



National Audit Office

Report

by the Comptroller
and Auditor General

Cross-government

Learning for government from EU Exit preparations

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Learning for government from EU Exit preparations

Report by the Comptroller and Auditor General

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Comptroller and Auditor General
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27 August 2020

This report sets out insights for government from its preparations for EU Exit, which have relevance for the civil service's continued work on managing the UK's exit from the EU and more widely.

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This report can be found on the National Audit Office website at www.nao.org.uk

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Overview

Introduction

The challenge of preparing for the UK's departure from the EU

1 The referendum in 2016 resulted in the UK voting to leave the European Union (EU), which created a significant challenge for government. It had to determine how leaving the EU would affect the UK, and plan and implement what was necessary to ensure the UK would be ready to leave. The government created a new department to oversee negotiations and coordinate preparations, and identified more than 310 work streams to support the EU Exit process. The scale of resources devoted to the work was significant. Departments spent more than £4.4 billion on preparations between 2016 and 31 January 2020. In October 2019, ahead of the then 31 October deadline, more than 22,000 civil servants were involved in EU Exit activities. Since then, the government's preparations have continued to enable the UK to be ready for the end of the transition period and beyond.

2 The work required was broad in nature as well as scope. Departments had to formulate new policies, prepare primary and secondary legislation, procure goods and services, and design and implement new systems. They had to work together on issues which spanned departmental boundaries and ensure other stakeholders, from the devolved administrations to local government to businesses and taxpayers, were consulted and took the appropriate action. Departments also had to plan for multiple potential outcomes, depending on whether the UK left with or without a deal, and respond to changing deadlines over which they had little control. **Figure 1** on pages 6 and 7 sets out a timeline of key events since 2016.

3 The UK left the EU on 31 January 2020 and entered a transition period which will end on 31 December 2020. During the transition period, existing rules on trade, travel and business between the UK and the EU have continued to apply. However, at the end of the transition period these rules will change. The exact changes will depend on whether there is an agreement on the terms of a future relationship between the UK and the EU, and the nature of any such agreement. However, new systems and processes will need to be in place, and there is a significant amount of work for government and stakeholders to do to be ready. During the transition period the government is aiming to: negotiate deals with the EU and other countries; implement the Withdrawal Agreement, including the Northern Ireland Protocol; and ensure that the border and other relevant areas of activity are ready for 1 January 2021 and subsequent deadlines.

The National Audit Office's role

4 The National Audit Office (NAO) has produced 28 reports up to September 2020 examining government's preparations for the UK leaving the EU.¹ These reports are varied in scope and breadth, matching the work undertaken by government. We have produced:

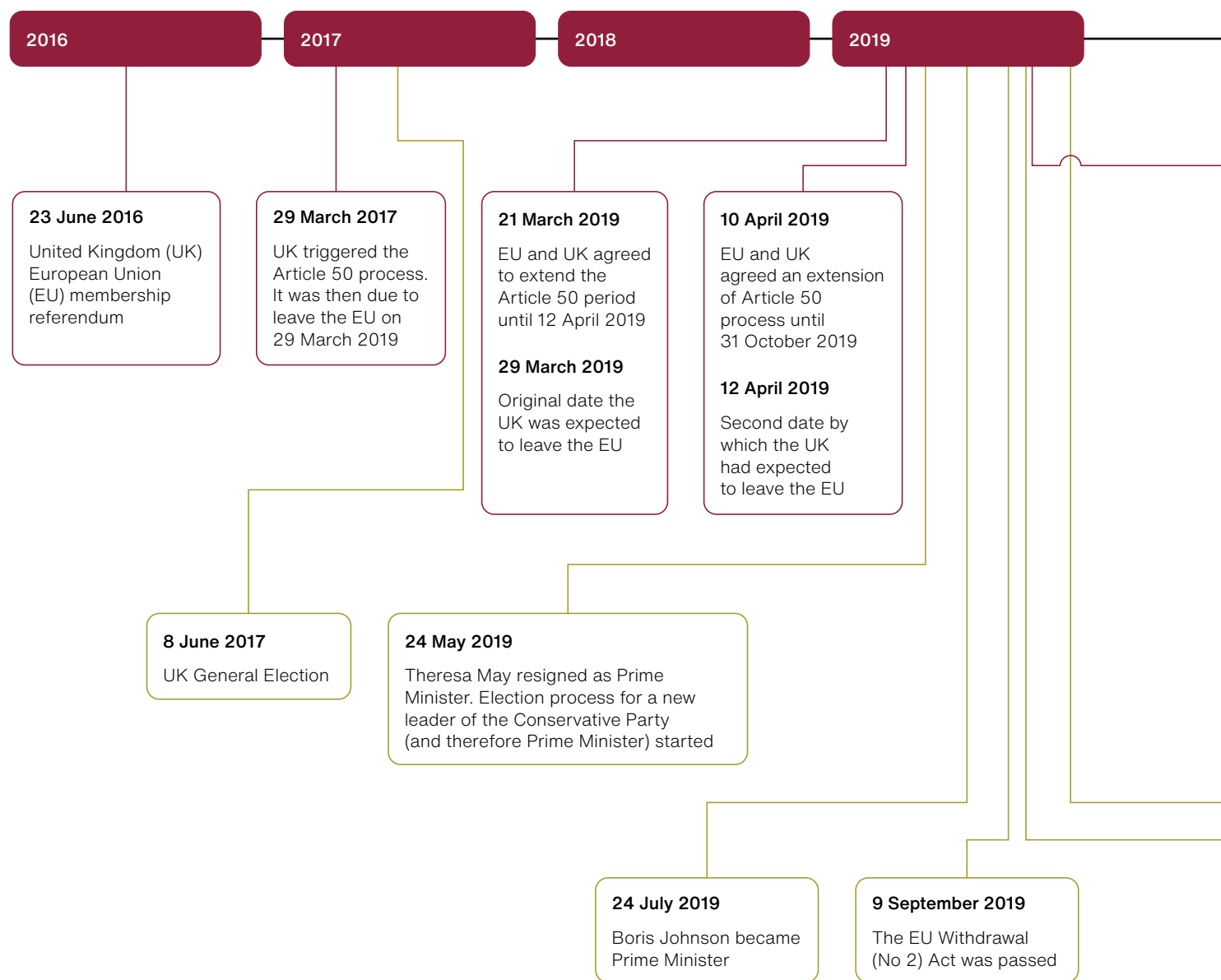
- a review of how much departments spent on their preparations for EU Exit between 2016 and 31 January 2020;
- reviews of how the centre of government was configured to coordinate, support and oversee departments' work on EU Exit;
- reviews of how specific departments were managing their EU Exit portfolios, focusing on those departments where EU Exit has had a significant impact, such as the Department for Environment, Food & Rural Affairs (Defra);
- cross-government examinations of strategic and operational risks in managing the UK border after leaving the EU; and
- focused examinations of individual projects such as the Department for Transport's (DfT's) procurement of freight capacity, and the Cabinet Office's 'Get ready for Brexit' campaign.

