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Whitehall preparations for EU Exit

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to the report*

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The Committee of Public Accounts

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Summary

The Public Accounts Committee has been examining preparations for the UK leaving the European Union since the referendum in 2016, and we remain concerned that issues at the border and business readiness for new trade rules still need to be resolved.

We have raised concerns about preparedness in 12 reports and in multiple hearings. In this report we step back to look at how Whitehall has functioned in the face of the challenge of leaving the EU and see what lessons can be taken for how government handles major change.

Preparing for the UK's departure from the EU has been a huge challenge for Government. Not only is there significant work still ongoing to prepare for the end of the transition period, now only weeks away at time of drafting, with no deal yet finalised, but government must also manage the response to the Covid-19 pandemic. It has also stated plans to move the UK to a net zero greenhouse gas emissions economy. The past four years of preparations for EU Exit have provided examples of both good and bad practice which government can learn from in facing other challenges.

The Government established a simplified governance structure on EU Exit with the aim of making it clearer where to go for decisions, and the same committee structure is being used to manage Covid-19 and net zero plans. Information-sharing with departments, and the working relationships between key oversight functions, have improved. But EU Exit and Covid-19 have exposed gaps in government's planning mechanisms, particularly in areas which are contentious. And this Committee has seen the challenges of embedding cross-departmental collaboration in much of our previous work. Preparations for EU Exit also highlighted, again, the longstanding problems with the Treasury's ability to track cross-government spending, which hinders government's ability to direct resources and ensure spending represents the best value for money. Government's high use of consultants risks wasting taxpayers money unless this use is managed both in terms of the quality of their work and government's ability to bring skills in-house where possible. There is also a big risk that outsourcing will mean knowledge and experience on these big issue challenges will not be retained in the civil service. We have raised concerns repeatedly in the past about government's grip on cross-government spending and on use of consultants and are concerned that action in these areas remains very slow.

There are significant risks to the country being ready for the end of the transition period on 31 December 2020. But government still only seems to be taking limited responsibility for that readiness. A recent government survey suggests that 36% of SMEs expect that the transition period will be extended, and the Cabinet Office does not know how many of the remaining 64% will actually be ready. This Committee has repeatedly raised concerns about Government engagement with key stakeholders, including businesses. Government needs to act more urgently to resolve the issue now, and to plan for the impact in the future. There is still a significant risk of disruption connected to the short Channel crossings. In previous reports we have repeatedly raised concerns about the readiness of key border systems and been assured that they are on track or that delays are being managed. And yet these border systems remain in development and plans for managing disruption or prioritisation of key goods are unclear.

Introduction

The UK voting to leave the EU created a significant challenge for government to develop policy and deliver the practical changes needed to leave the EU. Every department has been affected by 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 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.

Conclusions and recommendations

1. **We remain extremely concerned about the risk of serious disruption and delay at the short Channel crossings.** There are multiple dates in 2021 from which new requirements for businesses on importing and exporting to the EU will take effect. Industry bodies have said that government has not provided key information needed by businesses to prepare, such as detailed guidance on how to apply for simplified customs procedures. New systems, including the core Goods Vehicle Movement Service (GVMS), are still in the testing and development stage and this testing is expected to be ongoing right up into December, leaving little margin before they must be operational. The market for customs agents is not expanding at the pace it needs to meet the increased demand post transition despite an additional £50 million in funding announced by the government. In the event of major delays at the short Channel crossings, there are plans to prioritise certain goods, such as exports of day-old chicks and fish for human consumption and additional freight capacity has been procured for the imports of critical goods. A border impact centre is being developed to manage disruption but is facing issues in securing access to data. The infrastructure in Kent to hold HGVs in case of delays is also still in development, with one of the two sites still to be acquired when we took evidence in early October.

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

2. **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.** The Cabinet Office launched a new communications campaign, ‘The UK’s new start: let’s get going’, in July. Its aim is to inform businesses and the public about what actions they need to take to be ready for the end of the transition period. Government survey data suggests that 36% of SMEs still believe the transition period will be extended, and the Cabinet Office does not know whether the remaining 64% have taken action to be ready. The Cabinet Office acknowledges the key lesson from its ‘Get ready for Brexit’ campaign is that it should track actions taken in response, rather than just measuring public awareness. The Cabinet Office plans to intensify communications as the deadline approaches but it is unclear if it has the necessary information on levels of readiness among businesses and individuals to successfully target this campaign. Current levels of readiness and a decrease in travel due to the Covid-19 pandemic mean some businesses and members of the public may not look for help or guidance until they plan to travel or import/export goods, which could be some time after the transition period has passed.

