

Twenty-Ninth Report of Session 2019-21

Cabinet Office and HM Treasury

Whitehall Preparations for EU Exit

Introduction from the Committee

The UK voting to leave the EU created a significant challenge for the government to develop policy and deliver the practical changes needed to leave the EU. Every department has been affected by the EU Exit. They have had to prepare for multiple potential outcomes, work together on key issues and engage stakeholders who would also have to take action to be ready. At the peak, 22,000 civil servants worked on preparations and, collectively, departments had spent at least £4.4 billion on their preparations up to 31 January 2020. The effort is ongoing, with 15,000 civil servants currently working on preparations for the end of the Transition Period. The Cabinet Office is currently responsible for oversight of readiness preparations, through its Transition Task Force and Border and Protocol Delivery Group, since the Department for Exiting the EU was disbanded in January 2020. The government now faces other challenges of a similar magnitude to EU Exit preparations, such as the response to the Covid-19 pandemic and work to meet the net zero emissions target. These challenges will require departments to work more closely together than usual, to work in new ways and at speed, and to deal with uncertainty.

Based on a report by the National Audit Office, the Committee took evidence on 8 October from the Cabinet Office and HM Treasury (HMT). The Committee published its report on 2 December 2020. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Learning for government from EU Exit preparations](#) – Session 2019-21 (HC 578)
- PAC report: [Whitehall Preparations for EU Exit](#) - Session 2019-21 (HC 682)

Government response to the Committee

1: PAC conclusion: *We remain extremely concerned about the risk of serious disruption and delay at the short Channel crossings.*

1: PAC recommendation: *The Committee will shortly be reporting separately and more fully on border preparations.*

1.1 The government agrees with this recommendation.

Recommendation implemented

1.2 Alex Chisholm, Cabinet Office Permanent Secretary and Chief Operating Officer of the Civil Service, responded to the Committee in his letter of 19 January 2021.

2: PAC conclusion: *Government is not doing enough to ensure businesses and citizens will be ready for the end of the transition period, and it is unclear what has been learnt from the previous 'Get ready for Brexit' campaign.*

2a: PAC recommendation: *Government must maximise all remaining opportunities for getting businesses and individuals to act in the time remaining to January 2021. It must ensure it has adequate information on what third parties are doing to take action, not just relying on surveys of awareness.*

2.1 The government agrees with this recommendation.

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Recommendation implemented

2.2 The government had been preparing extensively for all negotiation outcomes, and that included preparing third parties for the changes that would occur at the end of the Transition Period. The government's approach was three-fold, and consisted of:

- a major national Public Information Campaign (PIC) clearly communicating to businesses and citizens what they need to do to prepare for the end of the Transition Period.
- the drive to GOV.UK where businesses and citizens were encouraged to use the 'Check, Change, Go' checker tool which provided users with a personalised list of actions based on their individual circumstances; and
- a programme of intensive business engagement events involving roundtables, email bulletins, sector panels and webinars, as well as direct contact with businesses and Business Representative Organisations.

2.3 The UK Transition PIC draws on recommendations from a comprehensive internal evaluation and summary report produced in January 2020 on the 'Get Ready for Brexit' (GRFB) campaign, and the NAO report. For example:

- Recommendation 1: Internal lessons learned showed communication activity should prioritise those audiences where a lack of action will lead to the greatest disruption, and where action can be taken on a 'no regrets' basis (it will be required regardless of the outcome of negotiations). Action: The Transition Communication Centre in the Cabinet Office built on and applied the successful prioritisation criteria for GRFB. This has been implemented throughout the PIC; in Phase 3, 'no regrets' actions for borders and business audiences, particularly SMEs, were broadcast through peer-to-peer messaging which showed other like-for-like businesses getting ready.
- Recommendation 2: NAO recommendations included developing a consistent way of measuring impact during the initial period of the campaign, in order to track value delivered throughout. Action: The Cabinet Office developed and collated a full range of measures to gauge third-party awareness and preparedness for the end of Transition, and consequently campaign impact, at the launch of the PIC. This includes intention to act and actions taken by audiences. Data has been continuously sourced from the Devolved Administrations, GOV.UK traffic, call centre incoming call volumes and qualitative engagement insights. It is then collated and tracked by the Transition Communication Centre on a weekly basis and is used to review and inform decisions on campaign activity and spend.

2.4 Government surveys cover not just awareness of the issues involved, but a full range of measures including intention to act and actions taken. The surveys are conducted by independent market research agencies and the Office for National Statistics (ONS). They are a vital means by which the government can estimate expected preparedness along with a range of measures that could only be gathered through a representative survey. Following the Permanent Secretary's letter to the Committee in October 2020, survey data from the ONS has been published and can be found online with the latest relevant ONS release available via the link in the footnote¹.

