



LEADER OF THE HOUSE OF LORDS

The Lord Soley
House of Lords

Our ref: PEER640625

4th January 2017

Dear Lord Soley,

I am writing to follow up on your questions during my repeat of the Prime Minister's Statement on 11th December.

You asked me about the financial settlement. The UK Government has been clear that in principle we will continue to pay our net contributions until the end of the current budget plan in 2020, in addition to our fair share of the outstanding EU commitments, such as pensions, that were committed to during our membership.

As you will know, the Government has announced its intention to bring forward a new Bill - a Withdrawal Agreement and Implementation Bill - to implement the final agreement with the EU. You will appreciate that it is too early for me to discuss the content of the Bill in detail - this will obviously be determined by the shape of the Withdrawal Agreement itself, which is subject to the negotiations. But we expect this Bill to cover the contents of the Withdrawal Agreement, including issues such as an agreement on citizens' rights, any financial settlement and the details of an implementation period agreed between both sides.

The UK will leave the EU in March 2019. There will be an implementation period of around 2 years following the UK's exit.

Both the UK and the EU have agreed a methodology for determining the financial settlement during phase one of the negotiations.

To this end, the Joint Report from the negotiators of the European Union and the United Kingdom Government states that "The UK will contribute to, and participate in, the implementation of the Union annual budgets for the years 2019 and 2020 as if it had remained in the Union (including revenue adjustments), on the basis of the applicable Union legal provisions including the Own Resources legislation.

For the convenience of other members who took part in the debate, I will place a copy of this letter in the Library of the House.

Evans of Bowes Park

EVANS OF BOWES PARK