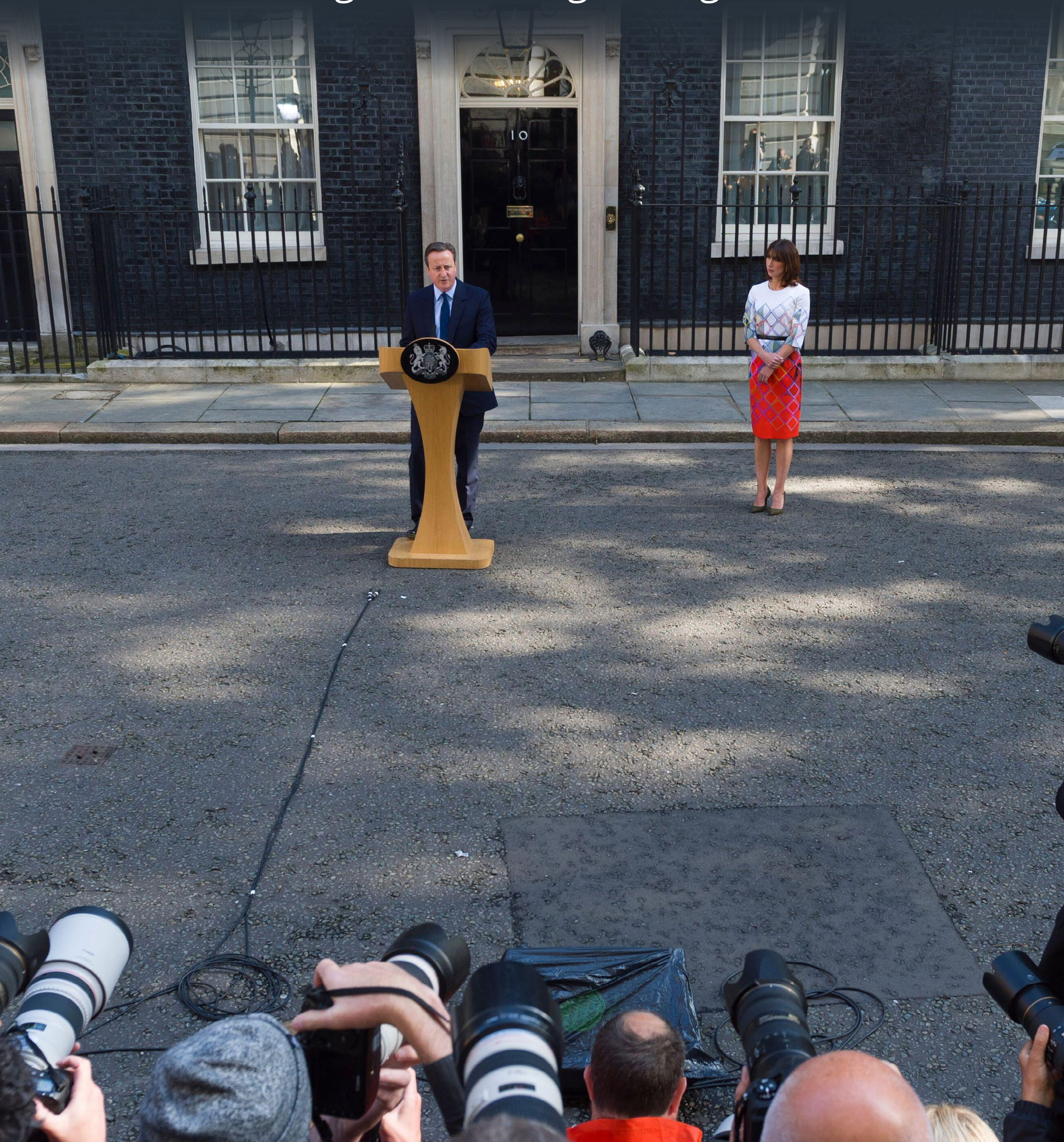
Brexit at 10

How has leaving the EU changed UK government?



About this report

Ten years ago, the UK voted to terminate nearly half a century of EU membership. That decision has had profound effects on politics, policy and the government of the UK.

To mark the 10th anniversary of the referendum, the IfG has asked staff, senior fellows and board members to reflect on the many impacts of Brexit on the way the UK is governed.

