IT system. The costs will be significant, but they are impossible to estimate. I have seen a number of estimates but I do not believe that they are full estimates—I think that they leave quite a lot out.

You also asked about businesses that are particularly sensitive, in addition to those that produce perishable goods such as food and animal products. Businesses that are highly regulated and are required to produce additional certificates and permits and to comply with a number of other requirements before they get to the border will be impacted. Examples are chemicals and pharmaceutical businesses and those in the automotive sector. It is a question of the time that it takes businesses from when the goods are produced to when they are ready to be exported. Again, it is difficult to estimate the additional time.

Kenneth Gibson: GlaxoSmithKline told me that it had spent £70 million on preparing for Brexit, and that is just one company.

I have a final question. Following the shenanigans at Westminster this week, Joe Biden, the Democratic candidate, and Nancy Pelosi, who is the speaker in the House of Representatives, have made it clear—I will quote Nancy Pelosi—that there is “absolutely no chance” of a US and UK trade deal passing Congress if the Good Friday agreement is undermined. Will there be further impacts on trade agreements, not just with the United States but with other countries, if that is perceived to be undermined and, indeed, the UK Government continues down its path of breaking international law?

Dr Jerzewska: Yes. This is an extremely serious issue. We are all wrapped up in our Brexit debate and the talks with the EU, but I do not think that we are fully appreciative of the reputational angle of that. What does it mean for a country that wants to be a new and important player on the international scene, wants to be global Britain and wants to sign a number of trade agreements, including with countries with which the EU has not been able to sign agreements?

For such a country that seeks to re-enter the international scene with its own independent trade policy to start that process by breaking international law is a very serious matter. I really hope that it is part of a negotiation game rather than something that the UK Government is seriously considering. We have to be aware that the whole world is watching. Other countries are watching and are trying to understand what type of trading partner the UK will be, and it is not looking very good. There is the Good Friday agreement aspect, but there is also the aspect of a country breaking its own agreement and breaking international law.

This is incredibly serious. As I said, I really hope that it is part of negotiations and a way to gain an upper hand and leverage in the negotiations, rather than an actual attempt. I hope that the UK Government is not going to go through with this. It is not something that I would have expected a couple of weeks ago, and it is serious.

Kenneth Gibson: Yes—it is madness. Thank you.

The Convener: I thank Anna Jerzewska for her evidence today and for producing her report as part of our future relationship inquiry. That concludes our questions and our evidence session. The committee will consider the evidence that we have heard later in the meeting, in private session.

Before we move on, I put on the record my sincere thanks to Stuart McMillan MSP, who joined the committee in September 2016, for his extensive and valuable contribution to the

committee’s work. We wish him well in his new position on the COVID-19 Committee.

I will suspend the meeting to allow the panel for the next part of our agenda to be put in place.

10:25

Meeting suspended.

10:27

On resuming—

Scotland’s Census

The Convener: Our next agenda item is an evidence session on Scotland’s census. I welcome to the meeting Paul Lowe, chief executive, National Records of Scotland, and registrar general for Scotland; Pete Whitehouse, director of statistical services, National Records of Scotland; Anne Slater, director of operations, National Records of Scotland; and Jamie MacQueen, who is a lawyer with the Scottish Government. I remind everyone to give broadcasting staff a few seconds to operate your microphones before beginning to ask your question or to provide an answer. I would be grateful if questions and answers could be kept as succinct as possible. Before we move to questions, I invite Paul Lowe to make a brief opening statement of two to three minutes.

Paul Lowe (National Records of Scotland): Thank you very much, convener. Good morning to you and to the committee members.

Before I get to the substantial part of my introduction, I will take this opportunity to record my thanks to colleagues in NRS for their very significant contributions working with a range of partners during this terrible pandemic. Their commitment to progressing essential work in the Covid response, providing a range of important services and progressing the census has been truly substantial and impressive.

Since colleagues were last in front of the committee, it is fair to say—somewhat mildly—that the world has significantly changed. In March 2020, my organisation was working to deliver the census for March 2021. At that point, our programme was on track but there remained significant work that needed to be done. The census order was in place and we were working hard with the committee and others to progress the regulations. We were learning the lessons from a very successful census rehearsal and moving into the next phase, in which we were about to undertake further significant development work, testing and the onboarding of very substantial field and programme resources.

Our delivery confidence was based on an appreciation of the skills, capacity and commitment of NRS staff and our partners and where we were in delivery of our plans. However, contingency was not limitless and there remained a challenging but achievable amount of work to do. Success was conditional on there being no major and sustained disruption to our work.