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.*

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.

3. **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.** At the peak, more than 22,000 civil servants worked on EU exit, and at present that number is around 15,000. The civil service responded to this demand by moving staff between departments—two thirds of staff in DExEU came on secondment from other departments. A similar approach has been taken on a larger scale to respond to the Covid-19 pandemic. There has been high turnover among staff working on EU Exit, particularly at senior levels. Government has made extensive use of consultants to support preparations for EU Exit, and is also doing so on Covid-19, to fill supposed gaps in the capacity and skills of the civil service. The Treasury anticipates that consultancy and contingent labour will be an area of focus in the 2020 spending review to ensure departments are making the best use of spending in this area. The Cabinet Office intends to reduce government’s spending on consultants, by developing additional capacity and skills in-house to reduce the need for consultants.

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.*

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.

4. **EU Exit preparations involved more than 22,000 civil servants at the peak and have cost at least £4.4 billion.** But there has been no serious attempt to reflect and capture lessons for other challenges that government faces. Every government department has been affected by preparations for EU Exit and this has put pressure on government’s ability to manage cross-government coordination and decision-making. Government has made changes to the way the process has been managed. The ministerial structure now consists of just two committees, one focused on operations and one focused on strategy, and it is clearer where to go for decisions. The Cabinet Office reports that it shares more information on preparations with departments. The key oversight functions, particularly the Transition Task Force and the Border and Protocol Delivery Group now all sit together within the Cabinet Office, which we are told has resulted in a closer working relationship. Government has recognised that other challenges it faces, such as the response to Covid-19, will also require cross-government working, working at pace, or working in new ways. The Cabinet Office feels that it has learnt a lot from EU Exit and put it into a practice via a process of continuous improvement. However, it has no plans to conduct a formal review of the preparations, relying on the National Audit Office’s work to identify lessons, rather than also choosing to do its own significant review of what it can learn for the future.

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.

5. **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.** The Cabinet Office keeps a national risk register, with input from across government and particularly the Treasury. The risk register includes “unexpected events” in terms of those that are irregular but known to occur, and those which may not have occurred before but which there may be a chance of occurring. However, in practice, recent events have shown up the limitations in these plans. Ministers specifically limited the amount of contingency planning the civil service was expected to carry out ahead of the EU Exit referendum in 2016. This led to a delay on negotiating positions and preparations as government had to take time after the referendum to formulate policy and determine what type of agreement they wanted to have with the EU. Our previous work on Covid-19 has highlighted the gaps in economic planning for pandemics, even though the risk of a pandemic was one of the most likely risks government had identified. The government has announced that there will be a review of its response to Covid-19, but so far only initial discussions have been held and no date has been set.

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.*

6. **Government still does not have a good grip on how much taxpayers' money is being spent on cross-government priorities.** The Treasury has acknowledged the need for more timely, transparent financial information on cross-government areas of work, including both EU Exit and the Covid-19 response. Before the NAO's analysis, it did not have its own comprehensive information on government spending on EU Exit for 2019–20 or any earlier period, although it is now tracking information in-year for 2020–21. It has relied on departmental processes to ensure money on EU Exit has been used as expected. Departments are expected to publish information on EU Exit spending in their 2019–20 Annual Reports, but these have been delayed due to Covid-19 and the Treasury has identified inconsistencies in what has been presented so far. The Treasury plans to use its new OSCAR II finance system to collect better information from departments in the future, and this functionality is planned to be introduced in phases over the next year. It is not clear how this system will overcome difficulties in recording data from multiple bodies, especially that which does not fit into accounting categories, such as spending on Covid-19 or EU Exit.

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*

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".