2.5 The government is continuously looking for new opportunities to encourage business preparedness; be it for example, through new partnerships or champions. In December 2020, the government intensified its extensive engagement with business by establishing the Brexit Business Task Force, which met weekly to discuss the practical steps businesses needed to get ready by the end of the year.

2b: PAC recommendation: Government needs to ensure ongoing communications and support for businesses and individuals who may only consider taking action well after 1 January 2021, such as when Covid-19 travel restrictions are eased.

2.6 The government agrees with this recommendation.

¹<https://www.gov.uk/government/statistics/business-insights-and-impact-on-the-uk-economy-14-january-2021>

Target implementation date: June 2021

2.7 The government will continue to support business and citizen readiness as the Transition Period has ended to ensure they know what they need to do. It is fully cognisant that for many businesses action will only be taken once the impacts of changes are felt. It also understands that some businesses, given the pressures of the pandemic, may not have the opportunity to fully familiarise themselves with the rules that will apply following the end of the Transition Period.

2.8 The national public information campaign will run until June 2021 as changes, such as border controls, will be introduced in stages to give time for some businesses to adapt to new arrangements.

2.9 For citizens too, there is likely to be a delay in action, for example because COVID-19 travel restrictions mean there is less urgency around changes related to travel and tourism (for example, around pet passports, driving in the EU, or business travel). The government has already agreed some changes, like applying for settled status will run until June 2021, which will give individuals more time and be highlighted in our guidance to the public.

2.10 The public information campaign entered Phase 4 in January 2021. As new rules become a reality (with the exception of phased changes), communications will focus on loss avoidance and the government's duty of care to direct businesses and individuals to guidance on limiting the consequences of not being prepared by the deadline, the actions they can take and support available to them. It is supplemented by an intense period of departmental post-outcome engagement with sectors affected by the negotiation outcome. GOV.UK remains the central repository of the most accurate and up-to-date guidance to business and citizens and will continue to be prominently advertised.

3: PAC conclusion: Government continues to spend too much on consultants to undertake work that could be better done by civil servants and does not do enough to utilise or develop skills and experience in-house.

3a: PAC recommendation: Government should set out how it will ensure it has a full and frank assessment of the impact of cross-government working/working on complex issues on civil servants. This should include both likely positive outcomes in terms of skills or experience gained from working in different departments, and also negative impacts such as workload, resilience and the likelihood of burnout.

3.1 The government disagrees with this recommendation.

3.2 Please refer to the department's response to recommendation 4.

3b: PAC recommendation: Government should accelerate its plans to reduce its reliance on consultants. It needs better challenge of spending on consultants; clear plans to transition skills in-house where there isn't obvious business need for short-term staff; and then monitoring of progress both in terms of decreasing spending and increasing skills levels in the civil service.

3.3 The government agrees with this recommendation.

Target implementation date: March 2021

3.4 The government has established a programme to review each aspect of how the government engages with consultants. Rupert McNeil, Government Chief People Officer, is SRO for the programme.

3.5 The programme covers:

- **Government Consulting Hub** - Establishing the Government Consulting Hub (GCH) to stand up the government centre for expertise in consulting. It will deliver strategy consulting projects to departments, inform best practice on when and how departments engage consultants, triage demand, draw together HM Government (HMG) consulting expertise into a profession, share ways

of working, and be the single source of knowledge and advice on consultancy matters across government.

- **Controls** - Reforming central controls on consultancy expenditure.
- **Data** - Improving the quality of data and reporting on which firms the government uses, how much it spends and for what purpose.
- **Standard** - Developing a new 'consultancy standard' setting out requirements commissioners must meet when buying consultancy (for example, around knowledge transfer and performance management), supported by a Consultancy Playbook and a comply or explain approach
- **Strategic Workforce Planning** and **Capability and Training** - Sharing knowledge with Strategic Workforce Planning (in Civil Service HR) and Government Curriculum and Skills Unit (GCSU) to tackle capacity and capability drivers of consultancy spend.

3.6 The government is rapidly developing the Hub and aims to launch a pathfinder version of the Government Consulting Hub in early 2021 to iteratively design, test, learn and improve each element of the Hub.

4: PAC conclusion: EU Exit preparations involved more than 22,000 civil servants at the peak and have cost at least £4.4 billion.

4: PAC recommendation: The Cabinet Office should conduct a formal review, including seeking input from third parties (particularly the devolved administrations and local government) and covering the whole period of preparations. This should be done early in 2021 when there's a chance to see how plans have held up in reality post-transition. It should cover structures, communications and oversight—areas which can be applied to other cross-government undertakings.