The immediate and continuing impact of Covid has, unfortunately, delivered a level of disruption that most of us have not experienced in our lifetimes. It has led NRS to recommend that the best way of securing the long-term value and benefits of the census is to move the census date to March 2022. As the organisation tasked to deliver the census, we have not taken this matter lightly. We have reached that conclusion following detailed impact assessment work, which I have shared details of in our submission to the committee and a summary of which we have provided. The work included an independent assessment of the status of the programme, which by May was reporting that the programme had shifted down to a red status.

10:30

As the committee is aware, the Scottish ministers received NRS's recommendations and subsequently informed the Scottish Parliament and the committee of the intention to move the census to March 2022. This is the timescale to which we are now operating. Currently, NRS is in the phase of an intense replanning exercise and we are working with our contractors and partners, with the Northern Ireland Statistics and Research Agency and with the Office for National Statistics to support the delivery of their respective censuses, and with data users to meet their needs.

The impact of Covid has been and continues to be tragic and substantial. My responsibility with the census is to ensure that we gather and provide a census that submits vital and accurate data in a safe, secure and efficient manner. We get only one opportunity to ask the people of Scotland these questions in each cycle and it is important that we do so in a way that allows that to be done effectively and with high quality, not only to meet short-term needs but for many years to come.

In our assessment, the decision to move the census to March 2022 provides the best opportunity to put in place a census of the right quality to deliver for our users. I thank you for this opportunity, and I welcome any questions from the committee.

The Convener: Thank you, Mr Lowe, and thank you also for your submission to the committee, which is very helpful. You say in your submission

that the census delay, as you have said now, is due to the pandemic. However, you also say in the submission that, prior to the pandemic, the census programme board had reported that the delivery confidence assessment had moved from amber-red to amber. You said in your comments that it had moved to red, but maybe you misspoke. Is it correct to say that it moved to amber?

Paul Lowe: To clarify, we have had a number of independent assessments carried out on the programme. An assessment was undertaken at the end of February or in early March, before the Covid pandemic. That put the programme at amber status, which means that delivery of the programme is feasible. For a programme that is a year or more out to delivery, an amber assessment is relatively common in such reviews. A follow-up review was undertaken towards the end of May, several months on and some time into the pandemic; it suggested that the impacts of the pandemic were more significant and recommended that the programme be put at red status in light of the Covid challenges.

The Convener: I see. An amber status does not suggest to me that you are on track. In traffic lights, as I recall from my highway code, amber means wait; it does not mean go.

Paul Lowe: To clarify, there is a set of very specific definitions that is linked to the project review methodology for gateway reviews. I am a gateway reviewer and I review other projects. This is based on what is called a delivery confidence assessment. An amber assessment means that delivery of the programme is seen to be feasible but there are challenges. It is based on assessment of what needs to happen over the period ahead. It would be common for a major programme a year or more before delivery that was in a reasonable position to have an amber or at best an amber-green assessment. If a programme were rated amber-red or red, that would be a more concerning position. We have had a range of independent assurance reviews undertaken in the census programme, and we have a programme of them going ahead. All of those pointed out that significant progress had been made in the programme in the period just before the pandemic and that, at that time, delivery in March 2021 was deemed to be feasible.

The Convener: I am looking at an Office for Statistics Regulation report from October 2019 that looked at how all the census authorities across the UK were progressing—"Assessment of Compliance with the Code of Practice for Statistics: 2021 Censuses in the UK—Preliminary findings". That report suggested that NRS had experienced difficulties. For example, in paragraph

4.5 it said that NRS had told the regulator that it was facing challenges that included

“procurement issues, concerns over effective decision making ... and contingency planning arrangements.”

It went on to say that you were putting a new governance structure in place to deal with those things. It acknowledged that you were dealing with those difficulties but it said:

“Nevertheless, there remains a delivery risk for census outputs in Scotland and we welcome the ongoing dialogue with NRS as it continues to manage these risks.”

It strikes me that you had quite significant difficulties already, and the fact that you are now in red, despite having delayed in order to catch up, suggests to me that there are serious problems within NRS.

Paul Lowe: When I came into the organisation, there were some challenges with the delivery of the census programme, and those were picked up, as you say, in elements of the OSR review in October 2019. I will hand over to Pete Whitehouse in a few minutes, but I will follow up with assessment activity from OSR in the past few weeks, which is much more positive. That red assessment was made in May, before the decision was taken to change the census date, so the delivery confidence assessment of red is based on the status of the programme if there was an expectation to deliver in March 2021, based on Covid. That same report stated that, if decisions were taken to look at the timeline of the census programme—and that was under consideration at the time—the delivery confidence assessment of the programme would be amber or better. The red assessment is based on the challenges of Covid, not just those at that point in the programme but the future likely challenges of Covid for delivery in March 2021; it is not an assessment of the health of the programme if it was being delivered to March 2022.

