

Brexit: what happens now....

Prospect
26 November 2018

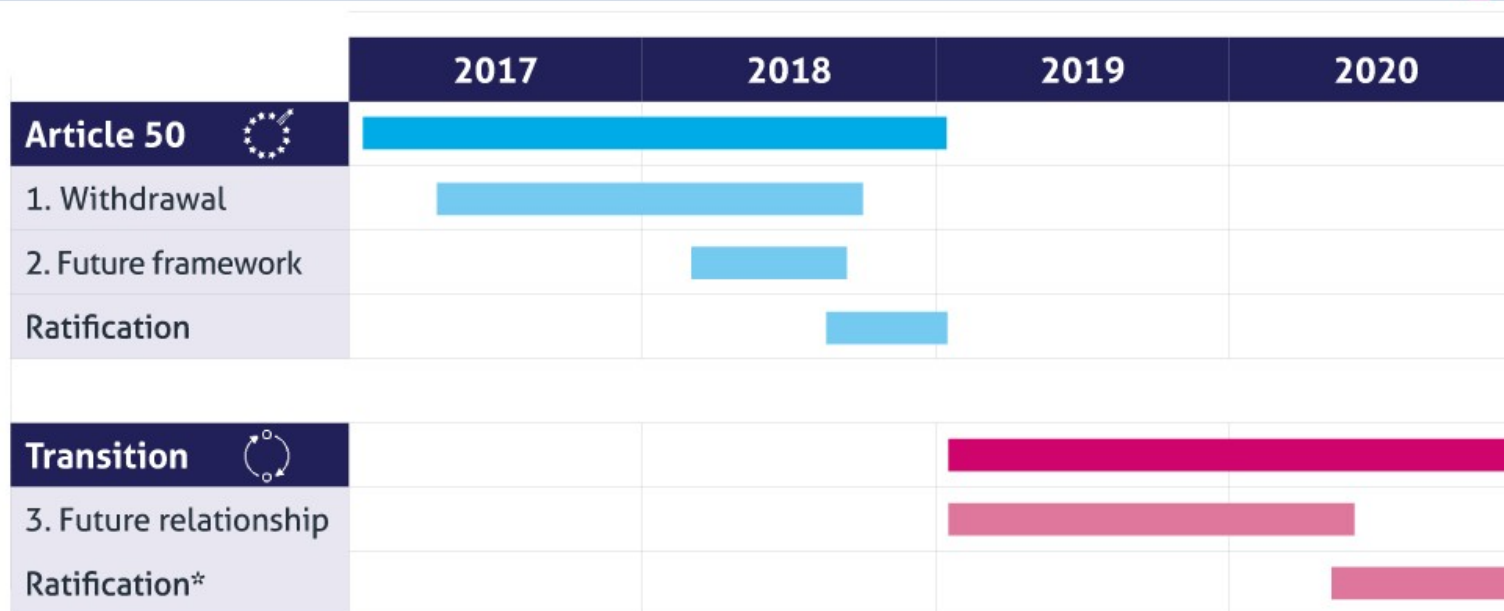
Jill Rutter



We have just managed to conclude the withdrawal agreement

Negotiation timetable

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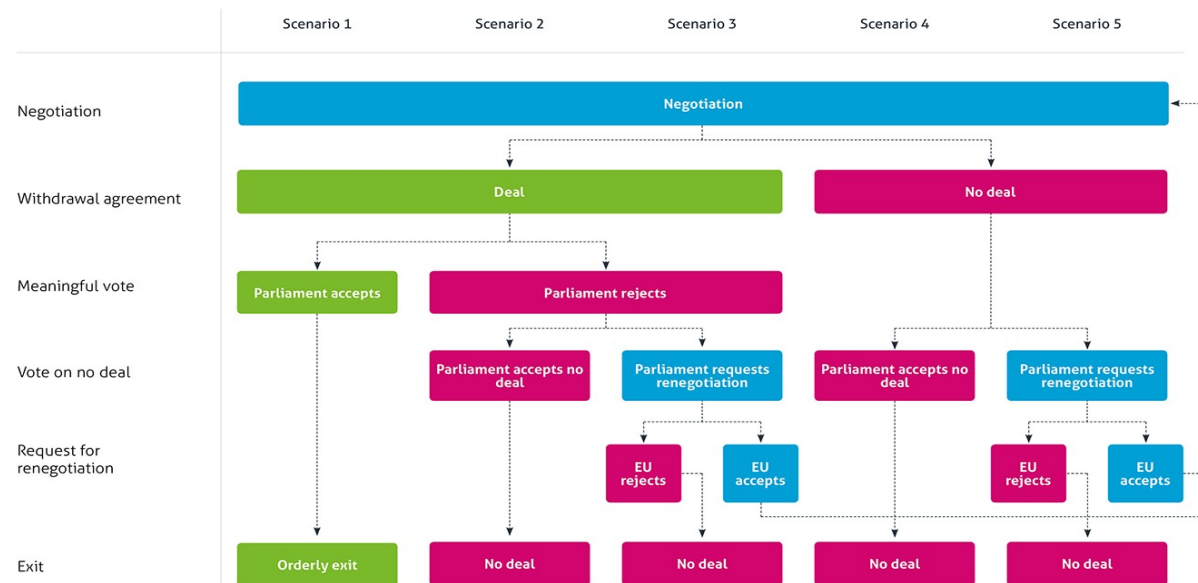