5 These reports have directly supported Parliamentary scrutiny of preparations for EU Exit. They have supported specific sessions of the Committee of Public Accounts scrutinising EU Exit preparations and contributed to sessions which have linked the issues of EU Exit to wider challenges. Our work has also been used to inform inquiries by other Parliamentary select committees, with the former Comptroller and Auditor General attending the Exiting the EU Committee as a witness in October 2018. Members of Parliament have used our reports to ask questions of government and our work provides an independent evidence base to inform the public.

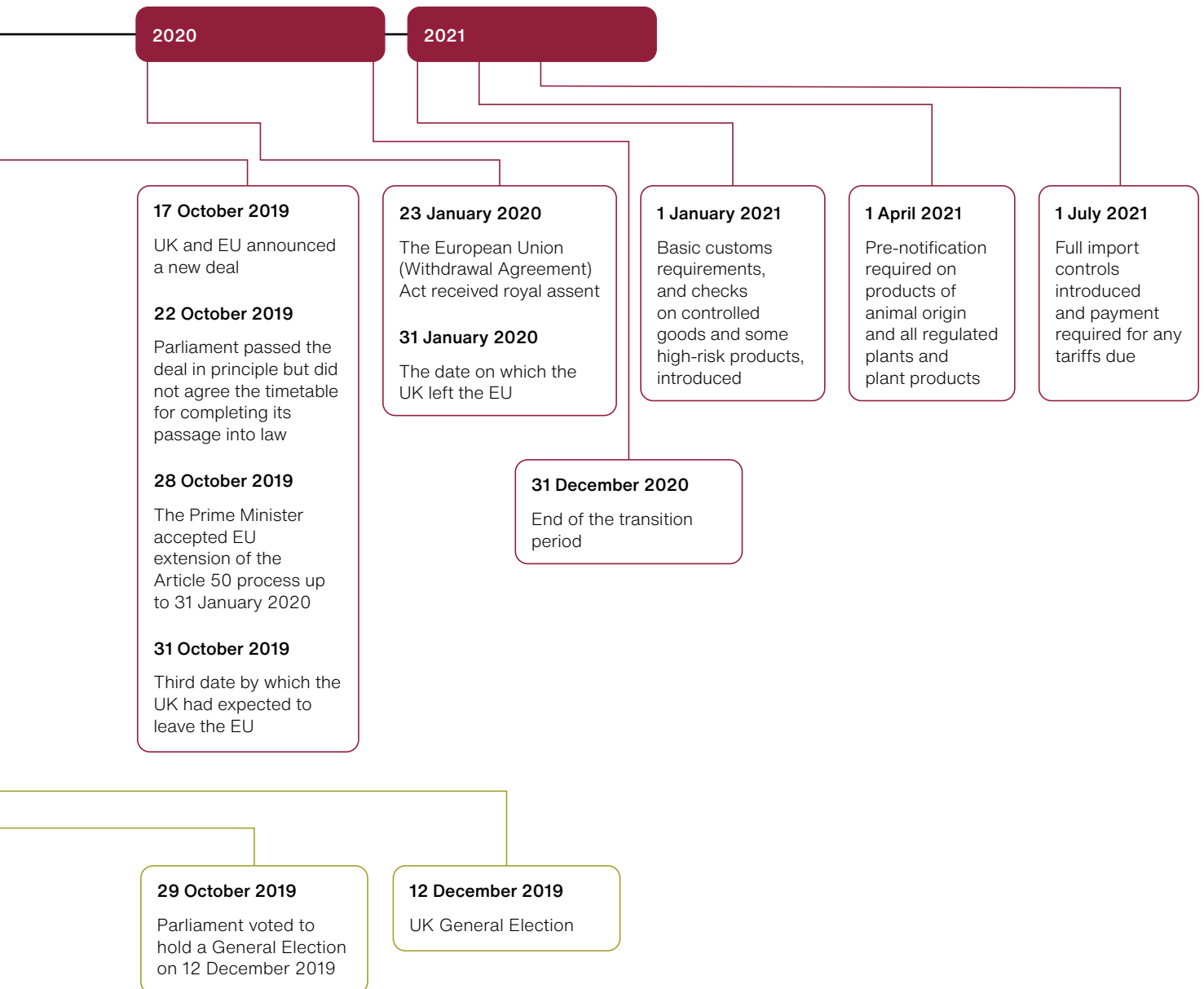
¹ See the EU Exit hub page on the NAO's website: www.nao.org.uk/exiting-the-eu/