It might be helpful if Pete Whitehouse said a few words about the OSR review process and the most recent follow-up activity on the report that the convener references.

Pete Whitehouse (National Records of Scotland): Good morning, everybody. The OSR is an organisation that works with the statistical census agencies—the ONS, NISRA, the Welsh Government and us—to help us reflect on the progress that we are making but also to ask us questions about how we are meeting our users’ needs. Its focus is very much to ask, “How are you ensuring the quality of the data that you are going to produce? How are you explaining to the public, to those from whom you are going to take data and to those to whom you are looking to provide data where you are in that process? How are you going to deliver the public value that is required?”

The conversations largely happen within the organisations. Colleagues from the OSR will come in and speak to colleagues in NRS, as they do with the ONS, NISRA and others. People have an informal and open conversation, because it is a collaborative exercise. It is an opportunity for statisticians in the main to talk to each other about the challenges that they see.

Talking about those challenges is not about saying that we cannot do this. It is much more about saying that we are aware of the challenges ahead of us and of the work that we need to do. What advice can the OSR give us? What advice can we learn from our colleagues across the UK to be transparent and make sure that the information is out there for the public? It is largely within that context. The OSR sets out a series of assessments, which we go through and we publish on our website and make available for others to read and to come back to us on.

We are continually working with the OSR. We have had conversations very recently about the work that we are doing to make sure that our methodology is in the public domain, that our rationale for the work that we are planning for the next year into March 2022 is clear and understood and that all that information is there. I would characterise the OSR as very much focusing on whether we are doing what we need to do to let people know where we are with our programme delivery and how we are learning from each other to ensure that we do is to high quality.

The Convener: Thanks very much for that. That is all very well, and I understand that it is a collaborative process but, nevertheless, the report said that there was a delivery risk, and Paul Lowe has acknowledged that there were some problems, as were outlined in that October report, and that he had been tackling them.

Claire Baker: I appreciate that the decision to cancel the census next year and move it back a year was a difficult one. However, from the paper that we have received, it does not look as though everybody else has taken that decision—that is, the rest of the UK will proceed with the census. You gave examples from Australia, Canada and the US where, although it is challenging to deliver, there are still attempts to go ahead with the census. You have concerns about the response rate, which is moving from a predicted 95 per cent down to a 60 per cent or 80 per cent response rate under the various scenarios that you looked at for possible delivery. I would like to understand why those estimates are so low. Given that the ONS and the rest of the UK are going to proceed with the census, I assume that they do not feel that they will have the same drop in response rate. Why is the response rate in Scotland predicted to be so low?

Paul Lowe: What is happening internationally with censuses is that the Republic of Ireland has announced this week that it is delaying its 2021 census to April 2022, and we understand that India is also contemplating doing that. The impacts of Covid on the censuses in Australia and New Zealand are still under contemplation but they have announced that the public rehearsal in Australia and major public testing in New Zealand are being delayed. In North America, the US census was live when the pandemic hit—their reference date was 1 April. The implications of Covid for the US census are still to be evaluated, but they have more than doubled their field force collection. They will have field force agents out in the US until the end of October—for twice the length of their anticipated period—and concerns have been expressed about the response rates that they have seen.

The position of NISRA and the ONS is that they are continuing to work towards March 2021. I cannot speak in detail about their internal decision making around why they are proceeding on that route. That is, obviously, a matter for them and for the respective Governments that are overseeing the census in those parts of the United Kingdom. There are differences in the design—

Claire Baker: I am sorry to interrupt, but you are giving quite a complicated explanation for why the ONS is proceeding, which is to do with its ability to mitigate and the different ways in which it collects data. I find that quite difficult to follow. Is it because of the size of the organisation or the set-up? I am trying to work out why we are different in Scotland.

Paul Lowe: There are differences in the design of the censuses in different parts of the UK, and certainly in Scotland. It might be helpful to bring in Pete Whitehouse, our chief statistician for NRS, to answer some of the more technical questions.

There is a concern about the impact of Covid on response rates across the whole of the UK. The ONS, independently of the census, has been working for some years to develop what is called administrative data, which is data sources that exist in other parts of the Government and public sector. If there are low response rates from the census, it hopes to access and use that administrative data to see whether it can fill gaps. The ONS is a hugely capable organisation and it has the ability to progress solutions like that in a way that many parts of the world cannot, but those are experimental and they also involve data that is not available or legally accessible in Scotland, so we do not have access to that.

Part of the equation is that there is a recognition that response rates are a concern and an issue for everybody, but the ONS has access to solutions that we do not have in Scotland to compensate for

any gap that might arise. If we proceeded and had low response rates, we would not have a way of accessing data from other places to fill gaps in the same way. That is the risk that we would face in Scotland. Pete Whitehouse might want to add to that.