4.1 The government disagrees with this recommendation.

4.2 The government is committed to continuous improvement. It has been engaged in the EU Exit processes in various forms over the past four years and have engaged in iterative learning processes in parallel. There have been lessons to learn every week and every month, and the Committee has acknowledged some of the notable improvements it has made to our approach to planning as a result. Regarding resourcing in particular, lessons learned through EU Exit have been critical in informing the approach to cross-government resourcing, which has already enabled the government to pivot its approach to support the response to COVID-19.

4.3 This mode of continuous improvement also helps us to avoid complacency and any suggestion that nothing can be learned or changed until a formal review has been conducted.

4.4 Although the government is not proposing to do a formal review of all preparations, it is grateful to the National Audit Office for having conducted an extensive review and welcomes their findings.

5: PAC conclusion: EU Exit and the Covid-19 response have shown up critical gaps in the civil service's approach to planning, particularly for unexpected events or undesired outcomes.

5: PAC recommendation: The civil service has a duty to plan for multiple scenarios, even those which it or Ministers considers unlikely or undesirable. Civil servants should seek formal instruction if told not to plan by Ministers. Planning should be proportionate to the risk, but there should be mechanisms for activity to ramp up as risks get bigger. For example, on EU Exit, we would have expected increasing levels of planning from when the referendum commitment appeared in the Conservative Party manifesto. The civil service should consider the development of standard principles, particularly for planning for unexpected scenarios, which would put government in a better position to respond quickly.

5.1 The government agrees with this recommendation.

Recommendation implemented

5.2 The government regularly conducts scenario-based exercises to ensure robust plans and appropriate capabilities are in place to respond to events, mitigate impacts and ensure the continuity of public services.

5.3 The work led by the Civil Contingencies Secretariat (CCS) is driven by a systematic assessment of risk, using cross-government, medium term tools such as the National Security Risk Assessment and formalised short-term risk assessment processes to deal with emerging events. This delivers consistency and authority.

5.4 CCS works closely with all government departments and agencies, under the Lead Government Department principle, to ensure this risk assessment translates into plans and actions to mitigate or prepare to deal with disruptive challenges.

5.5 From December 2020, CCS will be supplemented with an enhanced multi-agency Command, Control and Coordination (C3) system, to coordinate the most disruptive challenges across the system; working alongside the EU Exit and COVID-19 secretariats to make sure key decisions and topics are coordinated, and possible synergies and crossovers highlighted.

5.6 This approach reflects the lessons and experience from previous events, including COVID-19 and previous Brexit-related planning.

5.7 This C3 structure will provide the government with clear situational awareness which will be used to monitor and track whether disruptive challenges are beginning to manifest.

5.8 These structures will increase CCS's capacity to respond robustly to events, ensure that risks are viewed holistically and create easier data flows across the department and wider system. Lessons and improvements will be permanently incorporated into enduring crisis management arrangements.

6: PAC conclusion: *Government still does not have a good grip on how much taxpayers' money is being spent on cross-government priorities.*

6: PAC recommendation: *The Treasury should set out how it plans in future to have the additional tools needed to deal with cross-government spending issues, over and over 8 Whitehall preparations for EU Exit above the existing Accounting Officer framework of control. This should cover how it will assure the quality and consistency of information departments provide, and how its systems will provide meaningful information on areas of spending which don't meet "accounting definitions".*

6.1 The government agrees with this recommendation.

Recommendation implemented

6.1 HM Treasury has established a dedicated central team tracking COVID-19 and EU Exit funding decisions. This team centrally records all funding decisions and works with spending teams to maintain a record of departmental spend against that funding.

6.2 HM Treasury has been providing updates on both funding and spend to the Committee. For example, the department wrote to the Committee in November 2020 setting out how much had been spent by departments against their EU Exit budgets in the first six months of 2020-21.

6.3 In addition to its existing managing and reporting processes, HM Treasury is in the process of upgrading the Online System for Central Accounting and Reporting ("OSCAR"). This aims to provide a more straightforward solution to inputting, storing and updating the "single source of truth" for spending data.

6.4 HM Treasury has also continued to adapt and improve its cross-government accounting guidance to address challenges in reporting spending on cross-government priorities, such as COVID-19; particularly regarding materiality and the allocation of indirect costs (for instance, staff working between projects).

6.5 In addition, it is reviewing the Annual Report and Accounts (ARA) guidance for reporting COVID-19 and EU Exit spend and has written to the Committee on this. Performance reporting guidance now clarifies

that departments must summarise and link the main areas of spend to department goals, strategic objectives and priority outcomes. This includes information on the impact of EU Exit and COVID-19 on departmental activity and outcomes within their 2020-21 performance reports. Departments will be asked to report on dedicated COVID-19 interventions (including public expenditure) and analyse wider resources deployed in the government response. EU Exit expenditure should also be reported in the ARAs.