Source: Institute for Government analysis.

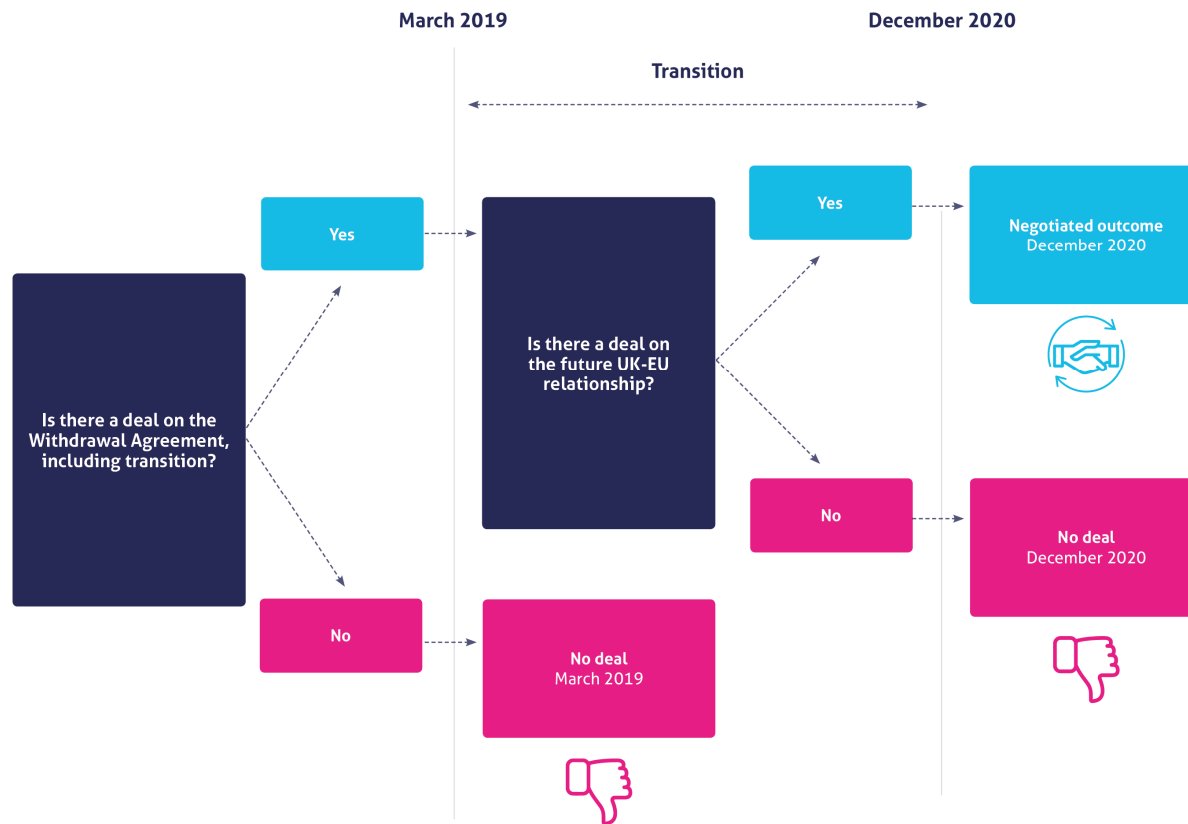


But she now has to get that through Parliament

Possible scenarios for the next phase of Brexit



The lack of certainty on that means many scenarios are still in play



No deal preparations are still taking place.. And critical deadlines ahead

	UK Government intends to...					UK businesses need to...						
	Negotiate agreement with EU/EU countries	Negotiate international agreement	Pass further legislation	Establish new systems/processes	Create new or expand capacity of existing UK body	Reregister/reauthorise product or service in EU	Change process to maintain existing market access	Establish EU presence	Comply with different UK process	Consider seeking professional advice	UK citizens face additional burdens	Notice indicates further engagement required
Commercial road haulage in the EU												
Exporting animals and animal products												
Providing services including those of a qualified professional												
Structuring your business												
