

Public Accounts Committee

Oral evidence: Department for Transport: Implementation of Brexit, HC 1657

Wednesday 24 October 2018

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Members present: Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Chris Davies; Caroline Flint; Layla Moran; Stephen Morgan; Anne Marie Morris; Lee Rowley; Gareth Snell.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Rebecca Sheeran, Executive Leader, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-233

Witnesses

I: Bernadette Kelly, Permanent Secretary, Department for Transport, and Lucy Chadwick, Director General, Department for Transport.

Examination of witnesses

Witnesses: Bernadette Kelly and Lucy Chadwick.

- Q1 **Chair:** Welcome to the Public Accounts Committee on Wednesday 24 October 2018. We are here today to have a good catch-up session with the Department for Transport on a range of issues, including progress on HS2, the cancellation of Crossrail and other what I might call—in a flippant way—sundry items for the Department in the light of the fact that it is also dealing with major issues around Brexit. We will also be considering the National Audit Office's report from July looking at your progress on that. Thank you for the update letters that you have sent since then.

Before we go into that, I want to check on the rail review and how progress is going on that. What timetable are you expecting for that to be delivered? The Secretary of State mentioned it the other day.

Bernadette Kelly: Keith Williams has now embarked on the work. He is starting to get out and about talking to stakeholders about the work. There is a team sitting underneath him that is making sure that the work programme is all set out, and he is fully supported in that. That is all happening. I believe that we have said that we are working towards conclusions next October or autumn. I will check the exact wording, but that is the timeframe for the conclusions to come from that work.

- Q2 **Chair:** To Ministers at that point?

Bernadette Kelly: No. What we are looking to do is have some Government conclusions on the basis of Keith's work and the independent review that he is doing, within that timeframe. We are considering whether anything—and if so, what—should be published as interim or position papers. So it is possible, and I would say likely, that we will choose to do some of that, or that Keith Williams will choose to put information that there to help inform his work as it proceeds.

- Q3 **Chair:** I have to say that it is quite refreshing to hear that you are seeking feedback from people during the process rather than waiting until it is done and dusted.

Bernadette Kelly: No, he is an absolutely key part. We know that this review is extraordinarily important as a way of building public confidence in the future of the railway and in its performance, and I think Keith is absolutely seized of the fact that that will only be possible if he has a full engagement with people about his work before reaching conclusions.

- Q4 **Chair:** Earlier this week, the Secretary of State said that he was not ruling anything out, but then proceeded to rule out nationalisation. Can you clarify what he meant by that?

Bernadette Kelly: I am sure that if the Secretary of State has not ruled anything out, I should not rule anything out either.



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Q5 **Chair:** I rather walked into that one, didn't I? In terms of nationalisation, does that mean that there is any prevention of the Department taking over any franchises were they to go wrong, as has happened in the past?

Bernadette Kelly: We have obviously had to step in in the case of LNER because it was not possible for VTEC to continue. It has always been a feature of the franchising system that the Department can step in as the operator of last resort.

Q6 **Chair:** So nothing has changed on that?

Bernadette Kelly: That remains the system that we currently have in play.

Q7 **Chair:** We will leave it there for now. I must introduce you formally, of course, before we move on to the next session. Please welcome Bernadette Kelly, who is the permanent secretary at the Department for Transport, and Lucy Chadwick. Is this your first time in front of the Committee, Ms Chadwick?

Lucy Chadwick: I think in front of this formation, yes, but I have been to the PAC before.

Chair: Forgive me; it has been a while. Lucy Chadwick is the director general for—

Lucy Chadwick: International, security and environment—"international" covers maritime, aviation and much of our Brexit co-ordination work.

Chair: Every director general has a bigger job than they did when I first started doing this. I am sure it makes you earn your money, doesn't it? Anyway, Ms Chadwick is at the Department for Transport as well. We will move on to a progress update on High Speed 2.

Q8 **Caroline Flint:** Hi, and good afternoon. In our 2017 report, we drew out a couple of points of concern. One was the financial controls of HS2. Do you think that HS2 Ltd's financial controls have improved, and how?

Bernadette Kelly: When I appeared before you with Mr Thurston, at that point we were looking specifically at the unauthorised redundancy scheme that HS2 Ltd had run. It was clear, and I was clear with the Committee at the time, that we were not satisfied that HS2 Ltd had appropriate controls in process to ensure that there was no repeat of such unauthorised schemes. Both I and Mr Thurston were very clear that such controls would be put in place, and they have now been. I am satisfied that those financial controls are in a much stronger position than they were, and I think that all of the actions—sorry, I had a list somewhere in my pack—that we committed to and that the Committee recommended have now been implemented. That is a matter relating to the internal financial controls within the company. What was not—and is still not—at question are the overall controls on the programme's budget.

Q9 **Caroline Flint:** We will come to that.



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Bernadette Kelly: I am sure you are going to come to that, but I just wanted to make clear that I think the conversation and the recommendations that HS2 Ltd and the Department have responded to were related to those specific elements of control framework.

- Q10 **Caroline Flint:** Just before I come on to the overall project spend and how that is going, one aspect of our last report was the relationship between the Department and HS2 Ltd. I notice that in your letter to the Committee on the 23 October you say that both parties have looked at how they can have a more “honest and trust based relationship”. That is a quote straight from your letter. How has that manifested itself?

Bernadette Kelly: We have done two things. You always need two things to be in place in order for a relationship between a Department and a critical delivery partner, working at arm’s length, to be successful. First, you need the controls, the frameworks and the accountabilities to be crystal clear. I think I set out in my letter something of how we have revised the framework document and the development agreement so there can be no doubt what the company has authorisation to do on its own account and where it has to seek authorisation from HMG in order to act.

We have clarified and revised and updated all that, but I do think an ongoing relationship of trust is vital as well, and a lot of that is built through the senior management relationships we have with the company and the framework we have put around that. We now have a strengthened client board and we have a shareholder board. Those are specifically intended to ensure that the senior dialogue we have with both the executive and the chair is transparent and as open and honest as it needs to be for us to be confident of progress.

- Q11 **Caroline Flint:** In terms of representation of the Department on those boards, who is the person from the Department who goes along to them?

Bernadette Kelly: For the client board, it will be my director general responsible for High Speed 2. That is Clive Maxwell. For the shareholder board, it is Clive Maxwell and I believe Nick Joyce as well, who heads up my shareholding team and is my director general for resources and strategy.

- Q12 **Caroline Flint:** And they have the authority—and with that the clout—to speak for the Department and therefore have real conversations at both board levels to represent the views of the Department?

Bernadette Kelly: They certainly have the authority and the clout. Clearly, there is also a regular dialogue with Ministers and with the Secretary of State, and those are also a part of the regular meetings and conversations that happen with the leadership of HS2 Ltd.

- Q13 **Caroline Flint:** Going to the overall project spend, the overall funding is, I think, £55.7 billion for all three phases.

Bernadette Kelly: Yes.



- Q14 Caroline Flint:** We are aware that in July this year the Department announced a delay till June 2019 of the notice to proceed for construction of phase 1, which is London to Birmingham. The Department has also confirmed a delay to the legislation for phase 2. That might suggest there are some issues here, but there have also been reports about underestimating, for example, the cost of land values in relation to the overall budget plan. How confident are you that the scheme is going to come in on budget?

Bernadette Kelly: There are a number of slightly separate points I might want to pick up there. Overall, we are very clear that we are determined that HS2 Ltd will bring this project in within the overall funding envelope of £55.7 billion, which you described. I would be very happy to walk through the controls and the systems and the oversight that we have in place to ensure that that is indeed delivered.

You referred to the notice to proceed delay. The notice to proceed is a very important point in the delivery of this project. It is a really major milestone for HS2 Ltd. There is a lot of work that needs to be done to ensure that we are fully ready to issue that notice to proceed, and there is a lot of work that HS2 Ltd needs to do as well to satisfy us in Government that we can issue that. It will be accompanied by a new full business case and affordability assessment. We still intend to do that in June 2019, but we thought it was extremely important that that work is done thoroughly and properly at this stage. It does not impact on the overall timetable for the delivery of the project, which has not changed.

The same is true of the timetable for the phase 2 hybrid Bill. Those are shifts to the timetable within the overall programme but do not affect the end dates that we have currently committed to.

- Q15 Caroline Flint:** I appreciate that you want to make sure a thorough job is done of assessing where they are, but are you worried that any of these delays could push up costs? Obviously, the investors and others in this might see more risk involved, and that in itself might have a negative uplift to the overall cost.

Bernadette Kelly: We are looking equally at schedule and cost all the time; you cannot look at one in isolation from the other. Actually, delays can also have the effect of reducing costs if they de-risk timetables, so when you look at a programme of this complexity and scale the interaction between schedule and cost is not always straightforward. I would say, though, that at the moment we are very committed to both maintaining the schedule and ensuring this project remains within the existing cost envelope. It is inevitable that in a project of this sort there will always be cost pressures, but it is the job of HS2 Ltd—

- Q16 Chair:** Of course you would say that, and I am not suggesting that you do not believe that. You have your two people on the board, but often problems happen with these projects and they come back to you with a begging bowl. How are you really going to keep a grip on that money?

Bernadette Kelly: It comes down to our whole framework of governance and oversight. In the first instance, we set a very clear total funding envelope for the project and we then charge HS2 Ltd to remain within that envelope. Of course, that includes a contingency, as you would expect for a project of this scale.

Q17 **Chair:** But where is the sanction if they do go over?

Bernadette Kelly: That is not an option that we are prepared to contemplate. What we are doing instead is focusing on the framework document, which governs the assurance of three lines of defence that the company has, including full independent assurance of its delivery of the programme and our own client board and shareholder boards being fully sighted on the programme, such that we can ensure that the necessary steps have been taken to bring the project in within the funding envelope.

Caroline Flint: I have another question but it is on HS3. I think Sir Geoffrey wants to come in on this.

Q18 **Sir Geoffrey Clifton-Brown:** On the timetable, Ms Kelly, as you know I sat on the HS2 phase 1 Committee for months and months, examining this in huge detail. The engineering projects that you have to do in Camden—widening the route at Paddington station, the tunnel connecting it to Old Oak Common, and works around the two stations—are some of the largest engineering projects in Europe. It seemed to me that, even without the delayed start, the timetable was already pretty tight, so I am not sure how you can sit there and be so confident that the finish timetable is still “on track”—excuse the pun.

Bernadette Kelly: I don’t disagree—this is an enormously complex project to deliver. You are absolutely right that the fact it is city centre to city centre—into a number of cities, of course—makes it uniquely complex and challenging project in its engineering. I very much agree with that broad assessment.

I do not accept that we are talking about a delay to the schedule at the moment. What we are doing is managing pivotal milestones and the right way to ensure the work is done at this early stage in the project as thoroughly as it can be, because in that way we set the project up better for success in the future.

It would probably be an unwise permanent secretary anywhere who offers complete guarantees about what might happen 10 years down the line. What I can tell you is that we are holding HS2 Ltd firmly to their cost envelope and the schedule we have set for the project.

Q19 **Caroline Flint:** I still cannot quite understand how delays do not lead to a risk to delivery. Secondly, presumably work is being done in advance of the notice to proceed, and that is incurring costs. So whatever the good reasons are, I am trying to understand how it does not enhance risk to delivery and increase cost.

Bernadette Kelly: What is happening is, within the overall programme, some milestones will move and fall in different times. That may not



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necessarily be critical for the overall delivery of the programme—or it may be that, in some cases, that is using up some of the contingency built into the schedule as well as the cost envelope. But at the moment I do not consider the decision to issue the notice to proceed in July 2019 carries significant risk for the end date of the project.

As far as work being done at the moment is concerned, you are absolutely right that work is going on. Anyone wandering around Euston will see evidence of early work, and similarly work is now under way in Birmingham to prepare for this. HS2 Ltd has set out the designs for the stations around Birmingham and Solihull. So work is going on. There is not a sort of moment of hiatus or pause while we do the work for the notice to proceed. There are a number of things that the company is getting on with and which it is authorised by the Department to do, including incurring costs in order to keep the overall project on time.

Q20 Caroline Flint: How much would you say HS3 or Northern Powerhouse Rail is a priority for the Department?

Bernadette Kelly: I think we have been clear that Northern Powerhouse Rail is something that the Government are absolutely committed to doing. I think it was in the Government's manifesto. We have set out since the work that we are doing to support the development of Northern Powerhouse Rail.

Q21 Caroline Flint: This project is much more of an east-west connection of the north of England, including my own region, Yorkshire and the Humber, and the north-west and the north-east. Some say that it would be cheaper per mile, with less new track, and quicker to deliver than HS2. Is there any work going on the Department to compare cost and delivery, and also impact of HS3 against the second phase of HS2?

Bernadette Kelly: The work is going on at the moment to develop the full business case and the strategic case for Northern Powerhouse Rail and Transport for the North is working with partners in the north to do that. It is obviously a very significant way behind, in terms of its development, than HS2 at this point, but that work to really get a clear sense of the strategic case and the business case is under way as we speak.