1 Learning from EU Exit preparations

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Cabinet Office and HM Treasury (the Treasury) about the learning for government from preparations for EU Exit.¹ The C&AG's report drew together lessons from 28 previous reports by the National Audit Office examining government's preparations for the UK leaving the EU.²

2. The outcome of the EU referendum created a significant challenge for government. Every department has been affected by EU Exit to varying degrees. They have had to undertake a significant programme of work, including formulating new policies, preparing primary and secondary legislation, procuring goods and services, and designing and implementing new systems. Departments had to work together on issues which spanned departmental boundaries, such as preparations for the border or to ensure the supply of critical goods such as medicines. Government has also had to ensure other stakeholders, from devolved administrations to businesses and individuals, were consulted and took appropriate action.³ This involved significant communications campaigns, including the 'Get ready for Brexit' campaign launched before the 31 October 2019 deadline. 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 as the date the UK left the EU changed. 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 2020.⁴

3. The Department for Exiting the EU was set up in July 2016 with responsibility for coordinating the delivery of EU Exit preparations across government. The Cabinet Office is currently responsible for oversight of preparations, through its Transition Task Force and Border and Protocol Delivery Group, since the Department for Exiting the EU was disbanded in January 2020.⁵

4. The UK left the EU on 31 January 2020 and entered a transition period where EU rules continued to apply. This transition period will come to an end on 31 December 2020. There is significant work still ongoing on preparations for the end of the transition period, and the Cabinet Office told us this involves 15,000 civil servants at present.⁶

5. 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.⁷

Cross-government coordination

6. Every government department has been affected by preparations for EU Exit. This has required a significant effort in terms of cross-government coordination, which formed

1 C&AG's Report, *Learning for government from EU Exit preparations*, Session 2019–20, HC 578, 4 September 2020

2 C&AG's Report, para 4

3 C&AG's Report, para 2

4 C&AG's Report, para 1

5 Q 19; C&AG's Report, paras 13, 25

6 Q 20; C&AG's Report, para 3

7 C&AG's Report, para 8

a major part of the work of the Department for Exiting the EU and is now the role of the Transition Task Force within the Cabinet Office.⁸ The Border and Protocol Delivery Group, formerly the Border Delivery Group, has also moved into the Cabinet Office and the Cabinet Office believes that this has resulted in a closer working relationship between the coordinating functions.⁹ However the Cabinet Office asserts that the majority of responsibility and resources for preparations lie within departments.¹⁰

7. The Cabinet Office relies on information departments provide on their readiness to identify the highest risk elements of the programme, although it continues to use specialist support from the Infrastructure and Projects Authority to review projects and also uses commercial and digital experts to assess departments' readiness.¹¹ The Cabinet Office told us that it has taken the approach of a "culture of openness and information-sharing" in managing coordination, which contrasts with the Department for Exiting the EU's culture of secrecy and restriction of information. As an example, the Cabinet Office said that it was sharing with departments both milestone information about their own projects, and operational readiness across the country.¹²

8. The Cabinet Office set out the current governance and decision-making structures for EU Exit.¹³ There are two ministerial committees, one focused on operations which currently meets daily and one focused on strategy which meets less often. At an official level, there is a programme board and regular meetings of senior officials across government involved in EU Exit and transition preparations.¹⁴ The Cabinet Office feels that the ministerial structure has worked well, to achieve consensus and for "cracking through" decision-making.¹⁵ It feels that it represents a concentration and simplification of decision-making structures, compared to those which existed earlier on EU Exit.¹⁶ It has also replicated the same two-committee structure at a ministerial level for work on Covid-19 and on climate change.¹⁷

9. The Cabinet Office recognises that other challenges government faces, such as the response to Covid-19, will also require cross-government working, working at pace, or working in new ways.¹⁸ The Cabinet Office feels that it has learnt a lot from EU Exit and put it into a practice via a process of continuous improvement, which has allowed it to apply lessons "every week and every month".¹⁹ The Cabinet Office gave examples of how this was working operationally, such as in getting businesses to apply for Economic Operators Registration and Identification (EORI) numbers, and when considering how to redistribute the responsibilities of the Department for Exiting the EU.²⁰ The Cabinet Office confirmed that it has no plans to conduct a formal review of the preparations to set out what it can learn for the future.²¹ Instead, it is relying on the National Audit Office's