10:45

Pete Whitehouse: We start in a place where there is concern across all census organisations about how to conduct a census in the field in these times. The ONS is a significant organisation that runs social surveys and economic surveys, does a lot of work on statistical methodology, has a lot of links into academia and has a lot of IT knowledge and scope. We and the ONS were both ready in February and March 2020 to run our respective census designs and to put our censuses in place. As Paul Lowe said, we still had a lot of work to do but our assessments were, as were the ONS's, that these things were manageable. Our census design was suitable and appropriate for delivering what we were intending to do.

Covid came in and hit our ability to do that. Our considered view was that, if we went in March 2021, we would be likely to get a response rate of somewhere between 60 and 80 per cent. The impact of that would be that we would be likely to miss lots of vulnerable individuals—

Claire Baker: I am sorry to interrupt again—and, convener, I will take this as my second question—but I still do not understand why the response rate would go from 95 per cent down to 60 or 80 per cent. Is it because there would not be a field force? You have told us in previous meetings that we are moving to an online method because that is how everybody works now and that would improve response rates from the previous census, in 2011, which used a paper-based method. Why would there be such a big drop?

Pete Whitehouse: The ambition for a successful census is somewhere around the 90 per cent response rate, whether that is online or on paper. In 2011, we had a 94 per cent response rate, so that gives us what we are aiming for. Through our work in looking at options, given the challenges that we were facing with this Covid pandemic, putting in place a census in March 2021 would have meant running it without a field force. The field force is the people who are out in the streets, helping people to fill in the census and knocking on doors. That helps with uptake but it also helps people who might need support with the paper forms. If we do not have that in place, one of the options is to take an online-only approach. However, that would mean that we would lose the digitally excluded people or people who do not feel able to do that. If we took a completely paper-

based approach, there would be issues with what that would do to the response rate. Some people might get the form and decide not to respond, so we need a field force to help with that. If we use both of those approaches—online and paper—we will still miss a good number of people.

One of the points of the census, and why it is so important, is that, as Paul Lowe said, it allows us, once in a cycle, to get information at a very detailed local level about all our people in Scotland. It is not like a survey whereby we select 6,000 households or whatever. The census is about trying to get the really detailed information that we require at a local level, so our caution has to be around how we put a census in place that allows us to get as close as possible to a good mid-90s response. Our conclusion, through our work, was that, if we had a census in March 2021 but did not have a field force, we would miss 20 or 30 per cent of our population. It is not that we would miss the average; we would miss the very people for whom the census is the most important tool in gathering that information. That takes us to our decision. We said that a census in March 2021 would not deliver the necessary quality.

As Paul Lowe said, the ONS has different options in front of it partly because of the work that it has been doing for a number of years to gather information from different bits of the public sector, local authorities and other big GB and UK organisations. That was not part of its census design but, because it was doing that work as part of one of its major strands, it was able to use that to give itself some confidence that, if response rates in England and Wales hit 80 per cent, it could understand who was missing and could use that evidence to improve its statistical estimation.

That is the difference. We do not have that information, so we would be left with a response rate that was low and biased and we would not be able to have confidence that we could produce the outputs that our users need. The ONS's view is that it will work very hard—and it will—to make sure that response rates are as high possible but that, if they turn out to be low or problematic, it has other data and statistical methods that it will apply. What it has also talked about is that there will need to be some consideration of the precision of those estimates and the timescale that it takes to deliver them.

The Convener: I will stop you there because we have to bring in other members of the committee. I realise that this is a technical subject, but I ask for answers to be kept as succinct as possible.

Dean Lockhart: I will try to keep this brief. What is the estimated cost of postponing the census?

Paul Lowe: We have decided to reschedule the census based on achieving best value and value

for money. We are currently doing detailed replanning of the census, which will include the additional cost of delivering the census. I am happy to write to the committee setting out the outcome in more detail once we have concluded that exercise, which will be soon.

It is not a comparison between the original situation and the new census date. It is likely that any census organisation would, in attempting to deliver a census in 2021, incur Covid-related costs in delivering the census according to plan. The question is not as binary as being about the original plan versus rescheduling. We will be happy to provide that information to the committee.

Dean Lockhart: Thank you. That would be helpful.

I also want to touch on the public policy implications of census data being gathered in Scotland in a different year from its being gathered in the rest of the UK. What will be the data implications and wider public policy implications of the two systems running out of sync?