For HS2, we have a BCR in the strategic business case of 2.3—that is £2.30 benefit for every £1 spend. That is the BCR we have for the project. What we are now trying to do, as I am sure the Committee is aware, is to ensure that HS2 is being delivered in a way that supports and enables the future development of Northern Powerhouse Rail. We have allocated £300 million to HS2 Ltd that is focused on future-proofing junctions and stations in a way that will make Northern Powerhouse Rail easier to deliver. It is increasingly becoming clear that we almost need to see these as a sort of staged series of choices for investment, rather than completely separate things.

Q22 Caroline Flint: But if the north of England said the HS3 east-west connections were of more importance to business and communities across the north than phase 2 of HS2, could you see either HS3 being



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given priority over that second phase or HS3 having to be delivered at the same time as HS2?

Bernadette Kelly: What the north of England is actually saying at the moment is that it fully supports HS2. I think it was the week before last—

Q23 **Caroline Flint:** They are also asking that HS3 should be delivered at the same time as HS2.

Bernadette Kelly: I think in terms of the development of the project that would be extraordinarily difficult, simply because it is some way back in terms of its strategic case, development, design and all the things that need to be done in order for Northern Powerhouse Rail ultimately to be delivered. The north has been very clear in its continued support for High Speed 2, because it sees it as a vital stepping stone in building regular connectivity—

Q24 **Caroline Flint:** But would you acknowledge that the plan that is coming from Transport for the North for HS3 is supported by businesses and councils across the north of England and that for the north to realise £100 billion-worth of investment, HS3 needs to come into play, and it cannot wait until HS2 is finished?

Bernadette Kelly: We are not putting the development of Northern Powerhouse Rail on hold until we have built HS2, including HS2b. We are developing the plan for Northern Powerhouse Rail with the north now in real time alongside the work now being done to build HS2.

Chair: Before I move on to Sir Geoffrey Clifton-Brown, I want to welcome warmly to the Committee the Speaker of the House of Representatives of Belize and the President of the Senate of Belize, who are here today to watch our work. I did not manage to meet them beforehand, but they are very welcome. I call Sir Geoffrey Clifton-Brown.

Q25 **Sir Geoffrey Clifton-Brown:** Ms Kelly, I apologise. I am trying to do two Committees at once this afternoon and I managed to miss the date anyway, so that was a complete waste of time.

I refer to the framework document, which you have drawn up as a sort of clarification of the Government's rules between your Department and HS2. Ms Flint has already referred to this. Paragraph 3.1 states: "The Department for Transport and HS2 Ltd will have an open, honest, trust-based partnership supported by the principles set out in the Cabinet Office guidance." How can we trust that when we know that the former CEO, Simon Kirby, sought the Department for Transport's permission to pay enhanced redundancy payments? He was told quite clearly that he must not do it, but he went ahead and did it, wasting £1.76 million of taxpayers' money. He is reported to have gone on to a highly paid job at Rolls-Royce, where he is paid three quarters of a million pounds. When an official blatantly disregards advice like that and misuses public money, how can we be sure that any words in a document like this actually mean anything?

Bernadette Kelly: I think you are referring to events that we have since addressed, both within the Department and within the company. Simon



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Kirby has of course left the company. I don't think he did seek approval; he was told not to seek approval. My Department's subsequent investigation into these events showed that he did not act on the clear signal he was given from the Department that we would not support any such approval being sought. Officials within the organisation then proceeded with the scheme none the less.

Chair: We know that. Sir Geoffrey is asking how we can be sure that the words in the document will actually make a difference.

Bernadette Kelly: How can we be sure? We have revised the framework document. HS2 Ltd has put in place a number of steps to strengthen its own internal controls, and it has put all of its staff through an induction training programme to make sure that they fully understand the importance of managing public money. We have a new chief executive, a new chair and a new senior team. We are working extremely closely with them to ensure that the systems are in place to ensure that everyone knows what is expected of them, and also so that we have the relationships of trust and transparency that we need to ensure that HS2 Ltd can successfully deliver this programme—that is an ongoing effort and something that we all have to work at.

- Q26 **Sir Geoffrey Clifton-Brown:** I don't doubt your sincere words. I just want to see what will happen in the future. Paragraph 8 says: "As Accounting Officer the Chief Executive"—which Simon Kirby was—"is personally responsible for safeguarding the public funds". If the chief executive were to act similarly again, do you think your systems would actually stop it happening?

Bernadette Kelly: I am confident that the chief executive would not breach the control environment. I am absolutely confident that he knows what his responsibilities as an accounting officer are, and that he will observe them extremely seriously. Clearly, if there were to be a breach, suitable action would then be taken, but that is a wholly hypothetical situation. I really think that a lesson has been learned in this process.

- Q27 **Sir Geoffrey Clifton-Brown:** I am not doubting your sincere words. If a similar event occurred again, what action would your Department take?

Bernadette Kelly: It would depend on what the event was and what the circumstances were.

- Q28 **Sir Geoffrey Clifton-Brown:** A similar action to the sort that I am talking about, where the guidance laid down by your Department was breached and public funds were misused.

Bernadette Kelly: I can only comment on such a circumstance when I have the facts in front of me—it would depend on the severity and the circumstances.

- Q29 **Sir Geoffrey Clifton-Brown:** Take the Kirby case—he got away scot-free. What action would be taken in future?



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Bernadette Kelly: In those circumstances, we would look at what appropriate sanctions and disciplinary steps were needed in response to any breach. I really find it quite uncomfortable to be invited to speculate on what steps we would take in a situation that hasn't arisen. We would look at it and we would use the sanctions and the disciplinary mechanisms within our control to ensure that any breach is dealt with appropriately.

Q30 **Chair:** Do you have enough sanctions to sack the chief executive?

Bernadette Kelly: Of course we do—absolutely.

Q31 **Chair:** It could be up to that level?

Bernadette Kelly: Of course. In the event, any holder of a senior public office can be dismissed if they have behaved in a way that justifies that.

Q32 **Caroline Flint:** Were they before? Was that sanction there when Simon Kirby was making this decision?

Bernadette Kelly: Look. We are going back over the facts of the last hearing. It was identified at the time that there were officials within the organisation who acted without authority. Those officials have left the organisation.

Q33 **Caroline Flint:** They weren't sacked or disciplined?

Bernadette Kelly: One of them resigned and I believe that one of them—I would need to check the exact circumstances because it was a matter for the company—was dismissed. I think that Mr Thurston has previously informed the Committee about the steps that were taken in relation to individuals, but if you wish me to clarify those again, I would be happy to do so.

Q34 **Sir Geoffrey Clifton-Brown:** It is not hypothetical, because we know what Mr Kirby did. Do you think it is right that he should have got away scot-free when he wasted public funds in the way he did? He did not waste them inadvertently; it was completely advertent. He knew exactly what he was doing.

Bernadette Kelly: I am not sure that the second part of your statement is necessarily true, based on the facts as I understand them. Mr Kirby had resigned before this issue came to light.

Sir Geoffrey Clifton-Brown: He knew it was coming.

Bernadette Kelly: As you know, I took legal advice, which I shared with this Committee, on what further action it would be appropriate for the Department to take.

Q35 **Chair:** Thank you. We appreciate your sharing that because, as you can gather, the Committee feels very strongly about this. It was a lot of taxpayers' money on a very expensive project that went into people's individual pockets for no public gain at all.

Bernadette Kelly: I completely share the Committee's unhappiness with the scheme. It should never have happened. It was an unacceptable

breach of the control environment. I was very clear about that when I last sat in front of the Committee and I am very happy to be clear about it again.

Chair: We should just flag that the Committee is pursuing this with other sectors of Government where there are arm's length bodies where interesting things happen—inappropriate, and sometimes financially inappropriate, things. We might be talking to you further about what lessons you have learned.

Bernadette Kelly: I am happy to do that.

Q36 **Chair:** But for today we have a lot to get through, so we will leave that there and move on to Crossrail. When did you know that Crossrail was going to be delayed by a year or more?

Bernadette Kelly: The company formally notified the Mayor and the Secretary of State that they believed a delay was unavoidable—

Q37 **Chair:** Sorry. They formally notified the Mayor and the Secretary of State, but when did you know there was a problem with Crossrail?

Bernadette Kelly: The point of formal notification is relevant, which is why I mention it. They did so, I believe, on 30 August—I am now trying to remember my dates. It was after a board meeting.

Chair: You can always correct it in writing.

Bernadette Kelly: I can write to you. It was 29 or 30 August. We had been challenging the company for some time on the delivery schedule and on costs, so we had been asking questions, but we did not receive notification from the company until that point.

Q38 **Chair:** To be clear, were you worried when you were asking questions about it?

Bernadette Kelly: Yes.

Q39 **Chair:** When did that start? When were you getting worried about delivery?

Bernadette Kelly: We always worry, because worrying is a good thing.

Chair: That's good for a permanent secretary, yes.

Bernadette Kelly: It's a good thing for a permanent secretary and it's a good thing for any public official overseeing large, complex projects.

Q40 **Chair:** But when did you start worrying particularly about the delivery?

Bernadette Kelly: I think the worries had been growing over a period of time.

Q41 **Chair:** From January? From the end of last year?

Bernadette Kelly: Certainly through the spring. From my Department's perspective, of course, our sensitivity was heightened even further by the



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timetabling issues we had seen. We had observed in that that sometimes there is optimism bias, leading people with the best intentions to continue to think that things are deliverable when the evidence may be telling them that it is not deliverable. We were asking even more questions on the basis of that experience and that learning.

Q42 **Chair:** But they weren't answering your questions?

Bernadette Kelly: They were answering our questions, but they were answering our questions in a way that said that they had not concluded that the schedule could not be met.

Q43 **Chair:** That is a very double negative way of saying it. They were confident they could still meet the schedule, in other words?

Bernadette Kelly: They were saying that the schedule was still feasible and the delivery was still possible. I think the level of confidence being expressed in that was starting to diminish over a period of time, as you would expect, but the company reached the conclusion that the schedule could not be met and then notified both the Mayor and my Department after the meeting it had at the end of August.

Q44 **Chair:** Why did it happen? I don't mean the detailed technical stuff about which signals were communicating with what; why was it that they could not see that this was coming? Do you know that?

Bernadette Kelly: We are all asking questions about whether it would have been possible for this information to have become more visible sooner. One of the reflections we will have on all of this is to ensure that we learn those lessons. I am very keen to do so, as you can imagine, and I have asked exactly those questions within my own Department: what more can we learn from these things to ensure that we understand what is happening? Clearly, there were a number of factors; there are physical things that have now caused the December opening to be impossible, linked to insufficient time to do train signalling testing and the integration of systems testing, and some ongoing challenges around concluding the structure.

Q45 **Chair:** You talk about lots of things, but basically delays were arising that they had not really understood the implications of. Is that right? Can you be more explicit?

Bernadette Kelly: This will be, as I say, subject to a fuller lessons learned, and the National Audit Office may well turn its attention to this and do a thorough piece of work at the appropriate point. I do not want to pre-empt that, but one of the things we know is that the timetable that was allowed for dynamic testing of the trains system was being compressed and compressed, and it became clear—

Q46 **Chair:** But this is a bleedingly obvious sign, if I might say so. We know from every project we have looked at that once you start shrinking the testing period, you are into tricky territory. It is almost like the red signal goes up at that point—maybe I shouldn't use that phrase, since we are talking about trains. A red flag goes up at that point to say, "There's a



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problem." You were noticing this in "the spring", which I know is a very wide period of time for the civil service. Did no-one in your Department—

Bernadette Kelly: We were asking questions.

Chair: You said that they were coming back with these very vague answers. Who was going in there and saying, "Come on, be honest"? Did you have someone going in to look at what was practically going on?

Bernadette Kelly: The way the governance operates is that Crossrail Ltd is a separate entity, and it has to provide regular updates to ourselves and Transport for London as joint sponsors on the delivery of the project. Those regular reports to the joint sponsors were suggesting that the project could still be delivered. That is what the reporting was saying. We were using the mechanisms available to us to ask more and more of those questions, to be more and more challenging. Indeed, we invited the chief executive to my own executive committee in, I believe, early June—I would need to check the date—to get an update from him directly, at which we pressed him very hard on the issues around confidence in the delivery schedule, because it is an obvious question to be asking at that point, and we were asking it.

Q47 **Chair:** Although you say "of course it's an independent body," it is the taxpayer, through your Department and TfL, that funds it. If someone is building your extension, they are an independent company, but you are funding them to do it.

Bernadette Kelly: Of course.

Q48 **Chair:** So he came to your board in early June. Were you confident with his assurances in early June?