Our thanks to all our contributors for sharing their reflections with us: Claire Ainsley, Tamara Finkelstein, Sam Freedman, Matthew Gill, Henry Hill, Megan Isaac, Jonathan Jones, Hannah Keenan, David Lidington, Akash Paun, Jill Rutter, Hannah White and Giles Wilkes.

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Foreword

Ten years ago this month, the UK voted to terminate nearly half a century of EU membership. That decision has had profound effects on politics, policy and the government of the UK. To mark the 10th anniversary of the referendum, the IfG has asked staff, senior fellows and board members to reflect on how leaving the EU has changed UK government.

So much of the debate, then and since, has been on the economic impact of Brexit. Giles Wilkes, an IfG senior fellow who was formerly an adviser to Theresa May and Vince Cable, notes that while economists can feel vindicated in their view that Brexit would cause economic harm, it has not been the sort of dramatic event threatened by Project Fear. What is most notable is the failures of successive governments to use Brexit, and the frustrations that were a factor behind it, to confront the difficult choices which could improve UK economic performance. A potential catalyst for change has become a damp squib.

In her piece, IfG associate director Hannah Keenan shares her own experiences of joining the civil service in 2015 as part of what would become the 'Brexit cohort'. It was not a normal time to embark on a civil service career – though she reflects that the experience of high-pressure, rapid working would serve many of her colleagues well in subsequent crises, not least the pandemic.

Brexit forced new ways of working, too. Former Defra permanent secretary Tamara Finkelstein, an IfG senior fellow, lists the many ways in which civil servants and ministers were forced to innovate in policy making – yet regrets that too many valuable changes evaporated as business returned to something more like usual.

One of the aims of Brexit was to allow the UK to forge its own regulatory course. But IfG programme director for regulation Matthew Gill says that has proved harder to do in practice than in theory – and ministers need to confront the reality of being a regulatory middle power in a world of regulatory power blocs.

Jonathan Jones, senior fellow and former head of the Government Legal Department, notes the achievement of readying the statute book for Brexit and removing most of the UK from the jurisdiction of the European Court of Justice. With Labour seeking greater alignment, he notes that the UK's future legal relationship with the EU will depend on its political relationship.

Taking back control?

The IfG's director and CEO Hannah White observes in her piece that it is the executive, not parliament, which has 'taken back control'. For all the talk of sovereignty, parliament has been remarkably spineless in sticking up for its ability to scrutinise the way the government is managing the relationship with the EU – or indeed the way it is running its new independent trade policy.

Meanwhile, coming hard on the heels of the 'No' vote in the 2014 referendum on Scottish independence, IfG devolution experts Akash Paun and Megan Isaac explore the ways Brexit placed increasing pressure on the UK's post-1999 devolution settlement, itself predicated on UK membership of the EU.

David Lidington, an IfG board member and former chancellor of the Duchy of Lancaster, says the trends apparent in the mid-2010s – of a more aggressive Russia, a more assertive China, and the inauguration of Trump's America – have only intensified and have resulted in the UK staying far closer to its European allies on matters of foreign policy than might have been expected from 'Global Britain'.

The political parties

The impact on all the political parties has been huge. David Cameron called the referendum in 2016 at least in part to settle internal divisions within an increasingly Eurosceptic Conservative Party. Henry Hill, IfG senior fellow and political editor at *The Critic*, says that the Cameroon approach to immigration and Europe was doomed to end in tears, whether by referendum or some other means, given where opinion on the political right lay.

Brexit has caused ructions within Labour, too. The sluggish economy – the legacy of the pandemic and the energy price shocks, as well as Brexit – has made its governing project of delivering change immeasurably harder, says IfG senior fellow Claire Ainsley, a former executive director of policy to Keir Starmer.