Banking, insurance and other financial services												
Trading electricity												
Classifying your goods in the UK Trade Tariff												
Regulating chemicals (REACH)												
Regulating biocidal products												
Civil nuclear regulation												
Regulation of veterinary medicines												
Taking horses abroad												
Aviation safety												
Operating bus or coach services abroad												
Meeting rail safety and standards												
Regulating pesticides												
Commercial fishing												
Plant variety rights and marketing of seed and propagating material												
Importing animals and animal products												

The notices raise more questions than they answer

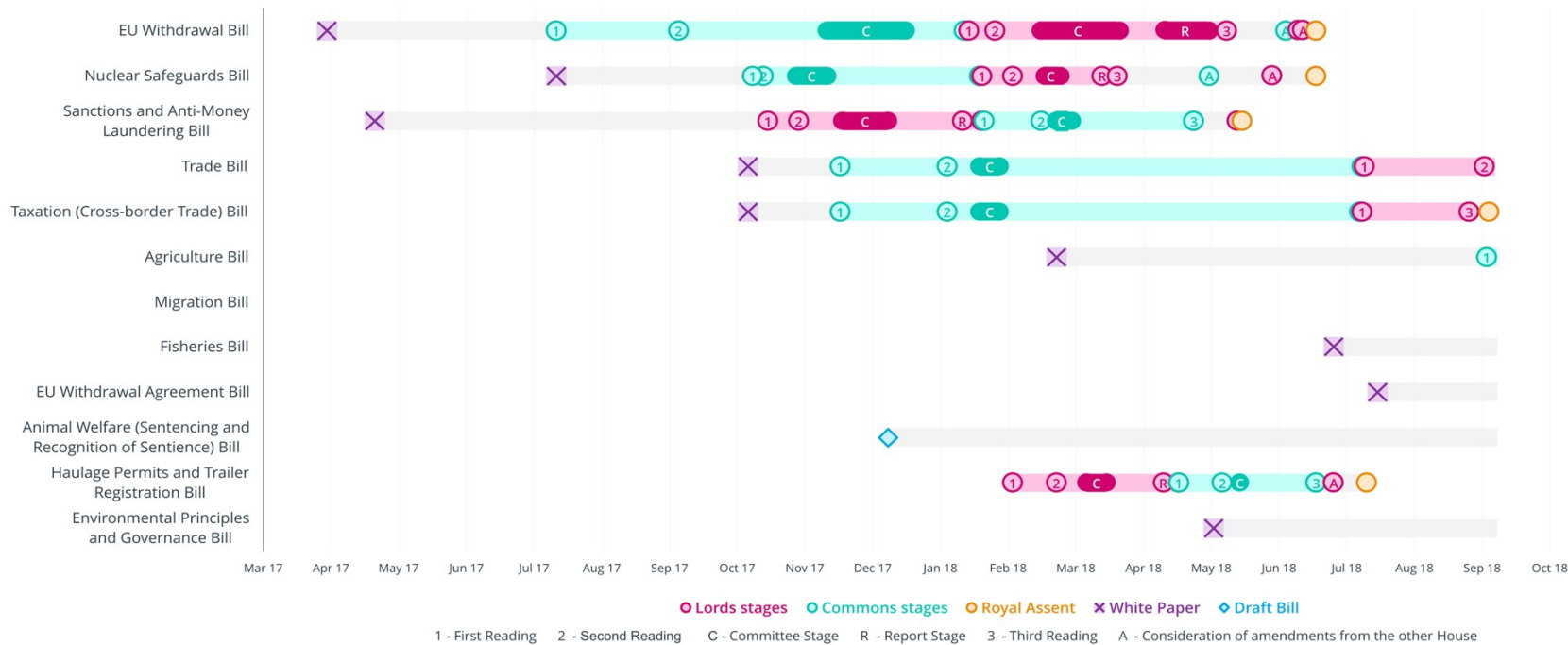
- 105 preparedness notices All but one need further action by government, business or individuals
- 55 new government processes
- 25 new IT systems
- 10 suggest business seek professional advice
- 50 propose UK recognises EU standards (no parallel guarantees from EU)
- For information – not action – at this stage
- Nothing on citizens..