Figure 1
Timeline of key events

Timeline of key events in the UK's departure from the European Union (EU)



- Key dates in the EU Exit process
- Wider developments



6 In the NAO's current and future programme of work, we will continue to examine government's response to EU Exit. This will include reviewing government's preparations for the end of the transition period. We will also examine the impact of the UK exiting the EU as it continues well into the future, for example the future policy direction of areas such as immigration, agriculture, consumer protection and the environment.

The scope and purpose of this report

7 In this report we draw on the breadth of our work to identify and share our perspectives on what government can learn from its experiences. We set out key learning points which have relevance for the civil service's continued work on managing the UK's exit from the EU and more widely. In doing so, we recognise the context in which the civil service has been operating and continues to operate. This includes the following factors:

- **EU Exit affected almost all government departments.** Identifying, understanding and monitoring progress on all the areas where the UK's exit from the EU had an impact required a cross-government approach. This reflected the nature of the issues, with multiple interdependencies across systems and processes which crossed departmental boundaries.
- **EU Exit involved a significant volume of work for departments.** Over a short period, departments had to consider, plan and implement major programmes covering policy changes, the introduction of legislation (both primary and secondary) and the implementation of infrastructure, systems and processes.
- **Timetables were tight from the outset, and subject to change.** Triggering Article 50 of the Treaty on European Union created a two-year period before the deadline for the UK's exit from the EU. Although extensions added more time, they were not known about at the time of planning and each extension provided only a few additional months. The limited time was a particular problem where implementation of infrastructure or systems could not start until after policy decisions had been taken or sensitive political negotiations had progressed.
- **There was considerable ongoing uncertainty and multiple scenarios to plan for.** The possible scenarios by which the UK might leave the EU were different in nature and required different solutions. The expected deadline for the UK's exit from the EU also changed. This meant departments had to prepare for more than one outcome and shift focus from one to another as required.

- **Achieving outcomes required more than just government action.** Businesses and citizens also needed to be ready. This required effort from government to consult and communicate effectively, and to provide adequate guidance, to ensure businesses and individuals knew what they needed to do and how to do it. This was challenging in the context of ongoing uncertainty, political sensitivities, and shifting timetables.

8 While at the time EU Exit was a challenge with little historical precedent, there are a number of challenges government now faces where our EU Exit work insights will have relevance. Government still has a lot to do to manage EU Exit, particularly in preparations for the border. The government is now also responding to the demands of a global pandemic which similarly requires a fast-paced response, innovative policy solutions, coordinated action across government and effective, external transparency and communication. Longer-term challenges for government include preparing for the transition to a net zero carbon economy, which will require the civil service to innovate and operate in new ways.

9 The government's response to EU Exit and how it handled the preparations varied across different departments and was not a static, unchanging picture over time. We saw individual departments, and government as a whole, seek to identify and understand what was not working and take steps to improve governance, communication, planning and processes in some areas over the period. The government has also used some of the learning from its EU Exit preparations to inform its COVID-19 emergency response, for example in governance structures and cross-government working. The insights we set out are designed to help government identify and implement improvements on existing work at a faster pace, so it is better able to deal with current and future challenges.