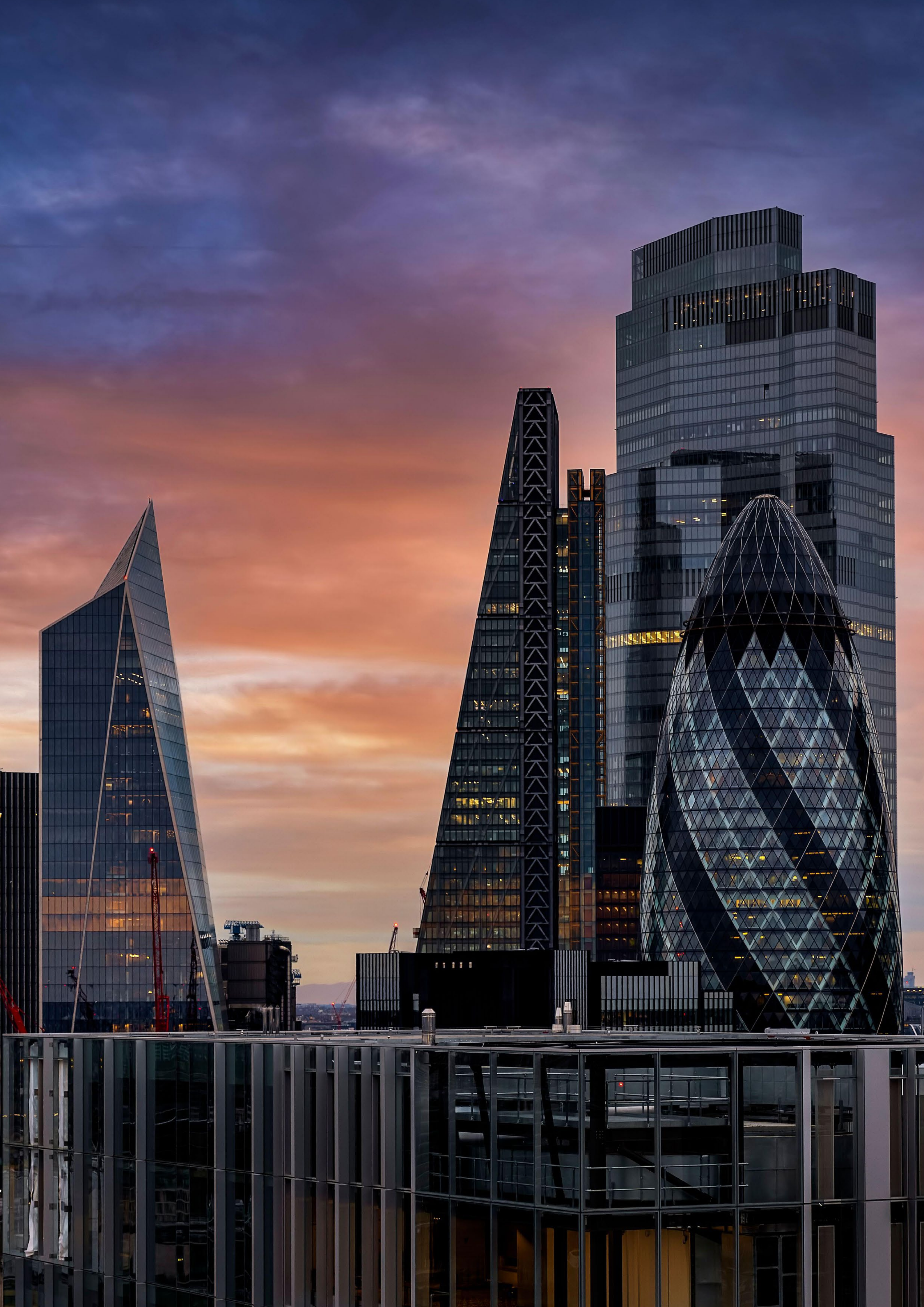
Electorally, Brexit supercharged the rise of the radical right and sped up change in Labour's voter coalition. In his piece, IfG senior fellow Sam Freedman notes how even as Brexit itself recedes as an issue (and people change their mind on its merits) the Leave and Remain blocs created a decade ago still hold and party competition now takes place within, not between, them.

Where does this leave UK government in 2026?

Perhaps above all it is political instability that has best characterised the past decade. There have now been six prime ministers since that momentous vote in 2016: none has served anything close to a full term in office and, at the time of writing, it is not clear if the first non-Conservative to hold the post will either. That may not be because of Brexit, but it is hard to say that the change in politics of the past 10 years hasn't played a part.

That means there is a major uphill task facing any government in restoring faith in the capacity of the state to deliver, while managing the economic legacy of 20 years of economic upheavals which have left the public finances in a weakened state.

