From the Permanent Secretary

Meg Hillier MP
Chair
Committee of Public Accounts
House of Commons
London
SW1 0AA

Dear Chair,

Update on EU Exit preparedness

I am writing ahead of the hearing on the 24th October to update you on the main developments in the DFT’s preparedness for EU Exit on the issues covered by the NAO report since its publication on 19 July. This letter will cover the main contingency preparations in scope of the report and the more general issues regarding organization and oversight raised by the NAO.

There has been significant progress on the contingency plans covered by the NAO report since July:

The deployment plan for Project Brock has progressed with our multi-agency delivery partners, and is nearing completion. The infrastructure work, led by Highways England, is underway on the M20 between junctions 8 & 9. The project remains on track to be complete by March 2019. Alongside this, there are other contingency measures being developed by Highways England and other delivery partners for further HGV holding capacity, should it be required.

On the trailer registration scheme, following the approval of the business case in June, development work has progressed well and the project remains on track to meet the December 2018 target go-live date, which will ensure that industry has a three month window to register ahead of the requirement coming into force in March 2019. The Driver and Vehicle Licensing Agency has undertaken extensive insight sessions with the industry allowing the team to design and build a prototype based on customer requirements.

The international road haulage permits system is another key related project within the Department’s EU Exit portfolio. This has made very good progress towards the target go-live date of November 2018. The Driver and Vehicle Standards Agency commenced private beta testing with the industry in September.

The International Driving Permits project has also progressed since July. The business case has been approved by the Roads Programme Board and the contract variation between DVLA and the Post Office will be finalised by the end of October. Post Office Ltd plans to start printing the IDP documents at the end of this month. Also, DVLA has agreed
the training manual for Post Office staff and the intention is for the rollout of training materials to branches to begin in November.

On the European Maritime Safety Agency systems, a significant amount of work has taken place on replicating functionality which would be lost under a ‘no deal’ scenario. The Department has established revised governance structures to manage this work, produced detailed delivery plans, and suppliers have begun delivering three of the four systems (with work on the fourth due to begin this November). The Department is on track to deliver each of the four systems by March 2019.

On the delivery of our legislative programme, since July, the Department has laid 18 EU Exit SIs as part of a planned programme of secondary legislation, with a further 50 to deliver by March. DExEU has, at official level, recorded its assessment that DfT is the exemplar department for its EU exit SI programme. The Haulage Permits and Trailer Registration Bill received Royal Assent on 19 July 2018. The Department has drafted two Statutory Instruments to implement different parts of the Act, which have been laid in draft before Parliament. We are waiting for debates to be scheduled in Parliament to progress these instruments.

On the Department’s oversight of the overall programme, we have acted on the recommendations by the NAO to strengthen our resourcing, governance and reporting systems.

In June the central EU Exit team recruited an expert PPM consultant to pull together a new integrated programme plan, mapping out all the critical milestones and dependencies for DfT’s highest impact contingency projects. A permanent programme manager joined the team in September to take over this function and actively manage this plan going forward. This has strengthened the grip of the central team on the Portfolio and enabled it to report internally on progress, and to DExEU, with more precision. Part of his role will also be to monitor the implementation of IPA and GIAA recommendations in a timely manner.

The Portfolio Progress Group Board has included a regular review of modal risks in its agenda, strengthening the challenge function it provides to the modal directorates. The latest management letter by the Government Internal Audit Agency raised its rating from ‘amber’ to ‘green’ for risk management across the Portfolio, recognizing that the modal programme boards have also strengthened their approach to risk management.

On resourcing, in spring, the Department identified that it needed an additional 52.5 FTE posts. All of these posts have now been recruited, bringing the number of FTE staff working in the central Department up to 155, with many more working on EU Exit as a proportion of their roles. The Portfolio Direction Group now meets monthly to strengthen its support on strategic issues, such as resourcing. In terms of legal resourcing in October 2018, 37 full-time equivalent lawyers are currently working on EU Exit - up from 27 at the time of the NAO review.

Regards,

Bernadette Kelly CB
Permanent Secretary