8 Q 19; C&AG's Report, para 19

9 Qq 19, 57–58; C&AG's Report, para 25

10 Q 20

11 Qq 19–20; C&AG's Report, para 23

12 Qq 80–81; C&AG's Report, para 28

13 Q 19

14 Q 4; C&AG's Report, para 21

15 Qq 4, 20, 44, 6

16 Q 45

17 Q 19, 110

18 Q 48

19 Qq 36, 38

20 Q 39

21 Q 37

work to identify lessons. The Cabinet Office described a process of comparing the National Audit Office's recommendations to current practice in the key areas of decision-making, innovation, information-sharing and considerable possible future scenarios. The Cabinet Office highlighted some specific actions which had been taken as a result, including expedited processes in the Treasury which have been used to provide additional funding for the border, sharing assumptions for the reasonable worst-case scenario for disruption at the short Channel crossings, and developing plans for the structures and resource flows needed to cope with the combination of EU Exit, Covid-19 and other external factors.²² We recognise the value of taking action quickly via continuous improvement activity and are pleased that the Cabinet Office is reflecting on the National Audit Office's insights. However, we are concerned that government is being complacent about what it can learn and should take a step back and reflect itself on its preparations to date.²³

Planning

10. The Cabinet Office has a key role in ensuring government is ready to respond to unexpected and unprecedented events. It is responsible for coordinating civil contingencies response to unexpected events, conducting COBRA meetings, working with local resilience forums and with devolved administrations.²⁴ The Cabinet Office also keeps a national risk register which includes "unexpected events" in terms of those that are irregular but known to occur, such as weather events. It also includes those which may not have occurred before but which there may be a chance of occurring. Examples of these sorts of events have included the Iraq war and the global financial crisis.²⁵ Planning for risks on the risk register is managed with input from across government. In particular, the Treasury also works to formulate and assess the plans in the risk register.²⁶

11. Recent events have shown up the limitations in government's forward planning capability when put into practice. Ministers specifically limited the amount of contingency planning the civil service was expected to carry out ahead of the EU Exit referendum in 2016.²⁷ While the Cabinet Office felt that was a reasonable position for ministers to take, it admitted that this decision had led to a delay on negotiating positions and preparations as government had to take time after the referendum to formulate policy and determine what type of agreement they wanted to have with the EU, at time when the speed of the response was critical.²⁸ The Cabinet Office said that it had done work during the most recent election to prepare based on party manifestos, acknowledging that the civil service sometimes has a role which does not depend on ministerial input.²⁹ While the Cabinet Office was not aware of any other areas where the civil service has asked to carry out planning work and has been told it cannot, we are sceptical that this provides any assurance that such an issue may not later come to light.³⁰

12. Our previous work on Covid-19 has highlighted the gaps in economic planning for pandemics, even though the risk of a pandemic was one of the most likely risks government had identified. In July 2020, we recommended that the Cabinet Office should review its contingency planning for the most serious risks and ensure that these consider whole-of-government impacts, including economic modelling, and we will monitor how government responds to the issue.³¹

22 Q 44

23 Q 38

24 Q 4; C&AG's Report, *Contingency preparations for exiting the EU with no deal*, Session 2017–19, HC 2058, 12 March 2019, pages 10–12

25 Q 6

26 Qq 8–9

27 Q 15; C&AG's Report, para 11

28 Qq 15–16

29 Q 43

30 Q 17

31 Q5; *Whole of Government Response to COVID-19*, Thirteenth Report of Session 2019–21, HC 404 dated 16 July 2020 and Published on 23 July 2020

The government has announced that there will be a review of its response to Covid-19, which the Cabinet Office expects will provide some lessons for the future in terms of how the pandemic has affected different parts of the economy and different parts of the country.³² However the review has not yet progressed beyond the scoping stage. The Cabinet Office informed us that so far only initial discussions have been held and no date has been set.³³

Financial Management

13. Government spent £4.4 billion on preparations for EU Exit between the referendum and January 2020.³⁴ The Treasury admitted that it had not itself asked departments to provide information on their expenditure on EU Exit which it could consolidate to get an overall picture of spending for any period prior to 2019–20. In 2019–20 it had asked departments to publish information on EU Exit spending in their 2019–20 Annual Reports, but these have been delayed due to Covid-19 and the Treasury has identified inconsistencies in what has been presented so far. The Treasury is now tracking information in-year for 2020–21.³⁵ However, the Treasury is still consolidating departments' expenditure for the first half of 2020–21 and information on devolved administrations' spending on EU Exit will not be available until spring 2021 in the supplementary estimates.³⁶

14. The Treasury has relied on existing departmental processes within the system of Accounting Officer accountability to ensure money on EU Exit has been used as expected.³⁷ We do not believe that this is sufficient, given the weaknesses identified by the NAO in the information departments hold, particularly in regards to the tracking of staff time.³⁸