Paul Lowe: I will say a little bit, then Pete Whitehouse can say a bit more from a statistical perspective. All the bodies that take censuses in the UK are working very closely together on this. Our collective view is that the issues are surmountable; that is certainly the view of the national statistician. We agree that it is not an ideal situation, but there are existing methodologies and approaches that we can use. We produce lots of data based on the census in years when the census is not run; there are ways of bridging data gaps using existing census data and other surveys and methodological approaches.

Pete Whitehouse: One of the key things is how we deal with population estimates. The census is one of the key tools that we use every 10 years or so to allow us to add births, subtract deaths and add migration. That approach produces our population estimates, which go into helping with allocation formulas. We also get information on rates from lots other statistics—most recently, Covid and mortality rates, for example.

We are very conscious of the need to ensure that the information is provided. We have experience—this happened after 2011—of censuses delivering their population estimates at different times. At that time, the nations came together to agree that we could produce a UK population estimate based on census data and rolled forward census data from a previous period. People run their allocation formulas and look to readjust them when the new census data comes on stream.

We are very conscious that users such as equality groups and particular interest groups will be looking for specific data. We will have conversations and engagement with them and we will ensure that we make it very clear on our website how we will help them to get information as we run through 2022, 2023, 2024 and onwards. We are very clear that that is an important component, so we will be putting relevant work in place. The aforementioned Office for Statistics Regulation will help us to ensure that we speak to and engage fully with all UK users of census data, as well as those in Scotland.

A number of groups that are already in place across the Governments' statistical services—the ONS, the Welsh Government, NISRA and ourselves—will be looking at the matter. That is an issue for my directorate in NRS, because we produce the census, to a degree, but are also a customer of the census because we are responsible for population estimates for Scotland. The issue is very close to us and will help us to support data users across Scotland and the UK.

Dean Lockhart: On public policy and finance policy, what statistics will be used, with the rest of the UK, for the purposes of the block grant adjustment?

Pete Whitehouse: After the 2011 census there was a nine-month gap between Scotland census population estimates and those of the rest of the UK. We have population estimates. In 2011 England, Wales and Northern Ireland had their 2011 census data. We were using our 2001 data, which we would be rolling forward. Each year we add births, take off deaths and add migration information, which gives population estimates. We use the census to calibrate that and to see whether we need to make adjustments. That is the process that will happen. We will have those conversations. We managed to do it successfully in 2012 and we will do so again.

There is work going on across the UK on our migration statistics and how we use administrative data from different sources, such as national health service data, to inform that. The quality of the estimates should improve.

Stewart Stevenson: Good morning. First, I want to pick up on another aspect of the delay to the census, which is that it will reduce the time between this census and the following one from 10 years to nine years. What planning has been done to squeeze 10 years' work into nine years? What are the implications of that?

Paul Lowe: The census programme is approximately six years in delivery. It does not take the full 10 years, so there is scope within delivery to compensate for the delay. The dates for when future censuses are set are matters for

the Parliament and the Scottish Government. NRS will produce recommendations after the census in 2022, but it will be for ministers and Parliament to fix the date of the next census. NRS will progress with delivery against that.

Stewart Stevenson: I suppose that that opens up a question: if the census takes you only six years, what do you do for the other four?

Paul Lowe: NRS undertakes a broad range of work outside the census. I am happy to go into that in more detail, but we gear up our staffing and resources in step with our delivery of the census programme. A number of people come into the organisation to deliver the programme, then leave at its conclusion so that we are not sitting with a high level of staff for the full 10 years.

Stewart Stevenson: My final question will be short. We will be a year out of step, and you have discussed some of the issues around that. What public policy areas will be affected by the delay? Will it affect health service planning, infrastructure decisions and so on? In other words, it is not just an issue for NRS; it is an issue for all public bodies that depend on the census.

11:00

Paul Lowe: We know who our data users are and we engage with them very closely. To come back to an earlier answer, I repeat that we produce, outwith the census, a range of statistics and information that are used by stakeholders. Each year we produce mid-year population estimates, for example, which are used by a range of stakeholders. As Pete Whitehouse explained, because we are also responsible for the registration system, we have very good figures on births and deaths in Scotland.

The other factor through which population changes is migration. There is an existing UK model for migration statistics, but, outwith census consideration, the ONS, NISRA and NRS are working to produce a more robust migration model. We produce lots of statistics and information that helps them, and we will work closely with them to make sure that the issue is mitigated.

Beatrice Wishart: I would like to go back a step to before Covid—if any of us can remember what life was like then. On delivery of the census in March 2021, answers to the convener's line of questioning seemed to indicate that there was a problem. Did you consider additional resourcing or capacity to deliver in March 2021? Was that an option? Did you flag that up with the Scottish ministers?