There is a massive legislative task

Parliamentary progress of legislation introduced to implement Brexit

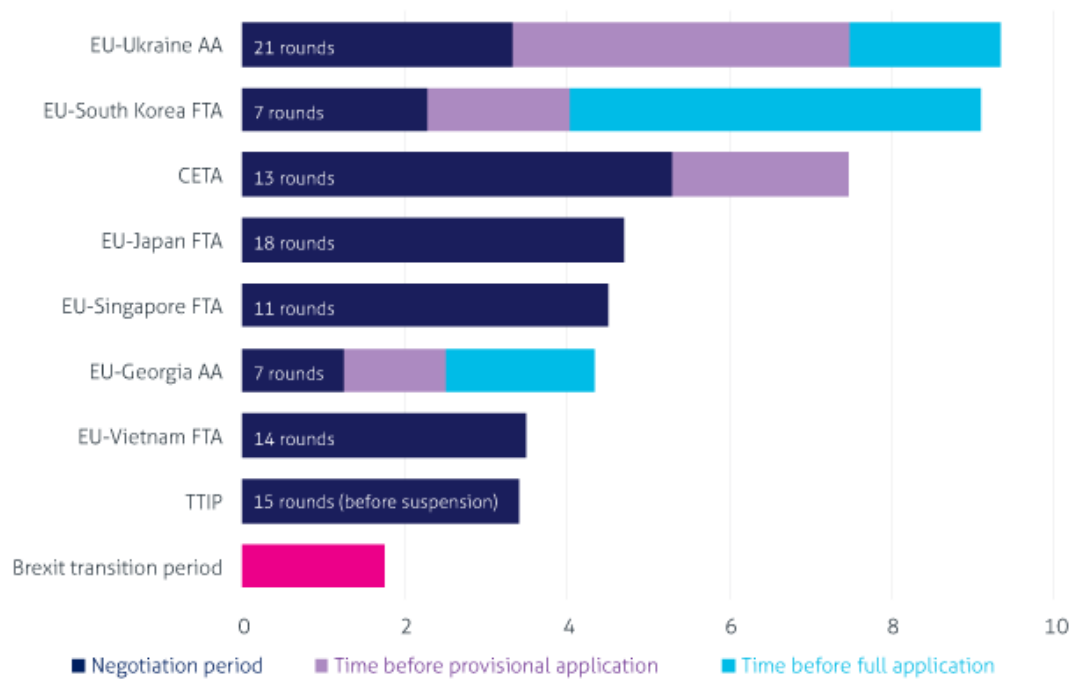
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Source: Institute for Government analysis of parliament.uk.



We want an FTA to be ready by December 2020 – and haven't started yet...