Jill Rutter *is a senior fellow at the Institute for Government. Between 2017 and 2019 she led the Institute's Brexit team*



1. The economy

Giles Wilkes

For the conventional, free-market economist, leaving the EU was a straightforward act of anti-economics folly, one that overvalued 'more control' over an important timeless truth: that it is always better to be in a larger market than a smaller one. Whatever the political arguments, the economic case was, and is, unarguable.

Ten years on, that timeless truth abides. The UK's growth rate has been poor, living standards have sputtered and productivity faltered. Careful economic studies give a chunk of the blame to Brexit. Despite a savage post-referendum drop in the pound, goods trade has lagged. Business investment, a long-standing shortcoming, remains weak: calculations here and elsewhere suggest it fell short of where it might be by over 10%.[*] Corporate Britain, never an admirer of Brexit as an idea, has failed to warm to it as a reality.

The conventional view remains mine, but the pro-EU side must admit to the story being somewhat less clear than expected. Brexit is far from the only or even the biggest shock of the last 10 years. The hyper-vigilant might have noted a once-a-century pandemic, two energy crises, and a fairly unprecedented assault on free-trading norms emanating from the US. Through all of this, the UK has generally managed to keep growing, by around 13%, or 1.2% per year, over the whole period (albeit, the figures per hour worked are considerably worse). It still lags the US, but it may well have outpaced Germany, and kept up with the G7.

The phoney war

The immediate aftermath of the vote saw none of the panic or despair warned of in editorials – such as *The Economist*'s, which warned of "grave and lasting harms" that would leave the UK "poorer, less open and less innovative".[**] Yes, the pound was weak, but this played a vital stabilising role. There was no recession – in fact, unemployment fell below 4% in 2019. Rather than the "punishment Budget" George Osborne had threatened as necessary to right the public finances after the referendum, (subsequent) chancellors felt able to expand investment and support projects to 'level up' the country. There has been no exodus from the City – indeed, some of the bankers who decamped to Frankfurt or Paris may have returned.

* Wilkes G, *Business investment: Not just one big problem*, Institute for Government, 2023, p. 15, www.instituteforgovernment.org.uk/publication/report/business-investment

** *The Economist*, 'Divided we fall', June 2016, www.economist.com/leaders/2016/06/18/divided-we-fall

Brexit did not bankrupt Britain – but then, it never could

The problem is that when economies fail, they tend not to do so like a business. There is no literal bankruptcy, no parade of staff with cardboard boxes, no stock-ticker making a right-angled swoop to zero. Economic mistakes as broad and long-lasting as Brexit manifest through the gradual accumulation of numberless, seemingly unrelated disappointments. It is hard to spot investments that don't get made, or the loss of anything as ethereal as competitive vigour, or know which entrepreneurs opted for Paris, Dallas or Warsaw instead of London or Birmingham.

This is a grander version of the problem that makes good economic policy so hard to push through everywhere and all the time: the benefits are long-term, diffuse and hard to pin down, the inconvenience and effort are in the here and now.[*]

So while both sides are right, the conventional view is right-er. Matching G7 average growth is not terrible, and better than the doomier Remainers might have feared. But some estimates put the growth foregone at 8%, and even half of that – the official estimate of the OBR – amounts to a failure that over a decade adds up to over a trillion pounds of lost opportunity.

Where has this left UK economic policy making?

What matters is where this leaves UK economic policy making. One area where I find surprising agreement with the pro-Brexit camp is that it has been clarifying for the UK to understand that its fate can no longer be blamed on Brussels.

The vote to leave the EU ushered in a series of governments keen to make something of the slogan, 'Take Back Control'. Unfortunately, what the act of Brexit also revealed is that, unshackled from Europe, UK governments are perfectly capable of prioritising the wrong things or just making the wrong call. And for all the talk of agency, we learned that even without the supposed constraints of EU membership, a fully sovereign government can still fail to make choices, act short-term and make promises it really should not.

Brexit cannot be blamed for a multi-decade failure to update Council Tax, never-ending fuel-duty freezes, or the constant permutations that skills, regional and industrial policies have endured. Neither our membership in nor exit from the EU explain low levels of housebuilding, or why successive prime ministers push the reform of social care into the distant future.

Where do we go next?

