



Department for Business, Energy & Industrial Strategy

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EU EXIT PREPARATIONS: MARKET SURVEILLANCE

BEIS has a substantial programme of EU Exit project work to implement at pace.

Under the rules set out in Managing Public Money, departments are not able to incur expenditure on new services without specific statutory authority. This presents a challenge to a small number of BEIS EU Exit projects that need to incur spend in advance of Royal Assent of the EU Withdrawal Bill. Any delay to these projects could have serious implications and result in disruption.

Recognising this, the Chief Secretary to the Treasury in her Written Ministerial Statement of 12 October 2017 advised that Ministers should issue technical directions to enable urgent spend to proceed.

As the BEIS Accounting Officer, and in line with my responsibilities for ensuring that expenditure is properly compliant with Managing Public Money, I am seeking your consideration for a technical direction in relation to the Market Surveillance (product safety) database.

This programme represents a key issue for EU exit and we need to initiate spend ahead of Royal Assent. The urgency of this work to develop a product safety database can be summarised as:

- Unsafe products present serious risks to citizens, and represent unfair competition to legitimate traders;
- UK enforcing authorities are currently reliant on EU systems to exchange information on product safety risks and to receive alerts about unsafe and non-compliant products;
- Whilst ongoing data exchange with the EU about unsafe products remains subject to negotiations, we will need a new dedicated UK infrastructure to exchange secure data between enforcement authorities within the UK internal market; and

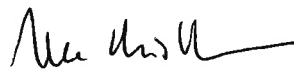
- The new database will ensure we are able to quickly identify new threats, to mount coordinated and rapid responses to those threats and to target the interception of high risk products, including imports.

As Accounting Officer, I am satisfied that the planned expenditure on this activity meets the Accounting Officer tests on regularity, feasibility and value for money, but a direction is required as the propriety test cannot be met. I have received advice on these matters from the Senior Responsible Owner, Graham Russell (Director).

If your view is that we should continue to work towards the delivery of this project, you will need to issue a written direction to me, as Accounting Officer for the department. A draft letter to that effect is attached. Your direction would cover the expenditure incurred on this project in advance of Royal Assent. The total planned expenditure for the financial year 2018-2019 is £2.4m.

In line with normal practice for directions, I am required to alert the Comptroller and Auditor General, who is likely to inform the Public Accounts Committee (which may choose to conduct an inquiry), and the Treasury Officer of Accounts. Given the interest in this subject, I also recommend that the letter is copied to the Chair of the BEIS Select Committee.

Yours ever,



Alex Chisholm