15. The Treasury has acknowledged the need for more timely, transparent financial information on cross-government areas of work, including both EU Exit and the Covid-19 response.³⁹ In the past, it has said that this is particularly difficult because these areas of work do not fit into accounting categories used to collect data.⁴⁰ The Treasury expects that its new OSCAR II finance system will enable it to collect better information from departments and arm's-length bodies in the future. It set out plans to introduce functionality which would allow it over the next year to collect data on cash forecasting as well as programme data.⁴¹ It is not clear to us how this functionality will allow the Treasury to collect data on cross-government areas of work, or how it will address concerns about the consistency of data. We are also concerned at the speed at which the OSCAR II programme has been delivered, since it has been in the making for five or six years and still is not scheduled to begin to collect data until next year.⁴²

32 Q 5

33 Qq 13–14

34 C&AG's Report, para 33; C&AG's Report, *The cost of EU Exit preparations*, Session 2019–21, HC 102, 6 March 2020, page 7

35 Qq 63–6

36 Qq 64, 83–84

37 Q 65; C&AG's Report, para 31

38 Q 63; C&AG's Report, paras 27, 32

39 Q 63

40 Committee of Public Accounts, *Whole of Government Accounts*, Seventy-Fourth Report of Session 2017–19, HC 464, 25 January 2019; C&AG's Report, *The cost of EU Exit preparations*, Session 2019–21, HC 102, 6 March 2020, page 25

41 Qq 68, 72

42 Q 7

Staffing and use of consultants

16. At the peak, more than 22,000 civil servants worked on EU Exit, and at present the Cabinet Office reports that the number is around 15,000.⁴³ The civil service responded to this demand by moving staff between departments. In particular two thirds of staff in DExEU came on secondment from other departments and many were drawn from the fast stream. A dedicated hub within the civil service human resources function co-ordinated the movement of thousands of civil servants to meet EU Exit priorities.⁴⁴ The Cabinet Office told us that a similar approach had been taken in terms of pivoting staff to respond to the Covid-19 pandemic and that this had a particularly acute effect on preparations for EU Exit in the period April to June 2020.⁴⁵

17. There has been high turnover among staff working on EU Exit, particularly at senior levels. DExEU has had three Permanent Secretaries, the Border Delivery Group has had three Director-Generals, and there have been changes at Permanent Secretary grade in key Departments impacted by EU Exit, including Defra and HMRC.⁴⁶ The Cabinet Office believes that the large majority of staff who left DExEU during its operation or since it was disbanded, have either returned to their ‘parent’ departments or, in the case of fast streamers, moved on to another role. While we asked the Cabinet Office whether efforts were made to capture learning from these staff before they returned to their departments or moved elsewhere, there was no indication that any specific activity had been undertaken.⁴⁷

18. Demands on the civil servants working on the Covid-19 pandemic response and/or EU Exit have been high at a time when many are having to adjust to new ways of remote working.⁴⁸ The Cabinet Office believes that morale across staff working on these two priorities remains high despite these challenges and believes the results from its ongoing people survey will confirm this.⁴⁹ However, it is not clear if it has considered what impact working in this challenging environment will have on staff resilience.

19. Government has made extensive use of consultants to support preparations for EU Exit, and is also doing so on Covid-19. This Committee has raised concerns in the past about government’s increasing spend on consultants, and on the gap between the Cabinet Office’s and departments’ data on spending across government.⁵⁰ The Treasury explained that consultants had been used as ‘substitutes for civil servants’, to fill supposed gaps in capacity and skills of the civil service. Both the Cabinet Office and the Treasury agreed with us that this was an area of concern, and plan to take action to reduce this spending in the future. The Treasury and the Cabinet Office have worked to update the definition of consultancy, and now use that single definition for all financial reporting. The Treasury anticipates that this will enable consultancy and contingent labour to be an area of focus in the 2020 spending review to ensure departments are making the best use of spending in this area.⁵¹

20. The Cabinet Office set out that there is sometimes a need for consultants with

43 Q 101; C&AG’s Report, para 15

44 Qq 53, 54; C&AG’s Report, para 26

45 Qq 5, 18

46 Qq 46, 53; C&AG’s Report para 17

47 Q 53

48 Q 5

49 Qq 108–109

50 Committee of Public Accounts, *Brexit Consultancy Costs*, One Hundred and Twelfth Report of Session 2017–19, HC 2342, 12 September 2019