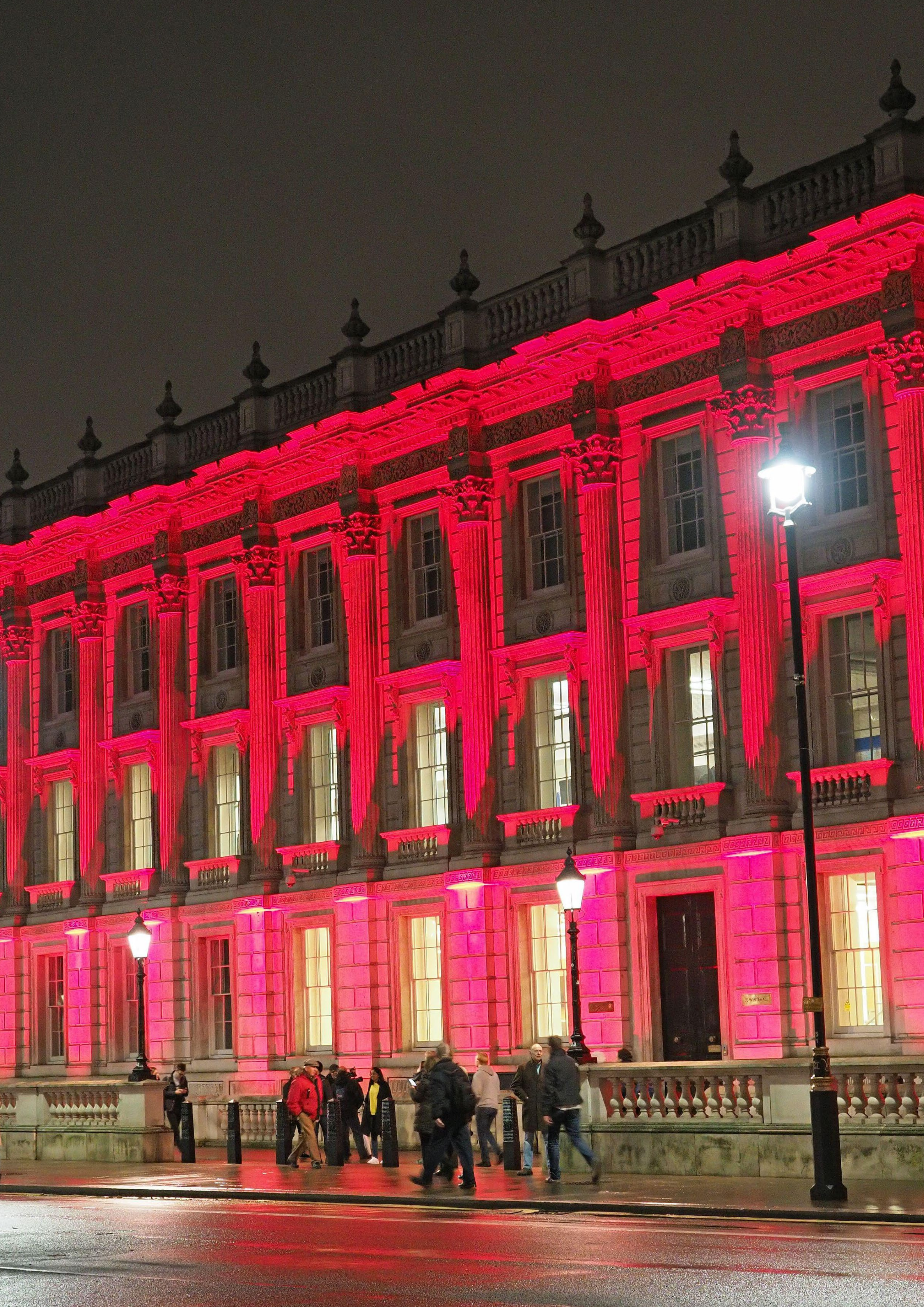
So what does this mean for the future? As you might expect, my personal view is that becoming a closer part of the gigantic single market should be a key part of any growth agenda. This is not a simple, one-dimensional judgment – there will be political choices to make, such as how much more adventurous the UK might want to be with new technology like artificial intelligence. But bigger markets are still better, geographical proximity remains as salient as ever, and Britain is better off co-operating with countries that share its respect for institutions and following the rules.