Bernadette Kelly: No. We actually asked a lot of questions, precisely because we wanted to ensure that the company was then addressing those questions really thoroughly and looking very hard at its assumptions around delivery. We were deliberately doing that to ensure that the company was asking the right questions. The board had been doing the same. We had nominated another member of the board to ensure that those questions around systems integration, in particular, were being addressed within the company, and I know that Transport for London, as joint sponsor, was doing all of the same things. Questions were being asked in the appropriate way.

Q49 **Chair:** Do you think you had any impact, then, in that meeting in June? Basically, you had the star chamber moment—you grilled the chief executive and tried to get him to address the issues. Do you feel he went away understanding that there were issues to be addressed, and then got on with it?

Bernadette Kelly: Yes, I do. Yes, I absolutely do.

Q50 **Chair:** But then you still failed to deliver on time.

Bernadette Kelly: The problem is that what we were doing at that stage—

Chair: Was firefighting.

Bernadette Kelly: —was asking the questions about the delivery of the project. What you cannot do at that stage is demand that the delivery just happens, if you see what I mean. Us asking questions does not make it possible for the company to—

Q51 **Chair:** There was obviously a financial impact on TfL, particularly because of the farebox. I know they are having to manage that implication. What other cost implications are there for taxpayers, particularly through the Department for Transport?

Bernadette Kelly: We are still working through those cost implications with Transport for London and with the Mayor.

Q52 **Chair:** Will you be bailing out Transport for London? Who is bailing out who here?

Bernadette Kelly: We have been clear—and I think, actually, the Mayor is also clear—that ultimately, London is the beneficiary of Crossrail, and London will need to find a way of bearing the costs of this delay. We are working with Transport for London to support them in finding an appropriate way of ensuring that this project is successfully delivered, and it is still an extraordinarily important project. Everybody's interest, ultimately, is still ensuring that it is brought to a successful conclusion as efficiently as possible.

Q53 **Chair:** Crossrail does not just run through London. It goes geographically beyond.

Bernadette Kelly: That is true.

Chair: Are you saying that the Mayor is just saying he'll pay for the lot? Where is the Department for Transport? Are you not going to chip in any money?

Bernadette Kelly: We have already, as you say, made a very significant contribution to the Crossrail budget.

Q54 **Chair:** Crossrail should be bailing itself out, but clearly there is going to be a problem over the next year.

Bernadette Kelly: We have already funded, as you know, a significant proportion of this project. We have provided some additional funding, which we set out in a written ministerial statement at the end of July. We are now in discussions with Transport for London about how any further costs should be borne. However, I would say that there is an acceptance within TfL that there is an onus on London to ensure that it bears a fair share of these additional costs.

Chair: I know we will come back to this, so I will leave that there.

Q55 **Sir Geoffrey Clifton-Brown:** I went, at Crossrail's request, on my second visit to Crossrail at the beginning of July. Had I known that you had doubts in June, I would have asked lots more probing questions. At



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the beginning of July, they maintained to me that the whole thing would be delivered on time and on budget.

I think that the misconception, if you like, from the senior leadership of Crossrail arises from the fact that the project engineers have engineering skills, not IT or electronics skills. I suggest that the Department learns some of those lessons—if I am correct—in relation to HS2. It seemed that the engineering phase of Crossrail was brilliantly executed. It was highly complex. It went under the tube, by a very small margin in places. We need to learn those lessons for HS2.

Bernadette Kelly: I strongly agree. We have seen elsewhere that systems integration is often the hardest part of the delivery of these big, complex projects, and that is absolutely at the front of my mind and the Department's mind when thinking about what we might want to learn from this for HS2 or any other project. Your observation that, in July, the company was convinced that it could deliver to schedule is correct. That was the formal position of the company at that time.

Q56 Sir Geoffrey Clifton-Brown: I have one final question, on the lessons to be learned from this. Can we have your assurance, on behalf of the Department, that there will be a culture of honesty in relation to HS2? If the thing is falling behind schedule, will you come to the Committee and Parliament and be completely honest when you first know that there are delays?

Bernadette Kelly: I certainly owe it to the Committee to be completely honest with it—you would not expect anything else of me or any other witness in front of you.

Q57 Chair: Honesty to the Committee is great when we call you, but we don't call you every day, you will be glad to know. Being honest to Parliament, and telling Parliament early when there is a problem, is really important. Businesses are investing, passengers are making plans, and homeowners are involved.

Bernadette Kelly: I understand all that. I don't think there has been any dishonesty in any of this.

Sir Geoffrey Clifton-Brown: I was not implying that.

Chair: Early notice.

Bernadette Kelly: One reflection from thinking about these sorts of things is that there is always an unavoidable tension when these very large, complex projects are being delivered. You want people leading those projects who are determined to get the job done and are absolutely focused on how to do that. There is great pressure on them—as there should be—to do exactly that.

There is then quite a tension on how to manage, on the one hand, the wish to maintain that strong focus on successful delivery, along with creating the right environment and space for real difficulties to be surfaced and dealt with. That is a genuinely big challenge for all of us involved in



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creating the governance frameworks for these big projects. It is absolutely something that I think very hard about.

- Q58 **Chair:** But the culture of honesty point highlighted by Sir Geoffrey is really important, because if you have officials who think it will go belly up, and so they had better run and get another job before problems become apparent, they will get away scot-free but they will leave the problems behind. However, if they are able to be honest and to say that there are problems, and if they have the capability to recognise a potential delay, it is better all round, because other parties can plan for that. How will you make sure that that culture is embedded?

Bernadette Kelly: Absolutely. I am actually doing a piece of work within the Department at the moment that is looking precisely at these lessons from several different projects. To some extent, the Glaister review of the timetabling issues identified a similar “can do” optimism bias that creeps in when everybody, acting in good faith, wants to get the thing done.

We have to be very smart and sophisticated in working out how to have that spirit and discipline, because otherwise, frankly, none of this would ever get done. However, we also need systems that allow problems to be surfaced and escalated at the right time and to be addressed at the right time. I absolutely owe it to the Committee and to Parliament to be completely honest, but there may be a distinction to be drawn between creating a system that allows that and not necessarily announcing every single problem as it arises, because that would be impossible.

- Q59 **Chair:** No, we recognise that. As you will pick up, our worry is that you were having these discussions in June and even you were not getting the answers, so nobody really knew—even the people in the system. That is mind-bogglingly chaotic.

Bernadette Kelly: We were doing our due diligence in the appropriate way, as a sponsor of this project.

Chair: Yes, but you were not getting the answers. There was not the recognition within Crossrail.

- Q60 **Gareth Snell:** Very briefly, Ms Kelly, you said that it was formally on schedule in July. Your exec meeting then met with Crossrail and had scepticisms. You are thinking hard about what lessons can be learned from those, but it is now essentially November. What did the Department for Transport do differently after it had that board meeting and those scepticisms to try to deal with that? Are you still thinking about it?

Bernadette Kelly: There are two different things at stake here. One is the action that we were taking over the summer to continue to get the best information that we could from Crossrail Ltd to ensure that we understood what was happening and what was now deliverable in terms of that project. That was an ongoing process of exercising the governance arrangements that we have and using our joint sponsor levers to challenge the company to ensure that we had the fullest possible picture of progress

on the project. There is a wider set of lessons learned that we probably need a bit more time to reflect on—

Q61 Gareth Snell: How much more time?

Bernadette Kelly: I am doing a piece of work that I expect to take a few months. What I am trying to do there is distil lessons that we can build into our governance frameworks for the future. It is not about short-term action that we take today or tomorrow; it is about how we tackle some of the profound questions that the Committee is highlighting about the tension that can exist between a real focus on delivery and an appropriate way of surfacing problems and making sure that there is complete transparency.

Q62 Gareth Snell: It is disappointing that, essentially, you will end up taking from July almost to next spring to learn lessons, but that is a different matter. I am not talking about—

Bernadette Kelly: It will be quicker—there are separate pieces of work going on within Crossrail at the moment looking at governance, cost and so on.

Q63 Gareth Snell: What I wish to understand is this: from the moment you went from formally on schedule to your board meeting and pushing hard at Crossrail because there were concerns about the deliverability of the programme, what short-term actions—I accept that they will have been short term—did you undertake as a Department to mitigate those problems? Simply pressing on with the ongoing processes, as you said, does not change the outcome.

Bernadette Kelly: Sorry, can I properly understand your question? You are asking for what we were doing over the summer to mitigate.

Q64 Gareth Snell: No. From the moment that you had the meeting with your board and there were genuine concerns, what did you do differently to mitigate those concerns? All you have said so far is that you carried on with the ongoing processes. If nothing changed, that is fine, but I want to know.

Bernadette Kelly: What I think was happening is that there was a process of dialogue going on between us and TfL, as joint sponsors, and the company, to ensure that the company was able to provide the best possible information about the delivery of that project. That was the process that was going on. It was not that we were not taking any action; it is just that we had a process that was designed—is designed—to ensure that the company was giving us an accurate, up-to-date picture of what was going on in the project. We were using that process to ensure that we had that picture as fully and clearly as we needed.

Q65 Lee Rowley: As somebody who sat on project boards for more than a decade before I joined this House, I reject the notion that there is an inherent tension in this that meant that you were unable to pick it up. That is not the case. This is a classic example of a project that did not have either the right focus, the right governance, or the right



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understanding of what was going on. Either somebody was giving you inaccurate information, you did not structure it to get the correct information, or you had the wrong governance. Which of those three was it? I do not want a long discursive answer; I just want you to tell me which of those three it was.

Bernadette Kelly: The governance that is in place for Crossrail has long been regarded as very good governance—

Lee Rowley: That is irrelevant, because it failed here. Which of those three is it?

Bernadette Kelly: In the end, I do not believe—there is no suggestion—that we were being given deliberately inaccurate information, so I do not accept that. What we did not get until the end of the summer was confirmation from the company that it no longer believed the delivery schedule of December could be met. That is the point at which we got that. Those are the facts, as I—

Q66 **Lee Rowley:** There was a failure to structure your relationship and engagements with the client.

Bernadette Kelly: I am not saying that that was as a consequence of a failure to structure our relationship with our clients—

Lee Rowley: Well it must be. There was a failure, so where is the failure?

Bernadette Kelly: I am saying it is a consequence of what the company was able to deliver.

Q67 **Lee Rowley:** Where is the failure?

Bernadette Kelly: The company, in the end, was not able to maintain the delivery schedule.

Lee Rowley: So the failure was on the part of the company, not on your part.

Bernadette Kelly: The company was not able to maintain the delivery schedule.

Q68 **Lee Rowley:** What about the failure of your QA procedures in understanding that this was a problem in the first place?

Bernadette Kelly: We have, as I say, been very clear—I can set out separately the governance arrangements that are set in place—that ultimately the Crossrail executive team is responsible for delivering. The Crossrail board holds it to account—

Q69 **Lee Rowley:** I'm not looking for a description; I'm looking for an understanding of where the failure was in your process. There is a failure. You have to define to me where that failure emanated from. I am getting nothing from you other than process things. I want to know where you have identified that failure to be.

Bernadette Kelly: It is a delivery failure of Crossrail Ltd.



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Q70 **Lee Rowley:** Your QA procedure that failed to pick that up is deficient, therefore.

Bernadette Kelly: It is a delivery failure of Crossrail Ltd.

Q71 **Lee Rowley:** That was the answer to the first question. What about the second question?

Bernadette Kelly: In the end, we work with the information we are given. We test that information, and we ask questions diligently, as we did in this case.

Q72 **Lee Rowley:** So I draw from that statement that you were both deficient in the information you were receiving and deficient in your QA procedures in order to identify that there was a problem. That is the only conclusion I can draw.

Bernadette Kelly: If that is the conclusion that you draw, then that is the conclusion that you draw.

Q73 **Chair:** Can you tell us how you tested the information that you were getting?

Bernadette Kelly: We tested it through the joint sponsor arrangements that exist. That includes a project representative embedded in the company to help us do that.

Q74 **Chair:** What skills does that project representative have?

Bernadette Kelly: It is a professional consultant with particular expertise in this field. That is how we structured it. It is good practice.

Q75 **Chair:** And that individual was content?

Bernadette Kelly: I cannot comment on an individual.

Chair: Sorry, I appreciate that that question—

Bernadette Kelly: What I can describe is the arrangements that were in place. These are arrangements that as recently as November were looked at by the IPA and were given a very clear endorsement. We had no reason to suppose that the governance and assurance processes that we had in place were in any way inadequate. We will of course be asking, "What could we have learned?"

Q76 **Chair:** You can understand the enormity and our concerns about the creep-over of this sort of thing into HS2, with arm's length private companies running these big projects because they are experts and then things go badly wrong, with a lack of sight from Government and in this case also TfL. We know that there will be discussions at City Hall about this. We will be looking at this again, just to signal that to you.

Bernadette Kelly: And you will not be asking any questions that I am not asking myself and that we are not asking within the Department, I can assure you.