51 Qq 74–75, 78

specialist skills, or temporary staff to work on short-term projects, which we recognise, but agreed that as a whole government made too much use of consultants and contractors. It intends to reduce government's spending on consultants, working with departments to developing additional capacity and skills in-house to reduce the need for consultants. This work is particularly focussed on core skills, particularly in the digital area. We look forward to seeing the success of these initiatives, as set out by the Cabinet Office, in reduced expenditure on consultants and contractors, and clear evidence of the increased skill level of civil servants.⁵²

2 Preparations for the end of the transition period

Communications

21. The Cabinet Office launched a new communications campaign, ‘The UK’s new start: let’s get going’, in July. Its aim is to inform businesses and the public about what actions they need to take to be ready for the end of the transition period.⁵³ The campaign has a budget of £70 million through to the end of March 2021.⁵⁴ The previous communications campaign, ‘Get ready for Brexit’, which was in place ahead of the 31 October 2019 deadline and which had a budget of £100 million.⁵⁵ The Cabinet Office informed us that it had responded to the recommendations in that report in terms of improving monitoring information through the development of key performance indicators for its latest campaign with established baselines and tracking of progress on a monthly basis.⁵⁶ It acknowledged that the key lesson from its ‘Get ready for Brexit’ campaign is that it should track actions taken in response, rather than just measuring public awareness.⁵⁷

22. Despite the new campaign having been underway for some time, there remains a significant risk that businesses and individuals will not be ready for the end of the transition period. Government survey data suggests that 36% of SMEs still believe the transition period will be extended.⁵⁸ The picture is changing rapidly, and the percentage had come down from 43% to 36% in the last month.⁵⁹ However, the Cabinet Office does not know whether the remaining 64% have taken action to be ready.⁶⁰ The Cabinet Office reports that it has seen progress on other actions taken by individuals and businesses to be ready. For example, the Cabinet Office says 3.91 million EU nationals in the UK have registered for the EU settlement scheme, meeting its expected target. The Cabinet Office also informed us that more than 90% of businesses have completed the necessary registrations for getting an economic operator registration and identification (EORI) number, which will be required for moving goods between the UK and the EU.⁶¹ The Cabinet Office plans to intensify communications as the deadline approaches, and work with third parties such as business representative organisations or intermediaries to reach small businesses in particular. We are not convinced that the Cabinet Office has the necessary information on levels of readiness among businesses and individuals to successfully target this campaign.⁶²

23. The Covid-19 pandemic has had an impact on readiness for EU Exit. The Cabinet Office is concerned that the primary focus of many small businesses during this year has been the impact of the pandemic on their business, rather than preparing for EU Exit. Current levels of readiness among businesses and a decrease in travel due to the Covid-19

53 Qq 5, 2

54 Q 26

55 Committee of Public Accounts, *EU Exit: Get ready for Brexit Campaign*, Fourth Report of Session 2019–21, HC 131, 3 June 2020

56 Qq 39, 55–56

57 Qq 27–28

58 Qq 22, 47

59 Q 18

60 Q 47

61 Qq 23, 39

62 Q 22

pandemic mean some businesses and members of the public may not look for help or guidance until they plan to travel or import/export goods, which could be some time after the transition period has passed.⁶³ For example, following transition individuals wishing to travel to the EU will need to check they have 6 months on their passport and, if relevant, whether they have the right health insurance, driving license and necessary information about pet travel, all of which could require actions taken in advance of travel.⁶⁴ Government must therefore make sure that it has tools in place beyond the end of the transition period to support individuals and businesses respond to the changing requirements for business and travel within the EU. HMRC business helplines will still be open at the end of December.⁶⁵ However, the Cabinet Office did not explain to what extent this and other support will be extended beyond EU Exit.

Preparations at the border

24. Although the Cabinet Office believes it has been clear that businesses need to be ready for the end of the transition period, there are multiple dates in 2021 from which new requirements for businesses on importing and exporting to the EU will take effect.⁶⁶ In February this year government announced that there would be full introduction of controls at the end of the transition period, include export controls required by the EU. However, due to the impact of the Covid-19 pandemic on businesses and the border industry, government decided to phase in import controls to allow more time for preparations to be made by all parties.⁶⁷ The first phase of import controls will be introduced on 1 January 2021 covering basic customs requirements and checks on controlled goods and high-risk live animals and plants. Further controls on products of animal and plant origin will operate from 1 April 2021 and full controls and import declarations will be required from 1 July.⁶⁸ This will require businesses to be aware of what actions they need to take to be compliant at each stage. Actions required by businesses to move goods to or from the EU following EU Exit will also depend on the sector their business operates in, if they are a regulated business, and whether they employ EU nationals.⁶⁹