Learning for government

10 We have consolidated our learning for government into nine insights which fall into four key areas: planning, oversight, collaboration and financial management (**Figure 2** overleaf). For each insight, we set out observations on what has happened in practice on EU Exit preparations, and some points to consider in the future. The insights are not exhaustive and are interdependent. For example, problems with identifying the scale of the task, or weaknesses in financial management, will increase the risks of working at speed and make communication across government or with stakeholders more difficult.

Figure 2

Learning for government – insights from our EU Exit work

Planning	<p>Plan for all possible scenarios, with robust contingency plans.</p> <p>Identify the scale, nature and complexity of the task at the outset.</p> <p>Recognise the opportunities and increased risks from working at speed or in new ways.</p>
Oversight	<p>Develop clear structures for oversight and decision-making.</p> <p>Draw on expertise in implementation early on, to expose delivery risks.</p>
Collaboration	<p>Develop effective structures to facilitate cross-government working.</p> <p>Establish a culture of clear and timely communication across departments.</p> <p>Engage early with key stakeholders, and understand their role in delivering the outcome.</p>
Financial management	<p>Encourage strong financial management, for informed decision-making and accountability.</p>

Source: National Audit Office

Planning

Plan for all possible scenarios, with robust contingency plans

11 The government had undertaken limited work before the EU referendum to identify the impact of leaving the EU. Ministers at the time made a specific decision that it was not appropriate to carry out contingency planning, other than planning that was focused on the very immediate pressures that might occur on the financial markets.² This lack of planning meant that government only started understanding the task ahead once the UK voted to leave the EU. There was an opportunity to do some of this thinking ahead of time. Once preparations were underway, the prospect of the UK leaving the EU without a deal was always an option, but one that could have been planned for more consistently from the outset. We found that there had been changes in the focus of departments' planning effort as the likelihood of deal and no-deal scenarios fluctuated.

² Oral evidence by the Rt Hon Philip Hammond MP, then Secretary of State for Foreign and Commonwealth Affairs, to the HC Foreign Affairs Committee, *Foreign Policy Developments July 2016*, Session 2016-17, HC 552, 7 July 2016, Q6.

12 The uncertain political climate and delays to some significant policy decisions made it challenging for departments to take early action in some specific areas during the preparations for EU Exit. However, we also found that, even where there was no such constraint on action, the civil service could have been quicker to develop plans and progress to implementing them. Several of our 2018 reports set out areas where internal decisions or processes, such as developing business cases, took longer than planned. These delays, whether there was a clear cause or not, curtailed the time departments had in which to take action.

Points for consideration

- The civil service can improve how it deals with uncertainty by planning for multiple scenarios, including robust contingency plans for those scenarios which will have a significant impact and could reasonably occur, even if some of these may not be the desired outcome. In this way, officials can be in a better position to present ministers with options, to enable quick decisions and immediate action.

Identify the scale, nature and complexity of the task at the outset

13 Preparing for the UK to leave the EU (and for the terms of a new future relationship) was a difficult task to define and could not be organised as a contained programme of work, separate to other government activities. It affected multiple areas of government's business, with uncertainty about the extent of the impact in different areas and interdependencies to work through. After the referendum in June 2016, the government worked quickly to understand the task it faced. The Department for Exiting the EU (DExEU) was established in July 2016 with a specific remit to oversee the negotiations to leave the EU and to coordinate the delivery of EU Exit preparations across government.

14 In summer 2016, DExEU began requesting information from departments on the domestic policy consequences and opportunities arising from EU Exit. Departments were asked to identify all the areas of their work where EU Exit would have an impact and what the department might need to do to respond – whether that was to formulate policies, prepare legislation, develop systems and processes, or a combination of all of these. Departments also had to identify dependencies, such as the timing of decisions, the link to specific legislation, or the relationship with the work of other departments. While this initial exercise did not pick up every issue at the outset, we found it provided a solid basis for assessing the scale of the challenge across government as a whole and across individual departments, and for identifying where an issue required a coordinated response across government, such as the preparation of secondary legislation.

Points for consideration

- A central function with responsibility for gathering a comprehensive view across government helps ensure that issues are captured consistently and also makes it easier to identify interdependencies and risks early on.
- Mapping the whole system impact enables government to understand the scale of the task, improve its detailed planning activity, and identify particular problem areas which might need a more tailored response.

Recognise the opportunities and increased risks from working at speed or in new ways

15 The volume of work required for EU Exit was significant. Large numbers of civil servants (more than 22,000 at the peak in October 2019, ahead of the then 31 October deadline) put in a substantial effort and remained flexible as the demands and deadlines changed. The external deadlines imposed by EU Exit pushed government into unusually compressed timetables, affecting both internal processes but also the time available to design and carry out major projects such as building new IT systems.