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Q77 **Chair:** Well, I am sure you will come super-prepared then, but as you have heard clearly from Mr Rowley, we on this Committee hear a lot about process and bodies set up here, there and everywhere. We will be wanting to ask you very specific questions about exactly what happened and what you should be doing in future, as well as lessons for other projects across Whitehall.

Bernadette Kelly: Understood.

Q78 **Chair:** You are lucky that it is a busy session. We are going to let you off the hook on that issue at this moment, but do not take that as *carte blanche*. We need to move on to preparedness for exiting the EU. First, may I ask how ready you are for March 2019?

Bernadette Kelly: Obviously there are a number of different scenarios that we could find ourselves in by March 2019. We are preparing for a deal and a no deal scenario in March 2019. Ms Chadwick and I are happy to talk through the preparations we have for both those scenarios. The NAO in its Report has set out and looked at our preparedness, including for no deal.

Q79 **Chair:** We have that Report, because it was in July, and your update letter.

Bernadette Kelly: I've sent you an update.

Q80 **Chair:** That has been very helpful, and we will pick up on bits of that in a moment. Would you welcome any extension to the transition period? Would it make a difference to how you are preparing?

Bernadette Kelly: It is not for me to comment on whether an extension to the transition period is a good idea or not.

Q81 **Chair:** But practically, would it help you if you had longer to do this?

Bernadette Kelly: Assuming we have a deal, a transition period kicks in. If we have a deal, the task for my Department will be around securing the multilateral agreements or, failing that, the bilateral agreements that we want to see in key areas to cover areas of transport, such as air services, road haulage and so forth. The processes will require negotiation, and we will need to ensure that there is enough time for that. In and of themselves, the areas for which my Department is responsible are not areas that would be extraordinarily difficult to negotiate. Indeed, in my areas, we would be building on a historic legacy of bilateral agreements, such as in air services. We would be building on—dusting off, as it were—a historic legacy. We believe it is entirely plausible that it will be possible for us to do the things that are necessary for my Department to do to secure our transport goals.

Q82 **Chair:** Given what has been happening politically in the past few weeks, are you fast-tracking any contingency plans to make sure you are ready, given that we still don't know whether we will have a deal or not?



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Bernadette Kelly: Contingency planning for no deal is obviously a separate set of options. The NAO Report was a fair assessment, by and large, of our overall readiness. We have got 17 work streams.

Q83 **Chair:** We agree with you, so we don't need to go through the detail of the Report.

Bernadette Kelly: I won't go into detail, but we continue to progress all those work streams. I can happily update the Committee orally on where we are on those work streams, if that would be helpful. We believe that they are on track. We are on track to deliver the things we are saying we will deliver by 29 March. I don't underestimate the fact that this is a very challenging and complex programme of work to deliver. Of course, in some areas, we are dependent on conversations with member states and/or the availability of parliamentary time—in other words, things beyond our control. To the extent that we have control, I believe we are doing the things that we need to be doing as a Department to deliver the work streams that we are setting out.

Q84 **Chair:** Is there anything that you can't deliver by next March because it is just too late? We are hearing that from other Departments.

Bernadette Kelly: We remain confident that it is possible to deliver the work streams set out in the NAO Report by March 2019. Of course, some of them are specifically related to no deal, and some of them are valid whether we are in a no deal or a deal scenario.

Q85 **Chair:** So everything you are planning will be delivered by the end of March 2019?

Lucy Chadwick: Just going back to what Ms Kelly described, some of them are contingencies that require discussions and negotiations with the EU27 and the Commission. Do we stand ready to be able to do those? Yes, we do. Have we been able to start those discussions? Not entirely.

Q86 **Chair:** So it would not be wrong to say that you can't deliver everything by 29 March. We recognise that there are political issues between you and getting something done. There are things that you can't do by 29 March because you haven't got decisions yet.

Lucy Chadwick: There are things that we could do and are still doable within the timescales provided.

Q87 **Chair:** So what's the deadline for certain of the projects? What would be an important deadline, beyond which you would not be able to be prepared for delivering some of the work you need to do before 29 March?

Bernadette Kelly: The things that are not dependent upon negotiations with other member states include our systems for issuing international driver permits and our systems for delivering road haulage permits—trailer registration, for example. We believe that all those systems will be delivered by 29 March.

Q88 **Chair:** That's not my question. What are the things that are at risk?



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Politically, when do you need a decision by to deliver certain things by 29 March and to ensure you do not get into ultra-contingency planning? For example, ro-ro ferries—we are going to come on to ferry ports and infrastructure—are clearly highly dependent on political negotiations. We hear that we might not be voting until the last week of December that we are here. Is that cutting it too fine for you, as a Department, to deliver the contingency arrangements?

Bernadette Kelly: There is other deep contingency planning that we are also looking at as part of our work with colleagues across Government, in terms of civil contingency preparation. Clearly, some things require more time to deliver than others. My colleague, Mr Thompson, has already made it clear that some physical infrastructure around the borders could be delivered within that timeframe. We are working through those plans. I am not in a position to speculate to the Committee at this point about what the go/no-go points are on plans that are still being discussed and have not yet been subject to decisions.

Q89 **Chair:** It is incredible. We have got five months or so to go. The later it goes, the harder it is going to be for you. I think we can all agree with that.

Bernadette Kelly: Yes.

Lucy Chadwick: Yes.

Q90 **Chair:** But you are still sitting in front of us saying that you will be able to deliver on something.

Bernadette Kelly: What I am saying is that we can deliver on the work streams that we have committed to, which are set out in the Report, and over which we have control. What I cannot say to the Committee is that absolutely everything that could need to happen, in terms of contingency preparations, will be in place for 29 March in the event that we leave.

Q91 **Chair:** What are the biggest risks for you?

Bernadette Kelly: Some of the risks we are looking at relate to freight capacity. I might ask my colleague, Ms Chadwick, to say a bit more about that, although obviously we are constrained in what we can say where we are still discussing plans, where decisions have not been taken, and where there are commercial sensitivities.

Q92 **Chair:** Is that why you have asked businesses to sign non-disclosure agreements?

Bernadette Kelly: Actually no. We have worked with the industries in the transport sector quite closely in developing our technical notices. That has required us at times to ask them to sign non-disclosure agreements, because while we are in the process of trying to evolve our advice and policy it is important that we have some confidentiality around that. It is absolutely not about trying to prevent good policy making from happening.

Q93 **Chair:** If it is confidential you probably cannot tell me, but what kind of confidential things are so sensitive that a business that is doing its



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business cannot talk about?

Bernadette Kelly: One of the things where we used non-disclosure agreements to very helpful effect with the industry was in the preparation of our technical notices—in particular the aviation safety technical notice, which is a very long and technical technical notice. Ms Chadwick knows it in far better detail than I do.

In order to ensure that we were addressing the right issues and that we were giving the industry the best advice that we could about the things it needs to prepare for in a no deal world, we needed to bring them into our confidence and share drafts with them. So we did that, but obviously we wanted—

Q94 **Chair:** Sharing the draft of a technical agreement that will help the air industry to operate hardly seems a deeply controversial or commercially sensitive issue. It is just practical day-to-day business. If they are going to have views on it, it is the sort of thing that they would be talking about anyway.

Bernadette Kelly: It is practical day-to-day business, you are quite right. Equally, what we wanted to be able to do with all our technical notices was ensure that they were not in the public domain until we had made sure that they were correct—

Q95 **Chair:** Can we be clear, what was the scope of these non-disclosure agreements? Was it just not to release the draft of a technical agreement or did it go wider—not to reveal any of the conversations or information that they have had from the Government in meetings that they have had with you?

Bernadette Kelly: I think the NDA will have used a standard text.

Q96 **Chair:** So a wide text. A broad text.

Bernadette Kelly: I would need to confirm that for the Committee.

Q97 **Chair:** Could you write to us on that?

Bernadette Kelly: I could write to you on that.

Q98 **Chair:** It is interesting that you are the second permanent secretary in a week who has come and defended non-disclosure agreements. This is not something that the Government have routinely done in the past.

Bernadette Kelly: Actually we have used them in my Department, because we often talk to the sector about matters that are commercially sensitive at the point at which we are trying to develop the best possible policy propositions and advice for Ministers. It is not a very unusual thing to ask for those conversations to be—

Q99 **Chair:** We would like to see a text of the non-disclosure agreements that are being signed.

Bernadette Kelly: I am perfectly happy to provide that.

Q100 **Chair:** And one of the normal ones that you do, and the ones you have been doing since Brexit if there is any difference.

Bernadette Kelly: I would be happy to share some sample texts.

Q101 **Chair:** We should be having an open and honest discussion about this. Businesses do not know what is happening, and non-disclosure agreements mean that there cannot be discussion about things. That is the worry—it has been a gag.

Lucy Chadwick: Some of the issues that we are discussing in those technical notices are actually about what we will then go and negotiate and discuss. There does need to be a space in which we can control that. There is a moment at which we want to go into those discussions and negotiations with the Commission and others. We do not want there to be something that comes out in an uncontrolled manner.

Even the technical notices set out things that we can expect to go and negotiate. They are not just informative. They have an information role, and were improved as a result of that, but they also set out very clearly, and we worked through, what some of the positions are that we might want to take. We would not want those to leak out in advance.

Q102 **Chair:** My humble suggestion to you is that if Sir Geoffrey and I and the Committee went to meet some of the people who you are talking to anyway, and we had a conversation about what you might need to do in the case of these Brexit scenarios, we would probably come up with the same information that I suspect the Commission is also aware of. I cannot quite see what anyone could not guess or surmise from normal conversations.

Lucy Chadwick: They have certainly not objected. Indeed, I think they—

Q103 **Chair:** Hang on. Is it not a bit of a David and Goliath position, Ms Chadwick? If you go as the representative of Her Majesty's Government to talk to a medium-sized business, I think it would be hard for them to say, "Well, I won't sign it," and then you say, "Well, I'm sorry then—you can't be in the room." You are caught, as the third party, in a hard place. You have to sign.

Lucy Chadwick: These non-disclosure agreements are for multilateral conversations as much as bilateral conversations. For those bilateral conversations, it is important for them commercially to believe that they are retained by us in that way as much as by them. So they cover a range.

Q104 **Chair:** Yes, for the bilateral ones I do understand that there might be something for the other side, but for the multilateral ones perhaps not so much.

Lucy Chadwick: We use them in both ways. In terms of signing up to a non-disclosure agreement, it allows us to use them in both ways and they are important to them in that context.

Chair: We will look forward to getting those examples on that. I am going



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to bring in Lee Rowley now about some of the projects that the Report highlighted.

Q105 Lee Rowley: In terms of the 28 projects that you are doing, which are on page 25 of the Report from July, can you confirm which ones are red, which are amber and which are green?

Bernadette Kelly: We talk about 17 work streams.

Q106 Lee Rowley: I am asking about the 28 projects, not the 17 work streams.

Lucy Chadwick: In terms of the 28, in our own reporting at this stage, I am sorry—I will have to check. I will give you a statement if you don't mind, then I'll fiddle with my pieces of paper and make sure I am talking about the 17 or the 28. My apologies. At the moment we have three that we would rate with a red or an amber/red assessment against them at this stage in terms of where they are. Those are not ones that will be a surprise. We have touched on driving licences and the Post Office contract and what precisely that is and where we are in our discussions around air services agreements. We have not been able to start those bilateral or multilateral discussions yet with either member states or with the Commission. At this stage we have started rail bilateral discussions with our counterparts in France, Belgium and Holland. It is at a very early stage, so we have similarly marked that.

Q107 Lee Rowley: Of those three, the two you have just described are effectively stopped due to policy questions: my choice of words rather than yours, but that is effectively the case. And the first one is down to the level of change that is required. The letter that you sent a few days ago indicated a rather rosy view of the Post Office.

Lucy Chadwick: No, it is a statement of where it is. This is an awful lot of work to work through. The Post Office contract is a critical feature of our making sure that individuals can go and access international driving permits. That is a critical step in the signing of that contract and is therefore important. At the moment it has not been signed. It is not necessarily delayed, but it is critical in terms of the delivery of this project. As a result of that, we mark it in that way and make sure we are confidently asking ourselves the right questions.

Q108 Lee Rowley: Does it need to be signed in order to hit the target?

Bernadette Kelly: Yes, it does. We need a contract variation in order for the Post Office to put in place the necessary systems. It needs to print IDPs, train staff—

Chair: We will come on to the detail later.

Bernadette Kelly: We expect to sign that contract variation by the end of this month, and I expect that deadline to be met. At that point this work stream will no longer be featured as red because, at the signing of the contract, we will have a higher level of confidence around the delivery by March 2019.



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Q109 **Lee Rowley:** You have confirmed to me that the Post Office contract is currently red. The air service agreement and the rail bilateral discussions are amber or are red?

Lucy Chadwick: At the moment those are marked as red.

Q110 **Lee Rowley:** Okay, so 25 are green and three are red.

Lucy Chadwick: I am talking about 17. I said I would come back to you. I am talking about the 17. I am sorry. I couldn't give you the same level on the 28, but I am very happy to do so after the meeting, if that is okay. My apologies.

