Department for International Trade

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The Rt. Hon Liam Fox MP
Secretary of State for International Trade

[By email]

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Dear Secretary of State

TECHNICAL MINISTERIAL DIRECTION

As you know, the Department for International Trade has been working over the past eighteen months to build an independent trade policy. Your ambitious programme seeks to maximise our trade opportunities, and ensure the benefits of free trade are felt by workers, consumers and businesses alike. The Trade Bill, which is currently making its way through Parliament, is a fundamental part of this process. It will ensure we have the necessary legal powers and structures in place to operate an independent trade policy as we leave the EU.

One such structure which is being legislated for is the creation of the Trade Remedies Authority (TRA). The TRA, once established, will be the UK body responsible for conducting investigations and making recommendations for the imposition of trade remedies measures. Trade remedies measures are crucial to ensuring an effective rules-based system for international trade. Creating the TRA will ensure that the UK can continue to provide a safety net to domestic industries after the UK has left the EU.

Managing Public Money sets out that expenditure on the implementation of a new service, such as the TRA, requires specific statutory authority. However, to prepare for a range of exit scenarios, the Department has determined that it must spend on the TRA before Royal Assent of the Trade Bill. Delaying this spend until the underpinning legislation is in place – as set out in the new services rules within *Managing Public Money* - would jeopardise the Department's preparation for the UK's exit from the EU with implications for our future trade policy.

The Chief Secretary to the Treasury, in her Written Ministerial Statement on 12 October 2017, advised that Ministers should issue technical directions to enable urgent critical spend, when delaying would otherwise put our readiness for EU Exit at risk. The Permanent Secretaries of the Treasury and DExEU have provided further guidance on the steps a department should take to ensure spending is compliant with Managing Public Money. A technical direction in this instance is the proper way to ensure critical spend can be incurred.

As the Accounting Officer responsible for ensuring that Department for International Trade's expenditure is properly compliant with Managing Public Money, I am therefore setting out for your consideration the areas of spend and reasons why we need to spend on the TRA in advance of specific statutory spending authority being granted by Parliament. Spend related to the service is expected to commence from April 2018 at an estimated cost before Royal Assent of £8.9m. This will encompass spend on Board appointments, staff, estates, infrastructure and IT, training, digital, and legal and industry experts to assist with TRA set up and operational process design.

I am satisfied that the proposed spend satisfies the Accounting Officer standards on regularity, feasibility and value for money. The Ministerial Direction is required solely because the propriety test cannot be satisfied due to the timing of the spend which needs to be incurred prior to the Trade Bill reaching Royal Assent.

If your view is that spending on the activity to establish the TRA should proceed, you will need to issue a written direction to me as the Accounting Officer for the Department. Should you issue a direction, in line with normal practice, I am required to alert the Comptroller and Auditor General, who is likely to bring this to the attention of the Public Accounts Committee (which may choose to conduct an inquiry) and the Treasury Officer of Accounts. Given the interest in this area, I also recommend the letter is copied to the Chair of the International Trade Committee.

Yours ever

Antonia

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