16 The civil service as a whole made efforts to respond to this demand. New cross-government processes were put in place to support departments, such as a speedier review of business cases by HM Treasury and the Cabinet Office's shared frameworks for accessing external expertise. Departments thought creatively and explored new areas to approach critical problems. For example, the Department of Health & Social Care did extensive work to map the complex supply chains of the NHS and social care sector and understand the extent to which they might depend on goods crossing the UK border from the EU.³ Departments worked faster than usual and took pragmatic decisions to get things ready in the time they had, and to prioritise what was really necessary. For example, in the event that its new customs system was not ready in time, HM Revenue & Customs (HMRC) accelerated work to scale up its existing Customs Handling of Import and Export Freight system as a contingency.⁴

3 Comptroller and Auditor General, Department of Health & Social Care, *Exiting the EU: supplying the health and social care sectors*, Session 2017-19, HC 2654, National Audit Office, September 2019.

4 Memorandum to the HC Committee of Public Accounts: *The UK border: preparedness for EU exit update*, National Audit Office, February 2019.

17 However, this effort did have an impact on the people carrying out the work. Staff turnover in EU Exit roles, and particularly in DExEU itself, was higher than for the civil service in general. The problem was particularly acute at more senior grades. In its less than four years in existence, DExEU had three permanent secretaries. The Border Delivery Group (now the Border Protocol and Delivery Group) has had three directors general between 2017 and 2019. Other departments most affected by EU Exit have also seen changes at permanent secretary level, including Defra and HMRC. In February 2019, Defra told the Committee of Public Accounts it had identified a need not to overload staff, and to have enough staff to provide resilience and cover roles.⁵

18 Working at speed or in new ways also increased the risk to successful delivery and to value for money. For example, in the DfT's first procurement of freight capacity, it terminated the contract with one supplier at zero cost to DfT as the supplier failed to meet the conditions required to deliver the capacity, while contracts with two other suppliers went ahead as planned. There was also a legal challenge to the procurement process, which led to an out-of-court settlement. However, in implementing the learning from this, DfT's second procurement for freight capacity was more successful in identifying capacity and cost the taxpayer considerably less than its first.⁶

Points for consideration

- The civil service can adapt to meet the demands placed upon it but there needs to be greater resilience in resourcing when responding to such unusual circumstances, and at times of crisis.
- Working at speed or in new ways can bring great benefits but also carries inherent risks to delivery, and to value for money. Recognising these risks from the outset enables government to identify problems quickly and make the most of opportunities to learn and improve future processes.

⁵ Oral evidence to HC Committee of Public Accounts, *Brexit and the UK border: further progress review*, Eighty-Sixth report of Session 2017-19, HC 1942, February 2019, Q225.

⁶ Details of the first procurement exercise are set out in our February 2019 memorandum to the HC Committee of Public Accounts, *The award of contracts for additional freight capacity on ferry services*, and our May 2019 memorandum to the HC Committee of Public Accounts, *Out-of-court settlement with Eurotunnel*. DfT gave evidence to the HC Committee of Public Accounts in October 2019 on the progress of the second procurement exercise (oral evidence to the HC Committee of Public Accounts, 2 October 2019, Q50). The amount the government spent on both sets of contracts was made public in a written question from the House of Lords (HL 424, asked 28 October 2019).

Oversight

Develop clear structures for oversight and decision-making

19 When it was set up DExEU had a specific objective to lead and coordinate cross-government work. This recognised the need for government to work together, and for a single organisation to manage the process of EU Exit from the centre of government. However, this responsibility was effectively shared from the start. The role of Cabinet Office's Europe Unit included "supporting the development and execution of the government's strategy for an orderly withdrawal from, and establishment of a new partnership with the EU". HM Treasury has overall responsibility for public spending and allocates funding to departments for the work that is needed for EU Exit, including the approval of business cases for large projects.

20 Despite DExEU's role to coordinate cross-government work, when departments looked for information, or for decisions to be made which required cross-government input, they did not know where to go. We highlighted as early as 2017 the complex structures of boards, from ministerial level downwards, which were supposed to oversee domestic preparations.⁷ At the same time, the Committee of Public Accounts urged government to review and streamline the committee structure to ensure decision-making could take place at the pace needed to support EU Exit, although the government disagreed with this recommendation.⁸ We identified, in our work on individual departments, cases where this lack of clarity delayed departments in taking action.

21 In 2019, following the change in prime minister, a new structure was established. Two ministerial committees were set up, one on strategy for EU Exit and one with responsibility for EU Exit preparations. There is a minister with specific responsibility for domestic preparedness. This cascaded into simpler official-level structures, with clearer accountabilities and a more direct route for decisions to be made. However, some decisions could not be taken outside of these forums, which could hinder progress.

Points for consideration

- Simple, clear structures are essential for quick decision-making and clear accountability, but they can risk being a bottleneck or limit wider engagement. It is important to find a balance which fits with the pace and priority of the work, and which can be adjusted over time.

⁷ Comptroller and Auditor General, *Implementing the UK's exit from the European Union: The Department for Exiting the European Union and the centre of government*, Session 2017-19, HC 593, National Audit Office, November 2017.