Q111 **Lee Rowley:** Perhaps you could write. If you can't give me the precise information, can you tell me whether any are trending from green to amber or amber to red?

Lucy Chadwick: In terms of the overall programme, if you are asking whether our confidence is increasing or decreasing, I would say our confidence in the programme at the moment is somewhat decreasing because of the dependency on those bilaterals. Given where we are, to go back to your question, Madam Chairman, and the number of months left to go, that increasingly now will become something of a cause for concern for us if we do not start it, so I would describe it as trending upwards.

Q112 **Lee Rowley:** That is on a programme level rather than individual contracts.

Lucy Chadwick: Yes, and I would even say some of those individual ones. Because of the nature of those important bilateral discussions, that will continue to be an area of growing concern to us.

Q113 **Lee Rowley:** How many of the projects, the 28—

Lucy Chadwick: I am going to keep talking about the 17 if that's okay.

Q114 **Lee Rowley:** I am going to keep asking questions about the 28. I expect answers on the 28 or you need to write to me on them. How many of the 28 have seen any form of slippage from the original baseline?

Lucy Chadwick: As the NAO itself saw when it came in and looked at our programme, there are a number of dates that have moved and changed. That is as a result of us actually developing the necessary detailed plans. If you looked at those, they would show a change in date. Many of these we did not regard as a slippage. It is quite a subtle and important difference. We set out some plans here at a very high level, at quite high speed, and we have had to make sure, as we have refined and understood those, that we genuinely understand the real timescales.

I would say now that we have a plan that is actually in that state and at this stage we don't have any that I would regard as significantly slipping.

Q115 **Lee Rowley:** How many of the 28 have run out of contingency?



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Lucy Chadwick: That is an important question. I would say they are all fairly hard on—you know, there is not much wiggle room in the delivery of them.

Q116 **Lee Rowley:** How many of the 28 have delivered?

Lucy Chadwick: None at this stage is complete. I'm going to keep on answering on the 17, if you don't mind.

Q117 **Chair:** Write to us.

Lucy Chadwick: I can give you a bit on the basis of the 17: none is. On the 28, I believe there are some.

Q118 **Lee Rowley:** I would like specific answers to all those questions on the 28, with references to specific numbers, please.

Two more questions. First, you referred previously to 17 work streams. The NAO Report refers to 18. Can you confirm that the 18th project is the border transport infrastructure work stream, please?

Lucy Chadwick: My apologies—do you mind just repeating that for me? I was momentarily distracted.

Lee Rowley: Sure. You referred to 17 work streams a moment ago. The NAO Report refers to 18. Can you confirm the one that is apparently missing?

Lucy Chadwick: I don't know; Bernadette does. There is one that has got compressed, which is associated with some Driver and Vehicle Standards Agency work, isn't there?

Bernadette Kelly: I believe that is correct. I think we were showing at one point work to relocate DVSA away from ports, as a separate work stream from borders infrastructure. I believe we have now conflated those, but again we can confirm that in writing.

Q119 **Lee Rowley:** Given our discussions on Crossrail a few moments ago, how can I have confidence in a QA and overall programme position, given the issues we see with HS2 and Crossrail?

Lucy Chadwick: We are certainly doing a thorough assurance on all of these. We're using—

Q120 **Lee Rowley:** Does it follow the same methodology as Crossrail?

Lucy Chadwick: I can only kind of use the lines of defence that are available to us. We are using our Government internal auditors to help us with that. We also use the IPA, in terms of the cross-governmental capability and the Government Digital Service. Those are important to us in terms of independent reviews by them, and we have been making sure that critical streams do not happen just once but are ongoing.

I don't think you can ever say that assurance is entirely perfect, but it actually gives us a great deal of insight and has provided us with some very important corrective insights, which we have taken and acted upon.



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Bernadette Kelly: I would also observe that these are work streams that we are delivering directly ourselves, or through our Executive agencies. They are not work streams that we are delivering through an arm's length or delivery partner. In almost all cases, I think that is certainly true. This is an in-house programme of work, which we are overseeing through a portfolio direction board, which Ms Chadwick chairs in-house.

Q121 **Lee Rowley:** Last question. The variable that we cannot influence is time in this discussion; all the other variables can be influenced in an ideal, mythical world that I'm putting in front of you. What variable changes do you need? Do you need more resources? More clarity? More political decisions? What are the things that you need to give me the guarantee that you can hit these by March of next year?

Lucy Chadwick: In terms of the political context—what do we need in terms of those bilaterals—I don't think that you, as Members of Parliament in the UK, can give me that, but that is important in terms of those bilateral discussions. That is an important context in which to make this deliverable.

We continue to be as nimble as we can be about what we are asking of ourselves. I think we have got that now to a sensible hard core, but inevitably there are always choices that we will still have within that context, in terms of what I would call scope. But I think we are satisfied at this stage that we do not need to make any of those choices. So the biggest thing I could get is a context, or a shift in the context, in which to have some of those discussions with other member states and with the Commission.

Q122 **Chair:** You have obviously got a lot to write to us about—

Lucy Chadwick: My apologies: I hadn't swotted on 28.

Chair: We are now going to move on to Chris Davies—we welcome him to his first Committee sitting—and to some of the issues around the infrastructure challenges that we are facing.

Chris Davies: My first questions really relate to ports. I understand that the Secretary of State mentioned a few months ago that there would be no checks at Dover, but rumours abound from yesterday's Cabinet meeting that that may have changed. We love rumours in this place. Have you had a meeting with the Secretary of State and can you update us on where we are with checks on the borders?

Bernadette Kelly: I think the point that my Secretary of State would have been referring to is that we will not have checks on the UK side of the border. We cannot know what the French may choose to do on their side of the border. That is a key determinant of what then happens in terms of flows of traffic and freight through the ports. My Secretary of State will not have made any statements about that, because he fully appreciates that it is not within his remit to know how the French will choose to operate on their side.

Q123 **Chris Davies:** Yesterday, the Chinese opened a bridge connecting Hong



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Kong to Macau. We tend to build motorways in this country that are going to be used as carparks and lorry parks, rather than for connectivity. Do you regret that Kent is going to turn into a major carpark, rather than a motorway?

Bernadette Kelly: Operation Brock is our interim arrangement to deal with potential disruption around the port, which could happen with or without us exiting the EU, as it has done in the past. We are implementing and executing a project to ensure that there are holding areas for road haulage, if needed, while at the same time ensuring that that traffic can continue to flow. The whole purpose of Operation Brock is to maintain the free flow of traffic.

Q124 **Chris Davies:** We understand that you had a trial on the M26 in which you closed it overnight. My erstwhile colleague, the hon. Member for Tonbridge and Malling, was not informed. Was that deliberate?

Bernadette Kelly: What I believe happened there was that Highways England executed some overnight closures to carry out some surveying work. Highways England would regard that as a normal thing for it to do—it does this sort of thing regularly on the strategic road network, where it needs to carry out survey work. On this occasion, I think there could have been better handling of the communication with local stakeholders, including Kent MPs, and we have made that clear to Highways England.

Q125 **Chair:** Are you apologising to the people of Kent and the Kent MPs?

Bernadette Kelly: I think that Highways England will have received a clear message that it is absolutely essential that it communicates in advance where road closures are planned, particularly given the particular sensitivity and profile of work on Operation Brock.

Q126 **Chris Davies:** On what date did you start planning for a no deal situation?

Bernadette Kelly: I think I would struggle to give you a particular date. As a Department, we have been working—just like all Government Departments—on our no deal planning for a period of time. Over the summer, we made sure that that work and preparation is as good as it needs to be. We have stepped that work up. I think we have acted in accordance with the rest of Government in terms of establishing and accelerating our no deal planning, but I would struggle to pick a date off the calendar.

Lucy Chadwick: I can't remember a point at which we weren't doing it.

Chair: Presumably from the day after the referendum.

Q127 **Chris Davies:** Was that a nod or an answer?

Bernadette Kelly: I would struggle to say that we had set up our teams the day after the referendum either, but clearly we have been working for some considerable time now to ensure that our no deal preparation is in place.



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Q128 Chris Davies: There are ports on my side of the country, such as Holyhead, Pembroke and Fishguard, which share the concerns of ports around the country. How closely are you working with the devolved nations and how closely are you working on no deal preparation with the devolved nations?

Bernadette Kelly: In relation to ports, I will ask Ms Chadwick to comment.

Lucy Chadwick: Closely. Much of the close work is being co-ordinated by the Borders Delivery Group, which has been talking—with our involvement and on our behalf—with all the major ports and airports, including Holyhead and the other ports that you mentioned, going through and explaining the technical notices. It can also talk through operation detail and check in terms of assessments. In the case of Holyhead, the potential knock-on consequences for transport, unlike in Dover, are potentially an issue for the Welsh Government, so we have also been ensuring that we are in discussions with the Welsh Government, as has the Border Delivery Group. We will do anything that we can in terms of our planning and making sure that it is being shared.

Q129 Chris Davies: If there were representatives of the Welsh or Scottish Governments sitting in that seat now, do you think that I would be getting a positive answer from them?

Lucy Chadwick: I would say that the Welsh Government would say, “We are starting and discussion has been going on.” Interestingly, in the case of the Scottish Government, they have just agreed for that conversation to happen with the Scottish ports, so I would say at this stage that they would describe it as being at an earlier stage rather than as a mature set of discussions, although there is no reason why it could not be so in the time that we have.

Q130 Chris Davies: My last question will go back to lorry parking: do you regret that your Department did not push through a lorry park plan for Stanford West?

Bernadette Kelly: There was a planning issue. We were not able; it was not a question of not pushing it through. It was something that we were unable to do as we did not have the planning approval to do so. We have now turned our energies to ensuring that we have, in Operation Brock, a plausible interim solution to deal with disruption.

Q131 Chair: Before we move on to Sir Geoffrey Clifton-Brown, I want to ask what the overall cost of increasing lorry-holding capacity on the M26 would be. We know quite a lot about the M20—we have discussed that.

Bernadette Kelly: I am not sure I can give you a disaggregated figure for the M26. We are looking at a total infrastructure cost of between £30 million and £35 million. Some of that will obviously be for hard shoulder improvements, strengthening and so on, which is needed on the M26, but I cannot give you a disaggregated figure, I’m afraid.

Q132 Chair: You cannot now or you cannot at all? There must be a figure



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somewhere in the accounts.

Bernadette Kelly: I could give you a disaggregated figure but I do not have it in front of me.

Q133 **Chair:** If you could provide us with that, it would be very helpful. Of course it is not just Highways England or your Department that has a responsibility. There will be an impact on local authorities, districts and the county. How many council staff are you working with, and is there a big team in Kent dealing with this?

Bernadette Kelly: We have the Kent resilience forum, which is a bringing together of all the partners, as you rightly say. We have Kent Country Council, Kent Police, Port of Dover, Highways England and others working through the resilience forum.

Q134 **Chair:** Roughly how many people are there from the council?

Bernadette Kelly: I cannot give you a number of people; I can describe the forum, but I would have to give you figures for numbers. For Operation Brock to work successfully, we need to do two things. The first is to have the infrastructure in place and the second is to have a very clear operational plan for its deployment. That is where the Kent resilience forum and the Kent partners are so important, and we are now working very closely with them to ensure that such a plan exists.

Q135 **Chair:** How well are you going to be supporting councils locally to do this work, not just in Kent but around the country?

Bernadette Kelly: I would not claim that we have been working with councils around the country on our Brexit planning. There have been a very limited number of specific councils that we have been working with, of which Kent is one because of the particular issues around lorry parking.

Q136 **Chair:** When I say councils around the country I was paraphrasing, but I meant ones with ports. The MP for Plymouth has raised concerns, as has the MP for Tonbridge and Malling, Tom Tugendhat, and you have heard about Holyhead—these are concerns. Are you working with local councils in those areas?

Lucy Chadwick: MHCLG are working with those councils.

Q137 **Chair:** Not to get too process-y, but if you close a bit of motorway—say, the M26 in Tonbridge and Malling—that is a big issue for local councils. Do you then pass that information on to the MHCLG to have a discussion with the councils about the support that they need, or is it the working group that does that?

Lucy Chadwick: The BDG has been having some of those discussions, and MHCLG are also now making sure that it will not just be for local authorities, but also for ports and airports that raise issues and questions. There may be some wider resilience and they are co-ordinating all of that work as well.

Q138 **Chair:** Clearly, there is a knock-on effect down the line if that transport



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hits everywhere. How much of the Brexit contingency money from the Treasury is being spent on mitigating each project in Kent, particularly the M20 and the M26?

Bernadette Kelly: I mentioned a figure of around £30 million to £35 million, which is what we are spending on the infrastructure, principally for Operation Brock. Like I said, I cannot disaggregate that. That money sits within Highways England's current funding envelope, and that is how that is currently funded.