[*] Wilkes G, 'The UK needs a robust growth strategy and a stronger No.10 to deliver it', blog, Institute for Government, 2026, www.instituteforgovernment.org.uk/comment/growth-policy-strategy-centre

However, we cannot let fixation on the EU mask proper attention to the problems that Brexit helped to reveal, and also to exacerbate. Remainers like me balk at the very phrase 'opportunities of Brexit'. I still do, but will concede that it is fair to characterise the last decade as a time of missed opportunities. Wasting so much time either hoping to reverse the vote, or chasing the mirage of a post-EU trading system made up of dozens of tiny trade deals, Britain has spent a decade failing to make progress on domestic reforms.

Our system of government gives its leaders impressive powers. Whoever leads Britain could embark on a decade of tax reform, devolution, energy system investment and public sector renewal, if they choose it. Regulatory alignment with Brussels should be a part of this. But, for goodness sake, let us not allow it to distract us from everything else.

Giles Wilkes *is a senior fellow at the Institute and a former adviser to Theresa May and Vince Cable*



2. The civil service

Hannah Keenan

The first few years in a new career, or in the workplace at all, are formative. For a large cohort of civil servants – myself included – those years came during Brexit. The baseline we got was not very solid.

I joined the civil service in 2015, and my intake, like anyone starting a new career, used those first years to establish our baseline for 'how stuff gets done here'. Those early years are also where career expectations start to form – speaking to managers and mentors and seeing what paths have been trodden before. Neither were, or are, locked in, but they form the baseline from which we deviate or innovate in future years. The Brexit years did not offer us a very stable picture here.

'This is not usual'

Seniors were constantly telling us that whatever we were learning was not the 'usual' way of doing things, and as soon as you thought you understood how things worked, they changed again. And while that was neither universally good nor bad, the civil service as an institution has not yet got to grips with what that unstable baseline has, in the intervening years, done to the skills and approach of civil servants, and to the implicit contract between civil servants and the state.

The 'Brexit cohort' learnt how government works in a state of flux. The traditional practices of government were often jettisoned, or radically changed or flexed, to meet the huge demands on the state. Everything in the eye of the Brexit storm, from policy making to ministerial decision taking to international negotiations – moved faster.

In many ways this was good, and has had long-term positive effects. Civil servants are now, on the whole, very good at setting up processes quickly, or working round ones that don't meet the urgency of the task at hand. It is much more common to ask 'does this meeting, or practice, serve what we need to do today?' and there is a readiness to ignore the process if not, or at least selectively choose the parts of it that serve a useful purpose. That is a valuable skill.

Crisis work taught the civil service crucial skills

Crisis response knowledge – before Brexit more of a specialist niche – are bread and butter for the Brexit cohort. This no doubt helped the UK civil service to better respond to subsequent crises. From Covid to the Russia–Ukraine war I saw countless domestic policy civil servants, who might not otherwise have had crisis response knowledge, draw on their Brexit experience to flex systems and get things done quicker.

Brexit did not only accelerate and disrupt the processes of government, though; it did the same to careers. Much of the Brexit cohort found themselves with more responsibility, working in flatter hierarchies, and with far more responsibility and exposure – to ministers, stakeholders and senior civil servants – than they might otherwise have had. For many this change, combined with the job opportunities created by Brexit, meant far quicker career progression than the cohorts before them would typically have seen.

There were – as with the disruption to ways of working – huge benefits to this approach, both in the moment and in the aftermath. High performance got quickly rewarded for many, and many of those who were accelerated into the senior civil service on the back of delivering what was imagined to be a once-in-a-generation crisis found they had the skills and resilience to lead their teams, almost immediately, in delivering another 'once-in-a-generation crisis' as the pandemic hit.

But Brexit also set in motion damaging trends in how the civil service works

Alongside those long-lasting positive impacts, however, the Brexit-era changes set in motion what are now deep problems with how the civil service approaches the work of government. It has also created a disconnect between what civil servants themselves expect from their careers and what the government can offer.

The Brexit cohort's default is crisis and speed. The muscle memory is therefore, more often than not, a crisis response lever – daily meetings, quick notes for ministers, a taskforce to crack the problem or even some emergency legislation. Those are crucial tools, and it is a good thing that so many leaders have them in their arsenal. But for too many of the Brexit cohort, who were promoted on a narrower base of experience than they might otherwise have been and many of whom are now running large teams and policy areas, these are now for some the primary tools being reached for.