⁸ The recommendation is set out in HC Committee of Public Accounts, *Exiting the European Union*, Eighteenth Report of Session 2017-19, HC 467, February 2018. The government's response is set out in HM Treasury, *Government response to the Committee of Public Accounts on the Twelfth to the Nineteenth reports from Session 2017-19*, CM 9596, March 2018.

Draw on expertise in implementation early on, to expose delivery risks

22 At the outset, the government's response to EU Exit was policy driven. As early as 2017 we warned government, and government agreed, that it needed to move into implementing the projects which would deliver the infrastructure and systems required to be ready. There were clear implementation challenges: the short timelines (and fixed delivery date); the complexity of the work, particularly the interdependency of IT systems at the border; and the breadth and scale of the work required across the whole of government. Preparations for EU Exit were taking place in a context where government already had a huge programme of work. We raised the need for realistic prioritisation about what could and could not be done with the resources available, particularly considering the capacity of expert functions across government and the ability of senior management to give all their projects the attention they needed.

23 The centre of government made limited use of available tools to drive implementation. DExEU's monitoring of work across government did not allow it to properly assess progress. It had limited independent assurance over the progress departments reported and did not have enough understanding of how missed or moved milestones would affect overall delivery. Government's functional expertise, for example in the Infrastructure & Projects Authority (the IPA), provided support to departments throughout the period of preparations. However, systematic review by the IPA of the projects being undertaken started slowly in 2017 and the amount of insight and assurance it provided was greater nearer the end of the process than the beginning. Between June and October 2017, the IPA carried out five reviews of high-priority work streams identified by DExEU.⁹ The number of reviews increased during 2018-19, and between 12 April 2019 and October 2019 IPA undertook a further 32 reviews of EU Exit-related projects and programmes.¹⁰

24 A lot of effort was put in late in the day – particularly in early 2019 – to improve readiness and prepare contingency plans or manual back-ups. However, given the limited time before the expected date of exit, this effort was not sufficient to overcome earlier delays. As a result, many key systems were not expected to be ready for day one of EU Exit. This problem continued even as extensions to Article 50 provided more time to prepare.

⁹ The IPA is the government's centre of expertise for infrastructure and major projects. The number of reviews carried out by the IPA between June and October 2017 was set out in the report by the Comptroller and Auditor General, *Implementing the UK's exit from the European Union: Infrastructure and Projects Authority*, Session 2017-19, HC 606, National Audit Office, November 2017.

¹⁰ The number of reviews carried out between 12 April 2019 and October 2019 was set out in the report by the Comptroller and Auditor General, *The UK border: preparedness for EU exit October 2019*, Session 2019-20, HC 98, National Audit Office, October 2019.

Points for consideration

- A realistic understanding of the scale and complexity of the work government is planning, and of the key resource constraints it faces, enables effective prioritisation of resources. This may be at a cross-government level or within individual departments.
- Bringing implementation expertise to bear early on, and as a routine part of policy development, enables government to best meet acute implementation challenges such as short timescales or programme complexity.

Collaboration

Develop effective structures to facilitate cross-government working

25 Getting ready for EU Exit required a cross-government effort. Key policy areas cut across departmental boundaries, such as the systems needed to operate at the border or the development of contingency plans for supplies to the health and social care sectors. Departments worked closely together to coordinate work in ways which were familiar, through cross-government committees or working-level contact. They also developed new formal structures such as the Border Delivery Group, which reported to an executive group involving senior officials from several government departments. We found that these structures helped to improve government's collective understanding of the key issues, identify inconsistencies between departmental plans, and identify significant obstructions and areas of risk that needed to be considered by ministers and senior civil servants.¹¹ The new Border Protocol and Delivery Group, now based in the Cabinet Office, continues to carry out this role in preparing for the end of the transition period and beyond.

26 The scale of the task mobilised departments to work together to move staff on medium- or short-term loans around Whitehall. As at 31 October 2017, 61% of DExEU's staff were loaned from other government departments, the majority on two-year posts. The Cabinet Office also set up a central system to match urgent vacancies with staff who were willing to move to EU Exit work, and more than 1,500 people were temporarily loaned in this way to be in place in October 2019. While staff have been deployed flexibly to deal with crises before, the scale of the moves and the central coordination were new.

27 The movement of staff within and between departments will have had an impact on business-as-usual priorities. However, it has not been possible to quantify the impact of these staff moves, or accurately estimate the cost, because few departments had a system in place which allowed them to identify or estimate how staff split their time.

¹¹ Comptroller and Auditor General, *The UK border: preparedness for EU exit*, Session 2017–19, HC 1619, National Audit Office, October 2018.

Points for consideration

- Working flexibly across departments enables government to meet new challenges which do not fit into existing boundaries. The aim should be to facilitate greater cross-government working and pooling of expertise to solve the policy and implementation challenges.
- Having a system to move staff between departments, matching need and operating at speed, enables government to respond quickly to short-term crises. However, it also needs information on how staff are using their time to ensure moves are productive and to understand the impact on business-as-usual priorities.