Paul Lowe: I will clarify the initial point. There were historical challenges in the census

programme. When I started at Christmas, in December 2018, a number of assurance reports indicated that there were challenges in the programme. However, since then a number of mitigations have been put in place to improve the programme. I reconstituted the programme board, we brought in additional resources and changed governance of the programme. A number of assurance reviews came out late in 2019 and into 2020 that indicated that substantial improvements in the programme had been achieved. The independent assurance reports that I received in February and March indicated that, before the Covid pandemic, delivery of the programme was perfectly feasible for March 2021.

As part of the options appraisal exercise, we looked hard at the option of still delivering the census in March 2021. First, we looked at our original plan and considered whether we could deliver the census with all the planned shape and colour according to that timescale and whether there were mitigations.

Additional resourcing was an option that we looked at, but I am afraid that there are some situations in which additional people cannot buy you out of trouble. For example, it is really important to robustly test the census. A lot of our testing happens in the year in the run-up to the census going live. It is important not only that all the IT solutions and so on work as expected, but that the data in them is protected from cyberattack and other things. The last Australian census, for example, was a digital census, and it was closed for the first three days because of a cyberattack. The issues that we were facing included truncation of the testing window, which started to feel very risky in the light of the census being digital. We looked at such things as part of our consideration of whether we could hold to the March 2021 date.

Beatrice Wishart: That is helpful.

Annabelle Ewing: How confident are you that you will not be back at the committee some time next year saying that you cannot make the new date?

Paul Lowe: I am very confident of that. We are delivering what we planned to do in March with contingency time. The scenario that presents a real risk is our being unable to find a solution to Covid. That is less likely now, based on our knowing more about the virus, about how we manage the issues and about how we will manage the census even if Covid is still around. I do not have concern about that; the assurance reviews that I am having done and the independent advice that I get all indicate that the programme is in a good place for delivery in March 2022.

Annabelle Ewing: I asked the question because, as we established at the outset of this

session, NRS was already at amber before Covid. I think that you said in response to an earlier question that the detailed replanning exercise is not yet complete. If so, how can you conclude with reasonable confidence that you will meet the next deadline?

Paul Lowe: I will briefly clarify the point about amber status. Amber status means that a programme's delivery is feasible. A programme that is a year or more out from delivery is unlikely to have green status because there is a considerable amount of work still to deliver. At the point when assessment was undertaken, amber status was a reasonable assessment. For context, I point out that the ONS programme was also at amber at that time. That status is not an unusual or negative critique of the health of the Scottish census programme at the point before Covid arose; in fact, it is quite the opposite. It is important to clarify that.

The question about replanning is legitimate. We had a plan before Covid for how we would deliver the programme. We knew all the components, their relationships, when we needed them and how we were going to test them. The replanning work is about how we move that plan to a later delivery date, rather than do it according to a shorter delivery timescale. Before Covid we had confidence that we had a plan for delivery in March 2021. It is not the case that there were unknowns in that plan; it is about how we match that plan with an elongated period for delivery. The risk in that is less than it would be in a scenario in which we try to do it according to a more truncated timescale.

Annabelle Ewing: Thank you for that answer. Time will tell. It would be useful if NRS could keep the committee updated on its progress on that. Thank you.

Paul Lowe: We are very happy to do that.

The Convener: Thank you. That would be very helpful.

Kenneth Gibson: You say in your report that you need at least a 90 per cent response rate for a census to be valid. The rate was 94 per cent in 2011, which means that there were still 330,000 people in Scotland who did not respond. For the census in 2022, is there any focus on areas from which there was a particularly low return. Were there specific areas where the rate fell below 90 per cent? What steps are being taken to ensure that we get a higher return next time, given that now we are talking about an 18-month preparation time?

Paul Lowe: That is a very important question. In a second, I will hand over to Pete Whitehouse, who can talk a bit about how we adjust statistically for areas where we do not have responses. The

issue that Kenneth Gibson has articulated is partly at the heart of why we recommended delaying the census. Our trying to deliver it in March 2021 risked there being a higher number of people not responding.

Our work for the census includes community engagement work. We know from previous censuses the populations that are more difficult to get results out of; they vary among countries and over time, but we know them. We built into the census a very active community engagement programme in which we would engage with and go out to speak to different groups in order to drive up awareness and participation in the census. That is important activity before the census goes live, but because of the restrictions that have been caused by the pandemic, we have not been able to do that. That was partly why we recommended delaying the census.

Active community engagement and communications and an education programme are important in targeting those groups, because they are the people about whom we need to know most. There are things that we can do to compensate where there are relatively small numbers. Pete, do you want to say something about that?

