



Department  
for Transport

Lord Whitty  
Chairman  
EU Internal Market Sub-Committee  
House of Lords  
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From the Minister of State  
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*Dew Larry,*

### **Evidence session on the Future UK-EU transport arrangements**

My predecessor gave evidence to your Committee on 13 March and offered to write with some further information. I now have overarching responsibility for EU Exit issues within the Department for Transport and I am responding to Baroness McGregor-Smith's question about the cost of Brexit preparedness work to the Department.

I can confirm that the Department spent a total of £6.6 million between 2016/17 and 2017/18, of which £3.5 million was funded from its existing budgets. The expenditure across 2016-2017 and 2017-2018 is set out in further detail in a National Audit Office report <sup>1</sup> published in July 2018.

In 2018-19 the Department expects its total expenditure on EU Exit preparations to be £109 million, although this may alter slightly as the year-end position is finalised. Of this £109 million, to date the Department has allocated £74 million specifically to 'no deal' preparations. As we further our preparations for EU Exit, we may allocate additional resources for no deal contingencies.

In addition, the Department gave Kent County Council £33.48 million and Highways England has committed £30m across 2018-19 and 2019-20 for Operation Brock.

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<sup>1</sup> Department for Transport – Implementing the UK's Exit from the European Union; HC 1125 Session 2017-2019. 19 July 2018 <https://www.nao.org.uk/report/implementing-the-uks-exit-from-the-european-union-department-for-transport/>

You will also have seen in the News<sup>2</sup> that following the Article 50 extension until 31 October, the Department decided to terminate the contracts with Brittany Ferries and DFDS with immediate effect, to minimise the cost to taxpayers. The cost of terminating the contracts will be £43.8 million. If we had delayed, by two days until 1 May, the termination would have cost the taxpayer an additional £10.8 million as a contractual milestone would have led to an increase in termination fees due to Brittany Ferries. The total value was £89 million for both contracts. The total spend with both operators, including spend to date on services up to the point of termination, comes to £51.2 million.

As the UK prepares to exit the EU, the Department will continue to engage actively with its broad range of stakeholders to ensure that the transport sector is poised to handle every eventuality.

I note that the Committee's report on its inquiry into future UK-EU transport arrangements has now been published. We are preparing the Government's response to the Committee's recommendations, and hope to send it to you in the next few weeks.

*Yours Ever,*  


**MICHAEL ELLIS**

**MINISTER OF STATE FOR TRANSPORT**

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<sup>2</sup> The Parliamentary review dated 1 May 2019 - <https://www.theparliamentaryreview.co.uk/news/government-cancels-two-no-deal-ferry-contracts-at-a-cost-of-80-million>