Establish a culture of clear and timely communication across departments

28 DExEU kept a tight hold on communications, keeping secret anything which might pertain to the UK's negotiating position. This not only governed its communication with third parties, but also characterised how DExEU worked with departments and encouraged departments to work with each other. While DExEU required departments to report monthly on the status of the 300-plus work streams government had identified, this information was not made freely available to departments. Although the early mapping of the scale of the task indicated how closely departments would have to work on specific issues, departments were not encouraged to develop their own connections outside of DExEU to facilitate this work. In asking for an extraordinary effort from the civil service, it is important that individuals know what the overall enterprise is and feel well-informed. This instinct for secrecy in government can get in the way of effective coordination, collaboration and a sense of urgency in progressing towards a common goal.

Points for consideration

- Open communication within government on cross-departmental issues is vital to success. Central bodies or those with oversight will achieve more by sharing information widely and pushing for greater communication, not less.

Engage early with key stakeholders, and understand their role in delivering the outcome

29 While government quickly developed a view on where its work was affected by EU Exit and its own actions, it was much slower in developing an understanding of how to achieve a good outcome when this required action from many parties, not just government. The issue was exacerbated by an uncertain political climate where significant policy decisions happened late in the day. We found that the civil service response was to delay communication in the hope of increased certainty, rather than beginning to share thinking or preparations at a time or in ways that would have helped stakeholders with their own preparations. For example, in 2018 both Defra and DfT told the Committee of Public Accounts that at that time they had asked third parties to sign non-disclosure agreements when discussing departmental plans, and particularly the development of Technical Notices, with stakeholders.¹² The Committee set out the risk that these agreements undermined transparency and hampered the spread of information to the business community at large.¹³ Across government, 106 Technical Notices were published over the course of August, September and October 2018 – two years after government started planning for EU Exit, and at most nine months before a possible no-deal exit in March 2019.

30 More widely, the government underestimated the challenge involved in preparing stakeholders outside government for EU Exit. DExEU's own monitoring of progress focused on what departments needed to do and did not consider who else needed to take action and whether they were ready. This meant that departments simply didn't put enough thought, or give enough time, to what their stakeholders needed. Third parties, including businesses and taxpayers, were not told early enough or in enough detail what they needed to do to be ready, particularly for a no-deal exit. Crucial parts of systems development, such as operational testing, were limited in scope because of the time available or were only able to be carried out after the deadline for EU Exit was extended.

Points for consideration

- Mapping out how individual tasks, projects and programmes contribute to the overall outcome, and who is responsible for them, provides a clearer picture when monitoring progress.
- Understanding what is required of partners, stakeholders, businesses and individuals, as well as what government must do, is vital to achieving government's desired outcomes. The time and effort required for businesses and citizens to play their part should not be underestimated.

¹² Technical Notices were designed "to inform people, businesses and stakeholders about steps they may need to take in the event of a 'no deal' scenario". 106 notices were published over the course of August, September and October 2018.

¹³ HC Committee of Public Accounts, *Department for Transport's implementation of Brexit*, Seventieth Report of Session 2017-19, HC 1657, November 2018.

Financial management

Encourage strong financial management, for informed decision-making and accountability

31 The basic principles for managing public money should underpin what government does, even in unusual circumstances or times of crisis. However, we found that financial management was not built into management of the overall EU Exit programme of work. DExEU did not ask departments to provide information on their use of resources as part of its progress tracking, either at an overall level or on specific work streams.¹⁴ HM Treasury relied on its existing control framework and the system of departmental accounting officer accountability, which does not readily allow HM Treasury to monitor spending against cross-government programmes or objectives. HM Treasury only asked departments to provide overall information on their spending on EU Exit from 2018-19 onwards.¹⁵ Since government did not have information at this cross-government level, the centre relied instead on the existing accounting officer-led control framework to direct the £6.3 billion made available to departments for EU Exit work to where it was most needed, and to assess where reprioritisation of either EU Exit work or business-as-usual activity might be necessary.

32 Spending on EU Exit was subject to some oversight. HM Treasury considered and approved all additional funding made available for EU Exit preparations. Large or novel projects were still required to seek approval before money was committed, both within departments and from HM Treasury and the Cabinet Office via the business case process. Within individual departments, we identified some instances where financial information was regularly monitored, usually as part of tracking specific pieces of work. However, many departments found it challenging to identify and track the cost of preparations for EU Exit, especially where their preparations involved adapting existing programmes and funding and working alongside business-as-usual priorities. Since departments do not have this information, they are not able to assess the impact of EU Exit on the resources available for their other priorities, or whether their spending on preparations was achieving value for money.

¹⁴ For details of what was included, see Comptroller and Auditor General, *Implementing the UK's Exit from the European Union*, Session 2017-19, HC 1125, National Audit Office, July 2018, and Comptroller and Auditor General, *Implementing the UK's exit from the European Union: The Department for Exiting the European Union and the centre of government*, Session 2017-19, HC 593, National Audit Office, November 2017.