Pete Whitehouse: We have a number of approaches. Some are based on understanding of how we use our field force—our support to people as the survey takes place. We know the areas that have traditionally had poorer response rates, and we know where we need to place our additional support in order to help people in those areas to respond. We have thresholds; we expect response rates at local authority levels and so on that give us sufficient coverage in a general sense, but we have also to ensure that we do not miss key parts of the community. We have those kinds of data; we learn from colleagues across the UK and from our own experience.

We do other things that are about using other data. It is not well known that after the census we run another survey called a census coverage survey, which helps us to understand whether we have missed particular areas or bits of areas, and to understand from a statistical perspective how we can adjust census data.

We also use other data that we can get hold of to quality assure the estimates that we get from our census. It is, very much, a statistical process that engages with people through the media and communications with their communities in order to help them to fill in the forms. That is aligned with our understanding of where people need more support and with a management information tool that tells us how the census is actually running so that we can reallocate field force support.

A number of statistical approaches help us to use other data, to look at where we are missing information and to provide better-quality estimates, so that we produce good-quality output based on all that.

From a stats perspective, it is key that we continue to learn, including from our colleagues, and that we provide what we learn to the UK and internationally, because we all have to deal with the issue.

Kenneth Gibson: Thank you very much for those two comprehensive answers, which are very helpful. I am wondering about the level of variance. Both witnesses have said that there are certain communities in which, traditionally, there has been a lower return from censuses. If we are talking about 90 per cent being the accepted level at which a census is valid, are there many such areas, and what is the variance? Is it 80 to 99 per cent? Is it 92 to 96 per cent? What is the level of variance in Scotland?

Even with all the community outreach and so on, when do you consider the return level to be such that the information from an area is not valid? You can make statistical projections and so on, but, given that we are trying to base a number of public services on accurate information, when does the information that you receive go below the level—it may be 90 per cent, as you say in your report—at which you can consider it to be robust?

Pete Whitehouse: I do not have all those numbers here, but I am very happy to provide a paper to the committee on our thresholds. We have expectations of response levels at, say, local authority level, which we have set out in our quality assurance document—they are published—which show the response we anticipate and need to have.

11:15

When we talk about areas or individual communities in which response rates are more challenging, it is not that we accept that; it is more that we are saying that we know we need to focus more on those areas through our community work and media, to encourage and engage with people to make sure that the census returns are made.

We explain to our users the quality of the estimates that we produce—we do that with the Office for Statistics Regulation and other UK census organisations. When we have gathered the data, we assure it to the levels we do and, when we understand that there is missing information, we produce estimates that say it is within plus or minus 0.5 per cent, for example. There will be a presentation of the accuracy of the information—that is what we will do, as the ONS, NISRA and all other bodies do.

I am very happy to provide a paper that talks about how we are ensuring that we get the coverage and the completion rates that we need and what we do to make sure that all the data users are clear about the precision and accuracy of the data.

Kenneth Gibson: I have one more question.

The Convener: It will have to be a very succinct question and answer, please.

Kenneth Gibson: Sorry, convener.

When you talk about individual communities, what scale of community are you talking about? Is it 500 houses or 1,000 houses? Is it a particular town? What do you define as a community in trying to put together the statistical analysis?

Pete Whitehouse: I am thinking of communities very broadly as groups in the population across the whole of Scotland who have some shared characteristics that mean that they are unable to respond very well. There may also be some local areas where there are aspects of, say, digital exclusion or other things. We have to think about all of this in the round. I am happy to provide clearer detail in a paper if that would be helpful.

Kenneth Gibson: It would be. Thanks very much. I appreciate that.

The Convener: Our last questioner will be Oliver Mundell.

Oliver Mundell: Has any additional resource been requested from the Scottish Government and the Scottish ministers?

Paul Lowe: We are in regular contact and engagement with the Scottish Government about the resources that are needed to deliver the programme. As I said earlier, in the presentation, it is likely that there will be some additional costs and resource requirements in running the census for an additional year. We are concluding our work on that through our replanning exercise, and we are happy to write to the committee to set that out in more detail.

Oliver Mundell: So, no specific request has been made so far?

Paul Lowe: Sorry, can you clarify, in respect of—

Oliver Mundell: For additional funds. You have not asked for any money already.

Paul Lowe: Not yet, no. That will come after we have concluded the replanning exercise. That will then feed into a resource budget request for the census for the revised date.

Oliver Mundell: Thanks. I have one other substantive question. Were the Scottish ministers

relaxed about the proposal to delay or did they push back at all?

Paul Lowe: Obviously, I cannot comment on the detail of ministerial thinking. What I can say is that we were asked for a range of additional information, as well as being asked questions on our recommendation. The conversations went on over a number of weeks. Some of the questions that the committee has asked today are the sorts of questions that ministers have asked of us about the firmness of our assessment of the need to shift the date of the census, about whether any other mitigations could be taken, and about exploration of the options that are set out in the paper that we have shared. There were a range of issues.