This cohort was also not taught the skills of longer term, detailed policy making. Partly because L&D was hollowed out just as large numbers were being recruited, and partly because it was not being practised by their seniors. Some of that skill is in understanding what ministers want, and having the confidence and tools to step back from that immediate ask and figure out how to get the state there. Many of the Brexit cohort don't have deep knowledge and experience of that skill, and so are not passing it on consistently to the post-Brexit (and post-Covid) cohorts joining now.

Civil servants have spent so long responding to external shocks – to what the state needs – that the creativity and practice of responding to manifesto commitments or political goals – that is, to what ministers want – is no longer a widespread skill.

Brexit broke the implicit contract between civil servants and the state

Brexit has also driven a wedge between what many civil servants expect from their careers, and what the civil service can now offer. The rush to hire civil servants as Brexit preparations began meant people were hired at a higher grade, or promoted sooner than they might have been. That has been exacerbated by unhelpful pay structures that leave promotion as the only way to reward performance – or even to avoid real-term pay cuts.

There is now a particular 'bulge' at the higher grades of the junior civil service (Grades 6 and 7). This has led to frustration from this group at the lack of career prospects into the senior civil service, and confusion and angst over what their roles are: because of grade inflation the expectation and reality for autonomy and responsibility at these grades now vary wildly.

But the cohort behind this one are struggling too. Many of the post-Brexit, post-Covid cohort set their own career aspirations by looking at those above them, and some expect to move up the ladder just as quickly. This is unlikely to happen. Many of the opportunities for promotion are no longer available, and where they are they are being snapped up by experienced seniors who aren't yet making it into the senior civil service.

There is rightly now an expectation that staff do longer at each grade. But with real-terms pay so far below where it was in 2010 (a particular issue for London staff, for whom housing costs, in particular, have risen sharply), and still no way to reward staff who stay in their roles and build expertise, that is looking like an increasingly poor offer, and many are demoralised.

Brexit is not the sole cause of all this. But it was the start of the perma-crisis that has forged so much of what the civil service is, and how it works, today. Lots of good came out of that, but the shifting baselines on which a generation of civil servants forged their careers also stored up all sorts of problems that are now coming home to roost.

Hannah Keenan *is an associate director on the Institute's civil service team*

3. Policy making

Dame Tamara Finkelstein DCB

I joined Defra in April 2018 with the task of co-ordinating the work to leave the EU. This was no small task.

Almost all of Defra's business was affected by Brexit. We had three major pieces of legislation to put in place on agriculture, fisheries and the environment for a department that had been an EU 'rule-taker' and did little primary legislation of its own. There had not been an Environment Act since 1995, or an Agriculture or Fisheries Act since we joined.

The scale of the task

There were hundreds of statutory instruments (SIs, or secondary legislation) to draft and agree to turn EU rules into UK law; seven major IT systems to develop with associated rules and guidance; tens of trade agreements to replace and a major trade and co-operation agreement with the EU itself to conclude – as well as the need to create a new regulatory border between Great Britain and Northern Ireland.

This picture was not as extensive in every government department, but many had large programmes of policy and delivery work to complete. Much of this change had to be in place by the original planned leaving date of 29 March 2019; various extensions and a transition date led to a final effective exit date of 31 December 2020.

How Brexit changed policy making

The absolute clarity of the task and sharpness of the deadlines led to changes in the process and culture of policy making. Some of the best examples of the changes we brought about are set out below.

First, the volume of SIs that needed to be developed, drafted, cleared and laid was so great that the usual process of multiple submissions, meetings and generous deadlines would have left the UK with huge and dangerous gaps in the rules on exit date. So timelines were conflated. Ministers would come into a 'war room' with the policy and legal advisers needed there in person or on phone lines, relevant documents plastered the walls, all questions would be asked and answered and drafts cleared in the meeting with a note taker to create the audit trail. Externals signed NDAs to operate in parallel looking at and commenting on SIs in the building so these views could be relayed to the room.

Second, in another change to the usual sequential approach that the civil service takes, we introduced dynamic modelling into ministerial meetings. That meant, for example, that the model for farming schemes could be adjusted live in response to comments and questions rather than taken away for new modelling to be done and a new meeting arranged.