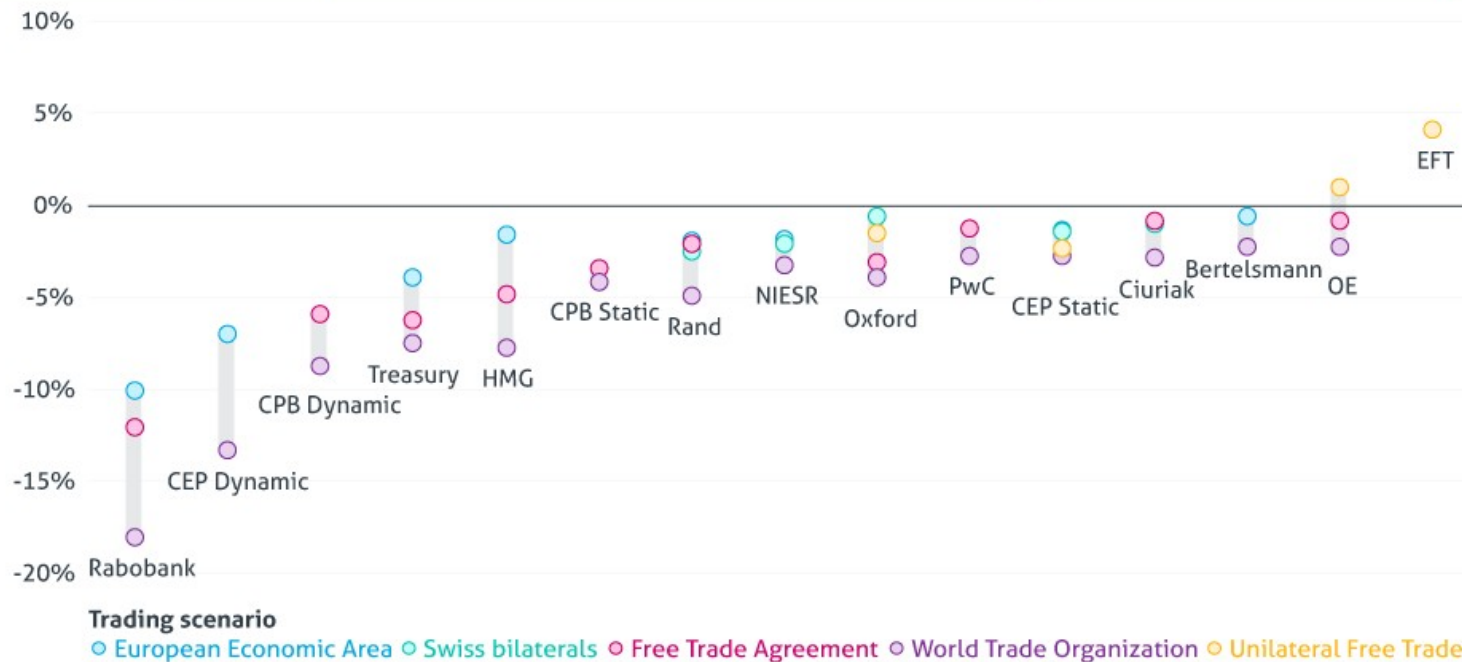


- European Parliament Elections
- New Commission
- New mandate

Where we end up has significant economic impacts

Forecast long-term impact of Brexit on GDP, relative to remaining in the EU

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CEP – Centre for Economic Performance, CPB – Netherlands Bureau for Economic Policy Analysis, EFT – Economists for Free Trade, HMG – HM Government, NIESR – National Institute of Economic and Social Research, OE – Open Europe, Oxford – Oxford Economics

Source: Institute for Government analysis

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There is a huge task to get ready – which departments are already doing

Big impacts on:

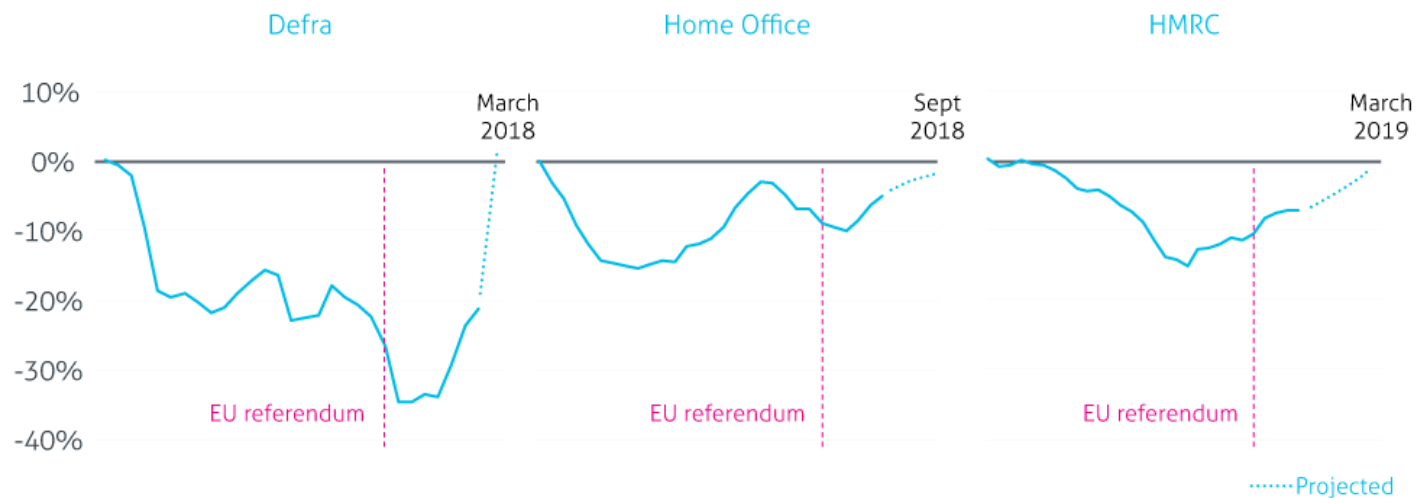
- Defra, HMRC, Home Office – new customs, regulatory and migration systems
- ALBs – some old (HSE, ONR, CMA) some new – Trade Remedies Authority, Independent Monitoring Authority, Environmental Watchdog – but scale still unknown (CAA-EASA) – taking over EU powers
- Supporting trade and security negotiations – much more complex than phase one
- “Coming third” – developing UK’s new status