¹⁵ Comptroller and Auditor General, *The cost of EU Exit preparations*, Session 2019-21, HC 102, National Audit Office, March 2020.

33 The lack of this information within government also limits public accountability for spending. In our report on the costs of EU Exit preparations, published in March 2020, we found that departments had spent at least £4.4 billion on EU Exit preparations between June 2016 and 31 January 2020.¹⁶ While HM Treasury has published information since 2017 on how much additional funding it has made available to departments to prepare for EU Exit, the same information on actual spending (including reprioritised funding) is not available. To date, and despite the limitations we set out on the completeness and quality of information, our report is the most comprehensive information available on how much departments have spent on preparations for EU Exit.

Points for consideration

- Working in unusual circumstances or in times of crisis can require alternative arrangements to ensure that resources are available when needed. Any such approach must still allow government to assess risk, accountability, and value for money.
- Good programme management and public accountability both require strong financial management. This requires departments to track spending alongside delivery progress from the outset of any piece of work. For cross-government work, HM Treasury or other coordinating bodies may need to ensure a consistent approach between departments to be able to assess the work as a whole, and to have adequate oversight of overall spending.

¹⁶ Comptroller and Auditor General, *The cost of EU Exit preparations*, Session 2019–21, HC 102, National Audit Office, March 2020.

Appendix One

Our scope and evidence base

Scope

1 This report has been prepared to provide insights to help government in the work it still has to do to prepare for EU Exit and to meet other challenges such as the response to the COVID-19 pandemic.

2 The report sets out insights from the National Audit Office's (NAO's) unique audit perspective on preparations for EU Exit, in the areas of planning, oversight, collaboration and financial management. We do not evaluate whether the preparations are reasonable or conclude on value for money. In some places we include specific examples from our published work, which are illustrative examples and not indicative of the overall performance of a specific department.

Evidence base

3 This report draws on the work undertaken to support the 28 NAO reports on EU Exit published between June 2016 and September 2020. These reports are varied in scope and breadth, and include: a review of government spending; overviews of EU Exit portfolios by department; cross-government reviews of operational risks in managing the border after leaving the EU; and focused examinations of particular projects such as the procurement of freight capacity and the 'Get ready for Brexit' campaign. Together they provide a detailed picture of a significant programme of work across government in real time from planning into implementation. They cover the key bodies in the centre of government and the departments that have responsibility for significant EU Exit projects and programmes.

4 We also draw upon:

- information published by government, for example in formal announcements about the progress of preparations or in structural documents about various functions;
- evidence provided to Parliament, for example written ministerial statements or oral or written evidence provided to select committees; and
- public reports of Parliamentary select committees, particularly those of the Committee of Public Accounts from sessions based on our reports

5 All of the 28 reports we have produced to date can be found on our website at: www.nao.org.uk/exiting-the-eu/. The full list of 28 reports is set out below:

- The cost of EU Exit preparations (March 2020)
- EU Exit: the Get ready for Brexit campaign (January 2020)
- The UK border: preparedness for EU exit October 2019 (October 2019)
- Exiting the EU: supplying the health and social care sectors (September 2019)
- Departments' use of consultants to support preparations for EU Exit (June 2019)
- Preparing for trade negotiations (May 2019)
- Memorandum to HC Committee of Public Accounts: Out-of-court settlement with Eurotunnel (May 2019)
- Contingency preparations for exiting the EU with no deal (March 2019)
- Memorandum to HC Committee of Public Accounts: The UK border: preparedness for EU exit update (February 2019)
- Memorandum to HC Committee of Public Accounts: The award of contracts for additional freight capacity on ferry services (February 2019)
- Exiting the EU: The financial settlement – follow-up report (November 2018)
- The UK border: preparedness for EU Exit (October 2018)

- Department for Environment, Food & Rural Affairs: progress in implementing EU Exit (September 2018)
- Implementing the UK's Exit from the European Union: Department for Transport (July 2018)
- Exiting the EU: Consumer protection, competition and state aid (July 2018)
- The Customs Declaration Service: a progress update (June 2018)
- Implementing the UK's Exit from the European Union: The Foreign & Commonwealth Office (April 2018)
- Exiting the EU: The financial settlement (April 2018)
- Implementing the UK's Exit from the European Union: The Department for International Trade (January 2018)
- Implementing the UK's Exit from the European Union: The Department for Environment, Food & Rural Affairs (December 2017)
- Implementing the UK's Exit from the European Union – People and skills: The role of the centre of government (December 2017)
- Implementing the UK's Exit from the European Union: The Department for Business, Energy & Industrial Strategy (November 2017)
- Implementing the UK's exit from the European Union: Infrastructure and Projects Authority (November 2017)
- Implementing the UK's Exit from the European Union: The Department for Exiting the European Union and the centre of government (November 2017)
- A Short Guide to the Department for Exiting the European Union (November 2017)
- The UK Border (October 2017)
- The Customs Declaration Service (July 2017)
- Briefing on EU-UK finances (December 2016).

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