I do not think that anyone—certainly not me—has taken the prospect of shifting the date of the census lightly. I did not join NRS for this outcome. It has arrived as a result of Covid, unfortunately.

The Convener: We have a little bit of time in hand. I will ask a couple of very brief supplementary questions, and I ask you to keep your answers brief. Mr Lowe, when Annabelle Ewing asked you for an assurance that the census would be delivered in 2022, you said that the only factor that might militate against that was our not having solved Covid by then. However, a lot of international experts are saying that we may not have a vaccine by then. I take it that you are not planning around a vaccine or elimination of Covid, are you? We all hope that it will be eliminated, but I presume that we have to plan for a continuation, local lockdowns and everything else that we are seeing. Are you planning for all of that?

Paul Lowe: I am sorry if I articulated the sentiment not very elegantly. There is a lot more understood about this virus and a lot more understood about how we would operate a census if Covid still remains—and our assumption is that that is a distinct possibility. We will plan to use mitigations if Covid is still endemic in the population in March 2022. There is hope that it might not be around then, but, if it is around, we will take steps to manage that.

The Convener: That is great. Thanks very much.

I also want to raise a slightly different issue, which relates to some of the committee's earlier work. You may have noticed on the committee's website some correspondence, in the past couple of months, between the committee and Professors Lindsay Paterson and Susan McVie, who are very distinguished statisticians at the University of Edinburgh. Professors Paterson and McVie have been doing some work with ONS on the guidance for the sex question in the ONS census that is going ahead next year. In the course of that work,

they wrote to you about this, and you wrote back to them, stating that

“no further revisions of the Scottish guidance could take place because the CTEEA committee had approved the guidance.”

You said:

“As set out in Ms Hyslop’s letter to the CTEEA ... the agreement by the Scottish Parliament to the Census Order ... confirms that the sex question and associated guidance has been agreed.”

As I clarified in a letter to Professors Paterson and McVie, that is not actually the case. The committee recommended, in its report dated 4 March, that the Scottish Parliament approve the draft census order, but the committee has no locus with regard to the guidance. In fact, the cabinet secretary clarified this to the committee. In her oral evidence on 30 January 2020, she said:

“The guidance is completely separate from the legal processes that we are considering.”

She continued:

“The committee’s legal responsibilities relate to the order, which sets out the subjects to be included, and then the regulations, which will set out the questions. ... I know that the committee has become heavily involved in the guidance issue, but its legal responsibility relates to the order.”—[*Official Report, Culture, Tourism, Europe and External Affairs Committee*, 30 January 2020; c 21, 35.]

I have written back to Professors Paterson and McVie, pointing that out.

Since you are here, would you like to take the opportunity to clarify that what you told them was not the case and that the committee does not have the ability to approve or disapprove the guidance?

Paul Lowe: Thank you, convener. I apologise for that error in my original letter. I can confirm that I have written to the professors in the past couple of days, to confirm and clarify that position.

The Convener: Thank you very much for that. Claire Baker has a supplementary question.

Claire Baker: On the delay to the census, have you had an opportunity to speak to organisations that have an interest in the census—for example, the veterans community, which ran the count them in campaign? I understand that the collection of that information could be important to them in terms of the planning of services and that the delay will have an impact on some of that work. Were you able to have discussions with some of the stakeholders?

Paul Lowe: Yes, absolutely. We have started some of those conversations already. I do not know whether Pete Whitehouse wants to say anything in more detail, but I know that we have been engaging with a number of veterans organisations on the issue.

Pete Whitehouse: When the decision was made, we wrote to a number of the stakeholders that we know have very specific interests in the census, as well as putting general information out through the website. The veterans are one of the groups that we are keen to engage with. The Office for Statistics Regulation regularly talks to us about how we are engaging with the users who were expecting data to come through in March 2022 that is now going to come through in March 2023. It is absolutely part of our work as we go forward. We will be talking with them, and we are very happy to engage with all our stakeholders if they have any questions about what the delay means for how they use the data as it comes through at a Scottish level and at a UK level.

The Convener: Thank you very much. No members are indicating that they want to ask supplementary questions, so we have completed our evidence session a few minutes ahead of time, which I am really pleased about, given that we were running a little bit late and it is quite a technical topic. I thank Mr Lowe, Mr Whitehouse, Ms Slater and Mr MacQueen for their evidence today. The committee will consider the evidence that it has heard in private shortly.

That concludes the public part of the meeting. I will allow a couple of minutes to enable members to have a comfort break before we resume in private session.

11:27

Meeting continued in private until 12:07.

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