Department for Transport

From the Permanent Secretary

Great Minster House
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[redacted]

Web site: www.dft.gov.uk

07 February 2018

Secretary of State
Department for Transport

Dear Chris,

EU Exit costs – Ministerial Direction

As you are aware, the Government continues to work on plans for a range of negotiated and contingency scenarios with regards to EU exit. Some activities within these plans have sufficiently long lead times that we need to begin now for them to remain viable. A proportion of our spending on EU exit preparations must occur in advance of Royal Assent of relevant Bills if services are to be ready for Day 1 exit. Such expenditure would therefore be inconsistent with the new services rules, as set out in Managing Public Money.

Recognising this situation, the Chief Secretary to the Treasury in her Written Ministerial Statement of the 12th October acknowledged this need and advised that Ministers should issue technical directions to enable urgent spend when delaying would jeopardise our readiness for EU exit. Following this, the Permanent Secretaries of the Treasury and the Department for Exiting the European Union wrote to all Permanent Secretaries explaining the necessary steps a department should take to ensure spending is compliant with Managing Public Money. As indicated in the letter (attached), a 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 Transport's expenditure is properly compliant with Managing Public Money, I am therefore setting out for your consideration each area of spend where readiness considerations require us to spend in advance of specific statutory spending authority being granted by Parliament. If your view is that spending on the activities below should proceed, you will need to issue a written direction to me, as Accounting Officer for the department, for this to happen.

Projects requiring statutory powers

Haulage Permits and Trailer Registration

We are seeking to confirm in legislation through the Haulage Permits and Trailer Registration Bill – formerly known as 'EU Exit Roads Bill' – plans for road haulage and trailer registration. We are forecasting costs of up to £10m for DVSA to develop a new road haulage permit system to issue permits for UK hauliers to allow them to perform road haulage in the EU, and allocate these permits based on a set of criteria that take into account the wider economy if we are restricted in numbers. The majority of this expenditure is expected to be committed from 2018-19 before the Bill will receive Royal Assent. This system will need to be in place in advance of exit day to give time for UK hauliers to apply for permits.

We anticipate costs of around £15.4m for developing systems for managing a trailer registration system. Our priority is to introduce a registration scheme that enables the continued movement of UK trailers in EU countries which have ratified the 1968 Vienna Convention on Road Traffic ("the 1968 Convention). If we ratify that Convention, as we propose, Member States that have also ratified that Convention can refuse access to certain unregistered trailers weighing more than 750kg (effectively all but the smallest private trailers). While issues to date have largely been alleviated through an updating of the DVSA Certificate of Keeper scheme, we believe this will be insufficient after ratification of the 1968 Convention. The system DVLA are seeking to develop needs to be in place in advance of exit day to allow trailers to be registered

Business cases for both of these projects will be shared with HMT.

I am assured that in all other respects expenditure on the Road Haulage and Trailer Registration projects will be regular, proper, feasible and will represent value for money.

Other EU Exit programmes

The Department is also progressing a range of other EU Exit schemes, but as these do not require new statutory spending authority, I am satisfied that we should continue to develop them without a technical direction. I will ensure that you are regularly advised of progress in developing these programmes and costs associated with them.

In conclusion, as Accounting Officer I am unable to propose spending in advance of specific statutory cover as per Managing Public Money. But as Secretary of State you will wish to balance this consideration with the wider public interest associated with ensuring readiness for EU Exit.

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.

Regards,

Bernadette Kelly

Bernadette Kelly CB
Permanent Secretary