Q139 **Chair:** So it is not additional Brexit contingency money?

Bernadette Kelly: No, because this is not exclusively a Brexit contingency project. Remember that this is something that we were looking at anyway to ensure that we had a solution to lorry disruption that might occur—

Q140 **Chair:** But if that then has to be operated, there is a cost, particularly to local government, so will there be any Brexit contingency money?

Bernadette Kelly: Indeed, and if particular costs fall, we would expect our funding to deal with Brexit contingency planning.

Q141 **Chair:** At this point, you are saying that you do not know what that cost might be? Do you have any ballpark figures, Ms Chadwick?

Lucy Chadwick: Those have not yet been approved. They are with the Treasury at the moment for discussion, along with a number of the operational costs that we have.

Q142 **Chair:** I understand, and I give credit to the Member for Tonbridge and Malling for this information, that under part 2, schedule 7, of the Traffic Management Act 2004, the Government can grant additional power to Kent County Council, which is the highways authority, obviously, in Kent, to better enforce infringements on the local highway network, which might be necessary. They would be at the frontline of doing that. So are you thinking of doing that, and what would be the cost to Government if you did grant those additional powers to Kent County Council?

Bernadette Kelly: I cannot confirm whether that specific point has been discussed in the resilience forum. It is the sort of issue that I would certainly expect that forum to surface and consider, if it thinks that that is needed to ensure that there are not consequences—

Q143 **Chair:** How long would it take you to grant those powers?

Bernadette Kelly: I cannot imagine it sounds like—

Q144 **Chair:** Does it require an SI, or is it the signature of the Secretary of State?

Bernadette Kelly: I would need to come back to you with confirmation on that. I do not know what the process is for executing those powers, I am afraid.

Chair: I am just thinking of time. It could be needed very urgently.



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Bernadette Kelly: It does not feel to me—

Q145 **Chair:** It is not one of your worries at the moment.

Bernadette Kelly: It wouldn't be. It sounds like the sort of thing we ought to be able to deal with very quickly. If it is traffic disruption you need real-time responses, and I would hope that this process would give us the ability to do that.

Lucy Chadwick: Given that these are powers that presumably were given to Kent as emergency powers, my presumption would be that these are very quick to operate, but let us make sure that we can confirm that. They will have been gifted in that kind of context.

Chair: Well we can imagine Kent MPs are generally concerned, and it has an impact on the rest of the country as well.

Q146 **Sir Geoffrey Clifton-Brown:** Ms Kelly, I want to be absolutely clear on your Department's timetable for the no deal scenario. Did your Department, in common with other Departments, take a foot off the gas after the March summit, when it became clearer that we were likely to get a deal? Did it then drastically start stepping up its preparations in the summer, when it was then clear that we were less likely to get a deal?

Bernadette Kelly: I don't recognise the description of us taking our foot off the gas at all. I think we have consistently adopted a very clear view about what we needed to do. We are a Department, as the Comptroller and Auditor General has remarked, that does a lot of project delivery and implementation, so we have always been clear that in order for things to be done by 19 March we could not pause preparations; we needed to continue executing a plan. So that, I think, is what we have been doing on a consistent basis for some very significant period of time now. I certainly don't recognise any taking the foot off the gas.

Q147 **Sir Geoffrey Clifton-Brown:** Do you now have all the instructions you need from Government to make every single preparation that you need to do for a no deal scenario on 29 March next year?

Bernadette Kelly: Again, what I am not trying to say to the Committee is that absolutely everything will be in place.

Q148 **Sir Geoffrey Clifton-Brown:** I am not asking if you may do it; I am asking if you have got the instructions to do it.

Bernadette Kelly: At the moment the things that we have the instructions to do are the work streams set out in some detail in the NAO Report. Since the NAO Report, we have published 13 technical notices, which set out the advice we are giving to businesses, consumers and others across the transport sector in terms of readiness for a no deal scenario. So all of those things are being taken forwards and we have the authority that we need to get on with that work. Clearly, in a number of areas, we have a significant body of legislative approvals to seek. We have 66 statutory instruments.

Sir Geoffrey Clifton-Brown: We will come on to those later.

Bernadette Kelly: Obviously some of those have been laid and approved and some have not.

Q149 **Sir Geoffrey Clifton-Brown:** I just want to follow up Mr Rowley's question about the trending of some of these work streams that are apparently going towards red, when they were making good progress towards green, because of the bilateral assessment of what might happen, for instance, between us and France. I don't want to know the details, and I am not going to ask for the details, because it would be improper of me to do so, but can we be assured that you have, as it were, war-gamed the worst possible scenarios—so that you know how you are going to deal with getting food in and out of this country, for example?

Bernadette Kelly: There are probably two areas we might touch on. One is around air services, because that is an important area, and you have talked about food as well. Taking air services as an area of significant public interest, which we have talked about in our technical notices, there it remains our plan A—our preferred goal—that we will have some form of EU-wide agreement in place for March. If that is not possible, we would look to have bilateral agreements in place with other member states.

Q150 **Chair:** From now, 27 bilateral agreements by the end of March?

Bernadette Kelly: Indeed. Yes. I think that is challenging—

Chair: Lovely civil service word there, “challenging”.

Bernadette Kelly: We are clear that our first goal is obviously, as part of a future partnership, to have a comprehensive air transport agreement in place. That remains deliverable. The Commission itself has indicated that air services is one of the areas that it would see as potentially needing to be looked at for a bare-bones agreement, if needed.

Beyond that it is possible to negotiate bilateral service agreements. We already have them in place with 111 countries, and we are in the course of putting another 17 in place with third-member countries with whom we currently have arrangements by virtue of being in the EU. What we have done in our technical notices is also set out that if none of those arrangements are in place, it would be necessary for UK airlines to seek an authorisation from EASA and for member states to allow a permit in order for UK airlines to continue operating.

We are going through a series of steps to ensure that we are dealing with all possible contingencies in as thorough and proper a way as we can. Equally, we acknowledge that there are—a very small probability—some challenges that might occur if we are not able to enter into negotiations with other member states, for example.

The situation around food is one where we have been looking, as part of our contingency arrangements, at what some of the supply constraints



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could be. We have also been looking, as part of our contingency planning, at what steps would be appropriate in order to mitigate some of the impacts in the event that the French, for example, decide to impose border controls on their side of the border. We continue to do that work. Do you want to say more, Ms Chadwick?

Lucy Chadwick: In terms of your description of war-gaming—making sure that we think through what are the worst reasonable circumstances in which we could find ourselves and what the options available are—that is very much the focus of our thinking. What would be appropriate at this stage in terms of making sure that these things occur inevitably, we will be better fitted if we have spent some time thinking about and considering them. We are genuinely working through that in a very systematic way.

Q151 Sir Geoffrey Clifton-Brown: This is a big subject. I shall give you some fairly rapid questions and ask for some fairly rapid answers.

Can we be assured that that contingency planning now actively involves all ports in this country? For example, if the French decided to have a blockade on Dover, could we use other ports and routes to get vital necessities into this country, such as foodstuffs?

Lucy Chadwick: I can assure you that we are talking with all industry partners and across Government in considering the full range of options. I would like not to get drawn on specifics, if that's okay, given the commercial and market nature of this, the transport sector in its entirety. We are running very close in considering all options in that context.

Q152 Sir Geoffrey Clifton-Brown: Just to use a practical example to get some reassurance, can my farmers who export lamb in big quantities to the continent be reasonably assured that whatever happens it will be given the highest priority, because if it cannot be exported they will be in an awful muddle? Or just use foodstuffs generally.

Chair: We know DEFRA is involved.

Lucy Chadwick: Because foodstuffs come with particular sets of controls such as phyto inspection, they come with a different set of issues. If you want to use that particular example, what you become very dependent on is what the capacity is, in terms of exporting any amount of anything of that description, and nothing in the control of the UK—it is about what has happened on the other side of the Channel in Holland, Belgium and France. Our understanding is that consideration is being given in some of those countries, but not all. It is not a reassurance that we can provide at this point, and it is outside our control. In the example you described, the exporting of those goods is a question for other member states.

Q153 Sir Geoffrey Clifton-Brown: May we move on to Project Brock? What assurance can you give us that, in the worst-scenario Project Brock, where the whole of your contingency is taken up by lorries, cars will continue to flow reasonably up and down the M20, the M26 and the M25?

Bernadette Kelly: The design of Operation Brock is intended precisely to allow traffic to continue to flow. We do expect there to be some reduction



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in speeds where Operation Brock is in operation, but the whole design of the project has been about ensuring that there is a continued flow of traffic. That is why the M20 arrangement is for a reinforced contraflow—so that there is still traffic movement in both directions. I would never promise you there won't be a traffic jam anywhere, because those things occur, but certainly the design of the scheme is explicitly to ensure that traffic continues to flow.

Q154 Sir Geoffrey Clifton-Brown: If I were a haulier, either on the continent or here, I would be particularly worried now about what the maximum acceptable delay is for getting a lorry in and out of the port of Dover. What does success look like on this?

Bernadette Kelly: I do understand that that is exactly the sort of consideration that road hauliers will be having. Some of them will, in that context, be wondering about what alternatives they have for using other routes and ports in the event of queues forming at Dover. I can't give you a specific, snappy answer.

Q155 Sir Geoffrey Clifton-Brown: Well, with your planning assumption, you must have an idea in your minds as to what the maximum acceptable delay is.

Bernadette Kelly: It will depend on, I imagine, what goods the company is transporting. There will not be a single answer for all road haulage. For some, time will be absolutely critical; for others, using another route may be perfectly feasible and the timeframe may be less critical, so I don't think there is a single simple answer to that question.

Lucy Chadwick: I think it might be worth describing this in a slightly different way. Take imports coming into the UK, which we have control of in terms of what we can do—the steps and action that we have taken. As you know, in a separate piece of work the NAO have been doing for you in terms of borders, it has been very clear that the free flow of goods, as much as security, is among the key principles here. What is less clear is what principles other member states are going to be applying and therefore it is quite difficult to talk about what is acceptable and unacceptable, because that is outwith our control. What we understand is that that has a significant impact if those are—

Sir Geoffrey Clifton-Brown: Okay.

Lucy Chadwick: I think the question is a difficult one. What we have at the moment is a free-flowing—

Q156 Sir Geoffrey Clifton-Brown: Short questions—short answers. Can you tell me why you did not report to DExEU on the border transport infrastructure work stream, according to page 21 of the NAO Report?

Bernadette Kelly: I did see that sentence in the Report. I think that is the question of the 18 work streams where we have now consolidated things so that we have 17, so I don't think it's a question of there being something out there that we are not reporting; I think it's just a change to how we are reporting.



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Chair: If you could clarify that, we would be grateful.

Q157 **Sir Geoffrey Clifton-Brown:** This is the final question from me. Has Highways England now been given the contract, and are you confident that it can do the infrastructure for Operation Brock on time?

Bernadette Kelly: This is something that we have asked the chief executive, Jim O'Sullivan, to give his personal attention to, given its sensitivity. At the moment, he is doing so. It is well within the normal range of projects for which Highways England is responsible.

Q158 **Chair:** So you are confident?

Bernadette Kelly: Yes, I think there is no reason to suppose Highways England is not perfectly capable of delivering this project. It is a relatively uncomplicated project in terms of the infrastructure. It's about—

Q159 **Chair:** You say "uncomplicated". What about disruption for local people while it's being done?

Bernadette Kelly: As we have seen with the overnight road closures on the M26, it will at times have to carry out survey work and warn the public about road closures, but again, these things happen on the strategic road network all the time; these are the things that Highways England manages all the time.

Q160 **Sir Geoffrey Clifton-Brown:** Actually, I have one other question, on your integrated plans with other Government Departments and the borders taskforce. We mentioned foodstuffs, for example, and that is dependent on DEFRA and Customs and Excise. Are you absolutely satisfied that you are getting all the information and co-operation that you need to produce an integrated plan?

Bernadette Kelly: I will ask Ms Chadwick to say more on this, because she sits on the border delivery group.

Lucy Chadwick: It was a very important function that we had wanted, in terms of integrating some 30 Government Departments and agencies that operate what is at the border. We have one tiny part of that, but the transport consequences are very significant. Certainly our view is that the border delivery group has been of enormous benefit to the management and oversight of this programme by providing clarity across all the activities of those 30 organisations about what issues need to be resolved and where we sit in the delivery of those. I would say that has provided very important oversight.

Q161 **Chair:** Of course, you pick up the pieces if something goes wrong with something else.

Lucy Chadwick: I have an incentive in the room.

Q162 **Anne Marie Morris:** Can we move on to the trailer registration scheme, road haulage permits, international driving permits and the European Maritime Safety Agency system? Thank you very much for this letter, Ms Kelly, which makes it all sound wonderful. Is it? On the trailer registration



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scheme, I know you have the business case, but why are you so confident that the December 2018 target go-live date will be met?