25. We are concerned that industry bodies have said that government has not provided key information needed by businesses to prepare, such as detailed guidance on how to apply for simplified customs procedures.⁷⁰ The Cabinet Office provided an update on the status of two specific systems. The Goods Vehicle Movement Service (GVMS) is a new core HMRC system that will be required for July 2021 for the full implementation of import controls, though it will be used in a more limited scope for transit functionality at the border at the end of December. GVMS is currently in the testing stage and the Cabinet Office believes the testing will be completed in early December. “Check an HGV is ready to cross the border”, previously called Smart Freight, is a web service which the Cabinet Office told us will be available on GOV.UK. and is designed to minimise disruption at the border through allowing drivers and hauliers to check they have the necessary paperwork in place to cross the border successfully. If documentation is missing, then it will indicate

63 Qq 22, 30

64 Q 27

65 Q 24

66 Qq 34, 59; C&AG’s Report, Figure 1

67 Qq 59, 88Q 59

68 Qq 58–59; C&AG’s Report, Figure 1; Announcement from the Cabinet Office at <https://www.gov.uk/government/news/government-accelerates-border-planning-for-the-end-of-the-transition-period>

69 Q 25

70 Q 88

to the user that they should not travel until the correct documentation is in place. If all documentation is present, then it should link to the issuing of a Kent Access Permit to the user. This service will be mandatory for all drivers and hauliers using the short Channel crossings. However, it will not be operational until the end of December. We are concerned in both cases that the timetables given leave little margin before they must be operational and, in the case of the “Check an HGV is ready to cross the border” service, it is not clear what time there will be for users to become familiar with the system.⁷¹

26. The Cabinet Office admitted that the market for customs agents is not expanding at the pace it needs to meet the increased demand post transition, despite an additional £50 million in funding announced by the government. This was an extension of previous funding of £34 million which had been used up. To date these two grant schemes have funded just over 20,000 training courses and just over 16,000 pieces of IT.⁷²

27. In the event of major delays at the short Channel crossings, the Cabinet Office told us that there are plans to prioritise certain goods, such as exports of day-old chicks and fish for human consumption, and that additional freight capacity has been procured for the import of critical goods.⁷³ The Cabinet Office said it is developing a border impact centre to manage disruption but is facing issues in securing access to data held by other government departments. The infrastructure in Kent to hold HGVs in case of delays is also still in development, with one of the two sites still to be acquired when we took evidence in early October.⁷⁴ It is not clear how the geographical travel restrictions introduced for Covid-19 may complicate the movement of freight, although the Cabinet Office is confident the processes used to ensure freight flowed through the national lockdown will work through the winter.⁷⁵

71 Q 85

72 Q 88

73 Qq 86–87

74 Qq 91, 92

75 Q100

Formal minutes

Thursday 26 November 2020

Virtual meeting

Members present:

Meg Hillier, in the Chair

Gareth Bacon Sir Geoffrey Clifton-Brown

Shaun Bailey Richard Holden

Olivia Blake

Draft Report (*Whitehall preparations for EU Exit*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Resolved, That the Report be the Twenty-Ninth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 30 November at 1:45pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Thursday 08 October 2020

Alex Chisholm, Permanent Secretary, Cabinet Office; **Jess Glover**, Director General, Transition, Cabinet Office; **Emma Churchill**, Director General, Border and Protocol Delivery Group, Cabinet Office; **Cat Little**, Director General, Public Spending, HM Treasury

[Q1-115](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

EUE numbers are generated by the evidence processing system and so may not be complete.

- 1 Mining, oil, gas and power construction contracting and logistics in UK, Africa, Middle East, Europe & Asia (Mr David Owen, Retired former Project Director of a UK Plc) ([EUE0001](#))
- 2 NCVO ([EUE0002](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

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Number	Title	Reference
1st	Support for children with special educational needs and disabilities	HC 85
2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to Covid-19	HC 404
14th	Readying the NHS and social care for the Covid-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406
17th	Immigration enforcement	HC 407
18th	NHS nursing workforce	HC 408
19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685

Number	Title	Reference
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653