There have been big increases in staff numbers in key depts since referendum

Percentage change in staff numbers (full-time equivalent) since September 2010, at three of the departments most affected by Brexit

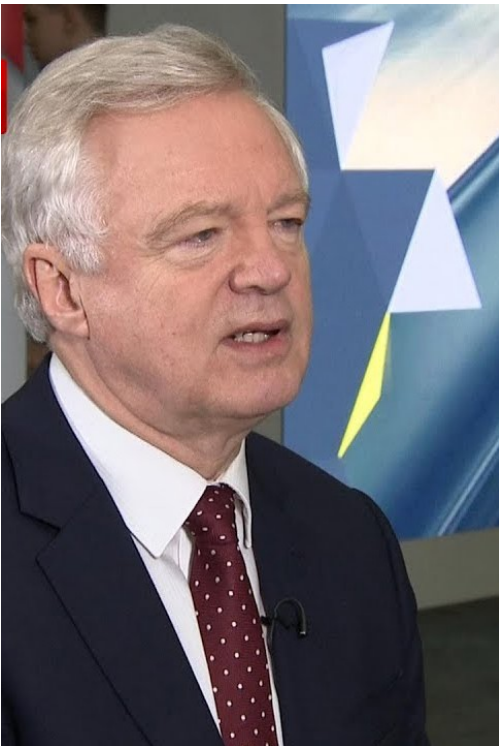
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Source: Institute for Government analysis of Office for National Statistics Public Sector Employment data, and public statements of planned staff increases.



Brexit has strained politician/ civil service relations



“...you see you’ve got a whole system here. If you added up all the Permanent Secretaries who voted to leave the European Union I suspect the answer would be zero and the whole of Whitehall has a particular perspective and I think, as I’ve said already, they misread Europe, they misread the way the negotiations should be played. They also misread what was an acceptable outcome for the British people.”

David Davis, September 2018

Brexit has strained politician/ civil service relations



“anonymous sourcesshould be ashamed of themselves, especially in a week when another senior civil servant reported having been threatened about comments about Brexit implementation. This has to stop”

Sir Mark Sedwill, October 2018

And there may be an unpleasant blame game to come



*What I meant by “suboptimal” was the questions I was being asked there. Suboptimal for me really means two things. First of all, that there may be time delays or queues. Time equals money, so that is one aspect. The second is there is additional administrative burdens on business of leaving the customs union and trading on WTO terms. If you want me to set out what I think the estimate of that cost is, then I would do. It would be suboptimal in that sense.
Jon Thompson, HMRC, 17 October 2018*

*At a macro level, the thing that keeps me awake at night is the fact that we cannot know until we have gone through this process what we will find. Working to a fixed deadline and the huge scale and complexity of the projects mean we are carrying high risk. Even with all our resources focused on making sure that we can catch problems early and fix them, I cannot guarantee that there will not be something that gets through.
Clare Moriarty, Defra, 15 October 2018*



There is a tough road ahead to navigate

- **Brexit on top of business as usual**
- **Political stasis/stalemate**
- **Spending reductions eg Defra still in baseline**
- **Economic hit vs Brexit dividend**
- **Austerity “over” – but swallowed up by NHS commitments**
- **Not addressing underlying drivers of Brexit**



Thank you!

@jillongovt

@instituteforgov