Bernadette Kelly: At the moment we have no reason to suppose that DVLA is unable to deliver the scheme on that timetable.

Q163 **Anne Marie Morris:** What does that mean?

Bernadette Kelly: DVLA has significant experience of introducing these sorts of customer interfaces and—

Q164 **Anne Marie Morris:** What do they actually have to do? We are now at the end of October.

Bernadette Kelly: It is kind of an IT system that they are putting in place, but it is building on existing systems they have in place. This is a feasible timetable for them to deliver a scheme that is just about building on some of the activities and systems they already do.

Q165 **Anne Marie Morris:** How have you checked that? It is lovely to say it is feasible, but how do you know that?

Lucy Chadwick: As I said in answer to Mr Rowley, we are getting regular reports on these things. We have an SRO who is holding it to account. We use a number of other assurance mechanisms, in particular the Government Digital Service, the IPA and others, to make sure we have assurances. That is quite a lot of oversight, and indeed we have put in place more oversight, given the criticality of some of these programmes, than we necessarily would for things of their scale and value.

Q166 **Anne Marie Morris:** Right. We have eight weeks left. What still has to be done?

Bernadette Kelly: At the moment, as my letter indicates, they are testing the system they are putting in place with users. I presume they will then want to consolidate and ensure that system is ready to go live.

Q167 **Anne Marie Morris:** How much communication have you had with potential users? If they don't know about it, they won't use it.

Bernadette Kelly: I think there has been—

Anne Marie Morris: Give me an example.

Lucy Chadwick: I understand they have been brought in from some early product testing so that this can actually work. This is a—

Q168 **Anne Marie Morris:** But that is not all of them—that is some of them. How are you going to get all the people who need this to know about it and use it?

Bernadette Kelly: You are quite right—there will need to be further communications.

Q169 **Anne Marie Morris:** When will those happen?

Lucy Chadwick: Sorry, I don't know off the top of my head.

Bernadette Kelly: I would need to confirm in writing.

Q170 **Anne Marie Morris:** Will you write to us? We would like detail on that.

Bernadette Kelly: Yes.

Q171 **Anne Marie Morris:** With regard to road haulage permits, again, you talk about very good progress. What does that mean?

Bernadette Kelly: That means that we are expecting the DVSA to be able—from the end of November, I believe—to begin to accept the first tranche of applications for those road haulage permits. Remember, this is something we have been planning for a long time. This is why we have the Haulage Permits and Trailer Registration Act, which was approved by Parliament last summer ahead of schedule. A lot of work has been going on.

Q172 **Anne Marie Morris:** What work actually has to be done? Is this tinkering with an existing system again?

Bernadette Kelly: Again, I think it is creating another system, but within the existing systems that DVSA have. Clearly, at the moment, they are not issuing road haulage permits in this way, and they are now going to need to do so. What they are doing is delivering that. As I said, this is something we have been working on for a period of very many months. It is something we secured parliamentary assent for back in the summer. While we have been securing parliamentary assent, planning has also been going into how we will execute that.

Q173 **Anne Marie Morris:** When in November?

Bernadette Kelly: I think it is right at the end, but I can check.

Q174 **Anne Marie Morris:** If you could write with some details as to progress, that would be very helpful. Again, what about the users? Do you have a programme?

Lucy Chadwick: There will be an extensive communication, which is—

Q175 **Anne Marie Morris:** Can you send us details of what that is, with a timeline against it?

Bernadette Kelly: Yes—and it is already happening, by the way. We already have very regular roundtables with the road haulage industry. Obviously this is an industry for which Brexit is a very significant issue. Our director responsible for this area of work within the Department meets the industry on a very regular basis, as do Ministers.

Q176 **Anne Marie Morris:** So you can send us a report with all that detail to give us comfort?

Bernadette Kelly: We can certainly give you more detail if that is what you want, yes.

Q177 **Anne Marie Morris:** Fine. On international driving permits, this letter was written on 18 October—it is now the 24th—and you say you are going to



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start printing documents by the end of this month.

Bernadette Kelly: Yes. We need the contract variation to be in place, but as I understand it, the systems are all set up and ready to start printing these documents. IDPs are already produced; this is not a new thing that is happening only because of Brexit. People need to get IDPs at the moment if they wish to drive in some third countries outside the EU.

We are now putting in place a set of arrangements needed under the 1969 Vienna convention, which we have now ratified. Those arrangements will allow IDPs to be made available to the public more widely, so that they can be free to drive around the EU. Of course, we still hope that EU member states will be comfortable with people driving without IDPs, but we are putting this in as a contingency arrangement.

Q178 **Anne Marie Morris:** I totally accept that, but can I ask you about the end of this month, which is 10 days away? Can you tell me exactly what is going to happen between now and then with regard to the contract variation, to ensure that we can start printing by 31 October?

Bernadette Kelly: The key thing that we need to do, and which is going through the governance and approvals process at the moment, is to sign off the contract variation. That has not happened, although I wish it had, but we are chasing very hard to ensure that it does. That will allow the Post Office to press the button on ensuring that print runs and everything else are in place.

Q179 **Anne Marie Morris:** What is delaying it?

Bernadette Kelly: There is a certain amount of governance that it has to go through. It has gone through an assurance panel—

Q180 **Anne Marie Morris:** And who is responsible for that governance? Who is the blocker?

Bernadette Kelly: There is no blocker; it is just a process that needs to be gone through.

Lucy Chadwick: It is the counterparty as much as ourselves.

Bernadette Kelly: Yes. We need to make sure that we are satisfied, and so does the Post Office. With any contract, it takes a certain amount of time for all parties to be satisfied that they can sign up to it. That is now going through its very final stages.

Q181 **Anne Marie Morris:** Right. So will you write to us on 31 October and confirm that that has been done?

Bernadette Kelly: Yes, I can write to you on 31 October.

Q182 **Anne Marie Morris:** Fantastic. What about training? That is a bit of a challenge. You have the manual, I believe, but what are you going to do about training post office staff so that they can roll out this stuff?

Bernadette Kelly: The Post Office is already thinking about how it is going to train staff and roll this out. The IDP will be available in 2,500 post

offices, and we have the capacity to extend that to 4,500 if it is needed and the demand is there. It is a relatively simple process; as I say, people get IDPs now—not necessarily from a post office, but there is already a system.

Q183 Chair: It is about the volume.

Bernadette Kelly: It is a bigger volume, but it is a simple process. It will cost £5.50 and be a five-minute transaction. People will fill in the form and be issued with an IDP. It is not enormously complicated, and not unlike other things that the Post Office delivers.

Q184 Anne Marie Morris: Okay, but as the Chair says, there is an issue with volume. You have still not given me much detail on the training. Has the Post Office given you any?

Bernadette Kelly: The Post Office is talking about how it is going to roll out the staff training materials—

Q185 Anne Marie Morris: Talking about it is not the same as delivering.

Bernadette Kelly: They are actively planning to do that. It is more than talking about it.

Q186 Anne Marie Morris: Can you ask them what exactly their plan is and then write to us?

Bernadette Kelly: I am quite sure that my colleagues who are directly overseeing the project are already doing that.

Lucy Chadwick: There is a very detailed plan with all of that contained in it.

Q187 Anne Marie Morris: Okay. Could we have sight of that? Otherwise, I do not really see how the dates you set out in your letter are going to be met. Again, what about the user? I know that people are already familiar with this document, but they are not used to it for travel to the EU. Not everybody has been following the great Brexit debate.

Bernadette Kelly: No—that is a fair point. We have already set out in our technical notices the possibility that people may need to seek IDPs in future. What we now need to do is communicate much more widely that that may be necessary. That is certainly something that we see happening through the spring, in the run-up to this going live. From memory, it is at the beginning of February that people will actually be able to go to a post office and seek one of these. There is more communication to do.

Q188 Anne Marie Morris: Could you send us a note about what that form of communication will be? For example, will you do a television advert?

Lucy Chadwick: The technical notice says that we will come back. At the moment, the focus continues to be on trying to get a deal, but when we do need to communicate, there will be a huge amount of detail. I know that my colleagues are working on that and setting out the precise content of it. We just need to be careful about describing something that we have not

yet decided to do. We have a plan for what we could do, rather than being at the stage where we are definitively doing it.

Q189 **Anne Marie Morris:** Agreed, but you will appreciate that we are getting close to decision time, and you will have a very short time to communicate. I would still like to see your detailed plan for how you will communicate, because it will have to be done in very short order.

I would also like to understand what will happen when somebody comes to a border and does not have an international driving licence. How will you help and support them in the short term? Will you check them on this side before they go across?

Bernadette Kelly: If we check them this side, that will simply slow them down. I am not sure we would want to put checks in place.

Q190 **Anne Marie Morris:** What will you do?

Bernadette Kelly: We will have to communicate.

Lucy Chadwick: People go internationally now—

Bernadette Kelly: People travel internationally; they know they sometimes need insurance if they are travelling outside the EU; they know they need green cards or whatever. So we now need to make sure that if it becomes true that people also need IDPs to drive in Europe, they are fully aware of how they need to prepare and get one of those permits.

Lucy Chadwick: We would expect hire companies and others selling tickets, whether on ferries or other, to remind people so that Government are not the sole communicator. There is a whole industry that has it in their interest to ensure that their individual passengers or rental customers go out on a basis that means they can do what they want to do. There will be a whole range of voices, and we are working with them all to make sure there is a coherent and—

Q191 **Anne Marie Morris:** In that case, in your reply can you set out who else you are dealing with and what action they propose to take, should the decision be that we leave with no deal? That would give me a lot more comfort.

Witnesses indicated assent.

Q192 **Anne Marie Morris:** Thank you. Let us move on to the European Maritime Safety Agency system. There is a lot of work here. You say you are on track to deliver each of the four systems by March 2019. Where are we with each of those four?

Lucy Chadwick: Two systems are effectively off-the-shelf proprietary systems. We have completed the contractualisation of those; implementation is under way and they will be in production testing in January. So for two of them there should be no issues at all. The third one— a notification system—is a little different. At the moment, it is in detailed design. We expect it to go into detailed technical development very shortly.

Q193 **Anne Marie Morris:** How important is that?

Lucy Chadwick: This one is the clean sea notification system. It means that farers can notify us of oil spills. We regard that as important environmentally, to cope with hazards. We are confident that it is a very simple notification system and that it can be in place.

Q194 **Chair:** What is the consequence if it is not in place?

Lucy Chadwick: Clearly, those notifications do not come through with the speed that we would want.

Chair: So we could see the tar on the beach that we used to see in the '70s.

Lucy Chadwick: There is no reason to believe that this system will not be in place; it is a very simple notification system.

Q195 **Chair:** But if it is not in place, you will not get notifications so early, and that oil spill could—

Lucy Chadwick: That is true of any of these; we had them in place because of their reporting functions.

Chair: So we know it is not working if we get dirty beaches.

Q196 **Anne Marie Morris:** And the fourth?

Lucy Chadwick: The fourth is that we want to ensure that we share our maritime safety information. We do accident investigations on maritime safety and feed those out to others to share and learn lessons. That is receiving Treasury approval before the end of this month, so in the next week and a half. Then it will go into development. Again, it is a very simple system, because it is transposition and sharing data. It is not a complicated thing to do, but we need the approvals to do so.

Q197 **Anne Marie Morris:** Do you have all the approvals you need? Presumably, sharing is a two-way thing between us and the EU.

Lucy Chadwick: We are sharing under the Paris MOU. We have access, but we are making sure that our information can flow in, because it is flowing through a different route. It would have previously flown through a European safety agency.

Q198 **Anne Marie Morris:** What about the reverse?

Lucy Chadwick: We have sight of it through the Paris MOU. We can see the data that is in it, but we want to be able to feed our data into it.

Q199 **Anne Marie Morris:** Is the Treasury likely to accept or reject it?

Lucy Chadwick: It is totally likely to accept any of these systems. This is a small amount of money. We have budgeted something around £4 million. In reality, these are much less than that. The totality of these systems is £1.5 million. The last one was the least costly of them all.

Q200 **Chair:** We will move on to the challenge of legislation. We have an awful



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lot of SIs to get through. We know already that some are taking quite a lot of time in Parliament. Are you confident that you will get all that legislation through Parliament? What are the biggest risks for you?

Bernadette Kelly: We have, I think, 66 statutory instruments. We have now laid 19, so I think relative to other Departments we are somewhat more advanced in getting our legislative programme through the House. We have 47 drafted. We have a plan for the timing of the laying of all the remainder of our statutory instruments. Clearly, there are a lot of statutory instruments and we are only one among many Departments with a large burden of statutory instruments to lay. We are conscious of the challenges on parliamentary time.

Q201 **Chair:** Sir Geoffrey is a former Whip and he knows how long it takes to get through. If we are not sitting 24 hours, seven days a week, we will struggle to get through a lot of this, potentially, and there could be a bit of a delay on a few. What happens if you are not able to deliver it all? Presumably you are prioritising.

Bernadette Kelly: We are prioritising. We are constantly reviewing the prioritisation.

Q202 **Chair:** Of the number you quoted, which has been mentioned elsewhere as well, how many are absolutely critical to have through by 29 March? Presumably there are deadlines before 29 March.

Lucy Chadwick: There are gradations in there. I almost don't really want to say this, but there are 11 in there that we would regard as lower priority. It would be possible to manage the risk of them happening the other side. Our strong preference is not to do that. I know I have all sorts of clearance processes to go through and I don't really want to have given those up, and my strong preference—

Q203 **Chair:** This is a narrow procedural point for the House in a way, but it is important for us in terms of time, and practically for your delivery: how many of those are affirmative ones—those that actually need debate and need to be presented by the Minister? Are they all affirmative, or are some negative?

Lucy Chadwick: About 50% of them are affirmative at this stage. We continue to look at all ways in which we can reduce the cost and burden, if there are options to do so, but at this stage it is about 50%.

Q204 **Chair:** So you could reduce that.

Lucy Chadwick: We are constantly right now looking at ways in which we can reduce the burden.

Chair: I love the way you say "reduce the burden." We would say "reducing the chance for us to have a discussion about it." It is about debate.

Lucy Chadwick: My apologies.

Q205 **Chair:** Are they all written? They weren't when the Report was written.

Lucy Chadwick: The vast majority are. I call it a burden—a burden on you, in terms of the House.

Chair: We do appreciate that. Our time is valuable, Ms Chadwick. That is a very cleverly rescued point.

Lucy Chadwick: That is what I was trying to describe. It is not a burden on us. We are genuinely trying to reduce the amount of House time that these take. Clearly, if we can reduce the length of time, we can think about the prioritisation. At the moment, that is a very serious focus. What we are pleased about is that we have a substantial amount already through and we do have the vast majority of these drafted.

Q206 **Chair:** If you don't have them all drafted by the 29, what is the worst-case scenario? If, say, the last 10 don't get through?

Lucy Chadwick: Honestly, I really don't want to be saying this in this room, because my lawyers would love to have absolutely every i dotted and every t crossed, but we think there is a little bit of wriggle room there.

Q207 **Chair:** We will come back to that, I am sure, as we will be looking at this again, as is the Liaison Committee.

There are staff you have to recruit. There are a lot of people you need to write these things and staff you have to recruit to do your other work. How is your staff recruitment going?

Bernadette Kelly: We have more staff in place—substantially more than at the point at which the NAO published its Report. I think we have around 159 staff in the Department now working full time or very close to that on Brexit-related preparations. We are continuing to recruit in a number of areas where we see there may yet be a need for more resource, and we are looking at how we would release more staff if needed in the new year to further assist with contingency planning. We have a plan at the moment to identify those people and what that would mean for other work within the Department. As I say, we are on about 159. I think that includes our lawyers?

Lucy Chadwick: Yes.

Bernadette Kelly: It includes our lawyers.

Lucy Chadwick: Not our external ones.

Q208 **Chair:** So a bit like with HMRC on the border stuff, you will have a team of people who can go to anywhere where there is a problem. Is that right?

Bernadette Kelly: What we have is a central team that is co-ordinating all of the work, and then we have people embedded in each of our modal teams, who are responsible for individual work streams. I should add we have also seen DVLA, DVSA and the CAA staffing up in order to deal with the parts of the preparation that fall to them.



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Lucy Chadwick: To use your example, you asked whether we have people now who are working closely with a broader delivery group in terms of visiting ports or airports. I have those people now who are working closely on doing that. What we are now looking at is what we need in terms of response capability and capacity.

Q209 **Chair:** Have you got enough people out there on the ground? We have been hearing concerns about connecting with business, with ports and with local authorities. Have you got people out there representing the Department and able to answer all the questions that other agencies and organisations will have?

Lucy Chadwick: We certainly have people out there. I imagine there are more questions that people want to have answered.

Q210 **Chair:** I was trying to remember the figures. Just to be clear, in the second page of your letter, Ms Kelly, you talk about the 50 SIs to deliver by March and the 18 that we have already done. I think that is 68. I think you said 66, Ms Chadwick. Have we lost some along the way or are we just getting muddled?

Lucy Chadwick: It is part of constantly trying to adapt.

Q211 **Chair:** So you have gone down to 66 since the 18th—in a week. Wow.

Lucy Chadwick: We are down to 66. We have also gone up in terms of the number of statutory instruments that we have completed, even in a week. We have had a productive week in the House. We are constantly trying to find ways, I say again, to reduce the burden on the House and to make sure that what we can—

Q212 **Chair:** Now that you have alerted us, I am sure that we will be looking very closely at the ones that are negative and making sure that we are not being denied the chance to debate things.

Before we finish, I want to briefly go back to the issues about the closure of the motorways, which is a huge concern. What discussions are you having with Highways England to make sure that there are no roadworks in and around the area, or the areas around there, at the end of March?

Bernadette Kelly: Again, that is something that I would absolutely expect Highways England to be talking to the Kent Resilience Forum about—that there will not be other things happening on local roads that would exacerbate a situation if that arises. There is, very clearly, a place for that conversation to be had with local partners and for those potential issues to be spotted in advance and appropriate action to be taken.

Q213 **Chair:** Does Highways England have the power to stop roadworks by other utilities, for example?

Bernadette Kelly: I would have to—

Chair: Because they have quite clear rights to go and dig for gas or whatever.

Bernadette Kelly: Highways England has powers in relation to the strategic road network. We are not suspending the powers that utilities have to dig up roads, which are often local roads, in fact. What we would expect to happen is for local partners to be able to identify such risks before they arise and take action to—

Q214 **Chair:** So you would expect local partners to think about that automatically.

Bernadette Kelly: Well, no. We have created a Kent Resilience Forum precisely to allow those conversations to happen in a much more concentrated way than is usually the case. That is not a normal part of our governance; it is a specific forum that we have put in place precisely to allow that planning to happen.

Q215 **Chair:** Earlier, when we were talking about Operation Brock, you talked about how Highways England does that all the time, but it has not happened very often that we have had Operation Stack or the issues on the motorway in Dover. How many times has that happened? I can remember one more recent one.

Lucy Chadwick: 2015 was the major one.

Chair: And I think there was one a few years before that. How many other times in the last 20 years or so?

Bernadette Kelly: What I was referring to there was that Highways England is used to surveying roads and closing roads for that work to happen. It is used to carrying out works on live parts of the network. Those are the things that it is used to doing, and Operation Brock is asking it to do all those things.

Q216 **Chair:** Yes, but this could be a long-term sustained challenge.

Bernadette Kelly: This is clearly a bigger and more sustained challenge, which is why there is, through the resilience forum, specific governance that allows those conversations to happen with local partners.

Q217 **Chair:** Are they going to test it before 29 March?

Lucy Chadwick: Yes. There are plans around some of the highest-risk areas to make sure there is some desktop testing.

Q218 **Chair:** Desktop testing, so not on the roads themselves. Will they not be able to test that? I know it would be very difficult to do and to put contraflows in as though—

Lucy Chadwick: There will be some elements that they will want to do that on, but some of it is about the operational command arrangements and making sure of those, and we can actually do that through desktopping. To link in what you are talking about on the local authorities and others, and making sure that the appropriate decisions are being taken, we can desktop that.

Q219 **Chair:** In your letter to us from the 18th, which Ms Morris went through in



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detail, one of the other issues was Project Brock. You talk about the other contingency measures being developed by Highways England and “other delivery partners for further HGV holding capacity”. Who are those delivery partners and what further HGV holding capacity is there? What does that mean in reality?

Bernadette Kelly: What we are talking about—I am trying to make sure that I am accurately reflecting my letter—is the M20, which my letter refers to, the M26 and Manston airport. Those are the three identified places where it would be possible to hold lorries in the event of disruption at the border. Those are—

Q220 **Chair:** So that is the further HGV holding capacity. You mentioned the M26—that is what you mean by the further HGV holding capacity.

Bernadette Kelly: Yes.

Lucy Chadwick: I would think that “delivery partners” in this context refers to the police and everybody who is part of that Kent Resilience Forum.

Q221 **Chair:** Are there any other contingency measures around that that we should know about?

Bernadette Kelly: That is the core plan at the moment, and I think that is all I am really able to share with the Committee at this point.

Q222 **Sir Geoffrey Clifton-Brown:** Can I ask you a couple of quick questions about resources? According to the NAO, the Treasury gave you £19.55 million for exit work by 31 March 2018. In fact, you spent only around £4 million, so you have about £16 million in surplus. Does that come off your predicted spend of £75.8 million by the end of March 2019?

Bernadette Kelly: Sorry, I would need to refer back to the exact numbers. The allocation we have from the Treasury to deal with our preparations for EU exit is £75.8 million for the current year. So that is the core figure that we are working with in the current year.

Q223 **Sir Geoffrey Clifton-Brown:** Yes. Can you reduce that figure by applying the almost £16 million surplus that you did not spend up to 31 March 2018?

Bernadette Kelly: I confess, I cannot recall whether there was an explicit agreement with the Treasury to roll forward the surplus from 2017-18, when in the event I think we spent about £5 million, into 2018-19.

Sir Geoffrey Clifton-Brown: This is quite important, because it is about how much new resource you need.

Bernadette Kelly: Indeed. I can tell you that we spent about £1.6 million in 2016-17 and about £5 million in 2017-18, of which £3 million was dedicated additional resource from the Treasury, and we have an allocation of £75.8 million in the current year.

Q224 **Sir Geoffrey Clifton-Brown:** Can you write to us to tell us whether that



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can be rolled forward?

Bernadette Kelly: I can say that we are currently looking at whether, to the extent that we will not spend all of the £75.8 million on currently identified projects, we can roll it into wider contingency planning in both the current year and future years. That is certainly part of our thinking and planning around budgeting for this.

Sir Geoffrey Clifton-Brown: Okay. Thank you.

Q225 **Chair:** The NAO have a lifetime's work to understand the costs of Brexit, which will keep them all employed for many decades to come. We appreciate that it is hard to get to the bottom of all these numbers while you are in the thick of it. Presumably you have detailed lines in your budget that allocate this to Brexit work.

Bernadette Kelly: Yes, we do.

Chair: So we will be able to follow that through. Do you have any markers on other bits of spending that have been diverted or changed from your main budget that are focused on Brexit work in particular?

Bernadette Kelly: We are currently looking ahead to what resources will be needed in the next financial year. We do not have otherwise defined budgets within my wider departmental budget for Brexit-related work. I have mentioned Operation Brock, which is not Brexit-specific, but it is important that it is in place by the end of March. That is a sum of money that sits within Highways England's overall programme budget.

Q226 **Sir Geoffrey Clifton-Brown:** Is that money coming off the overall roads programme?

Bernadette Kelly: Again, I come back to the fact that for some years we have had a plan to find a solution to lorry parking in the event of disruption at the border.

Q227 **Chair:** But that is normally expected to be a short-term plan. It could be longer, especially if there is no deal.

Bernadette Kelly: We were looking at this post-2015—we have always been looking at this as something for which we need a permanent solution. That remains the case.

Chair: Permanent.

Bernadette Kelly: Yes, because we know that disruption across the channel can happen for all sorts of reasons outside of our control. We therefore think it is sensible to have some sort of contingency to try to deal with that.

Q228 **Chair:** Were there to be real challenges after 29 March and you had to do this for many months or even a year, the money in the Highways England budget is enough to cover that.



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Bernadette Kelly: No, I am not pretending that Highways England has a budget that covers all possible eventualities for all possible outcomes post-Brexit.

Chair: So let's be clear, then. What—

Bernadette Kelly: The money that sits within Highways England's roads programme is the money currently being spent on the infrastructure changes around the M20 and M26 to support Operation Brock.

Q229 **Chair:** The M26 was a late addition, was it not?

Bernadette Kelly: I think it has been part of the plan for a while, but—

Q230 **Chair:** Well, it's only that the local MP didn't seem to know about it.

Bernadette Kelly: I think the local MP was unhappy about the road closures without prior—

Q231 **Chair:** Why hadn't he been given assurances that there wasn't going to be a car park there? I am sure he will take this up, as he is capable of that in his own right.

So basically the money in the budget is to deal with this short term. If there was a longer term issue, they would need to come to you cap in hand.

Bernadette Kelly: We would need to look at how we would fund an alternative solution for the longer term, yes.

Q232 **Chair:** I should know this from your accounts—forgive me; I probably didn't get to that line—but is Operation Brock a separate line in Highways England's accounts? Is it identified?

Bernadette Kelly: I would need to confirm that. I cannot tell you whether it is—

Q233 **Chair:** If it is not, we will then be asking you detailed questions about the finances. If you find it, we won't need to ask you the questions. So if you could get back to us—

Bernadette Kelly: I am sure it must be detailed somewhere—

Chair: We can check that—I apologise for not having checked beforehand. Thank you very much indeed for your time.