Third, standing meetings of stakeholders were used on a regular cycle – a weekly meeting of the major farming and food organisations, for example – to enable timely two-way dialogue. In Covid this continued and additionally a daily call with organisations across the whole food supply chain from farming, through manufacturing, retail and hospitality, with policy asks raised and often fixed within days including by other government departments brought into the call.

Fourth, policy and delivery teams operated seamlessly. In fisheries, the policy team and Marine Management Organisation were able to design and implement a grant support scheme within 11 days. The failure to bridge the split between policy and delivery has been a long-term complaint from ministers about the civil service: Brexit showed how that gap could be eliminated.

Breaking out of departmental silos

Lastly, although we talk of 'Whitehall', in reality people work for their department. But to cope with Brexit, government departments worked together to use limited people resource well. Defra received help from DfE and MoD, offering skilled staff on loan within weeks of an ask.

Deep policy experts became critical points of failure, and while we learned what to put around them to support them doing the critical thinking, it did show up some gaps and lack of depth.

Controversial as this sounds, I believe we used consultants well. When you do something challenging as a one-off, that is a wise time to use help. It bolstered our capabilities and in Covid we had greater analytical skills and ways to present data because of the transferred learning from our Brexit consultancy spend.

These are a few examples of different ways of working that emerged. There were also agile ways of working across government co-ordinated by the Cabinet Office with often daily meetings resolving issues of readiness for different scenarios, including 'no deal', strengthening senior policy advisers' ability to speak truth to power in their departments. Meetings with ministers and officials operating together were some of the most effective.

Not all good lessons were learned

Much of this learning continued into Covid. But to my deep frustration it proved very hard to mainstream the best of these examples into working outside of a crisis. I believe that where clarity of objective and deadline exists and owned by prime minister, through secretaries of state and permanent secretaries, the best of these behaviours can still be replicated.

Dame Tamara Finkelstein DCB *is a senior fellow at the Institute and former head of the civil service policy profession*

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4. Regulation

Dr Matthew Gill

Supporters argued that Brexit would open up opportunities to deregulate in the name of freedom and growth, and remove perceived nonsense like rules on the shape of bananas. But it has not exactly delivered on this promise.

The Trade and Co-operation Agreement was designed to maximise regulatory autonomy – for Great Britain at least – by taking the UK firmly outside the orbit of the EU's single market. And there has since been welcome innovation in UK regulation, which is being driven by individual regulators, regulatory networks, the Regulatory Innovation Office and government departments.

But much of this aims to resolve inefficiencies in the UK's national regulatory arrangements, rather than to diverge from the EU (or lead the world). Regulation has been front and centre of implementing Brexit, but not in the way its proponents might have hoped.

Only modest divergence from EU regulation has been achieved

Five years ago, the IfG said it would be hard for the UK to realise the promised regulatory benefits of Brexit,[*] and so it has proved. Early enthusiasm for 'sunsetting' laws that were initially transferred on to the statute book to smooth the transition from the EU – as discussed by Jonathan Jones later in this report – was quickly frustrated by business concerns about regulatory uncertainty and, in the case of GB businesses exporting to the EU, the cost and complexity of satisfying two regimes.

The UK's attempts to go it alone have sometimes proved unworkable and had to be quietly abandoned (for example, UKCA marking, which was to replace the EU's CE marking for product safety, will now remain an optional alternative indefinitely). And even where the UK has offered clearly less burdensome standards, businesses have often chosen to adhere to EU rules anyway (for example, when the EU developed stricter rules than the UK on the arsenic content of baby food, UK manufacturers still chose to adhere to EU rules to ensure products could be sold across borders).

UK in a Changing Europe found that by July 2024 there had been "only a handful of substantive reforms – on the export of live animals, freeports and the repeal of the bankers' bonus cap".[**]

* See Rutter J, Marshall J and Mills-Sheehy J, *Taking back control of regulation: Managing divergence from EU rules*, Institute for Government, 2021, www.instituteforgovernment.org.uk/publication/report/taking-back-control-regulation

** See UK in a Changing Europe, *Regulating after Brexit*, 2025, pp. 6–7, 17, https://ukandeu.ac.uk/reports/regulating-after-brexit

More recently, it found that while the UK is deliberately diverging in financial services, for example, most divergence now occurs not because the UK wants it, but because the EU is changing its own rulebook and the UK is not keeping up.[*]

The UK now has less influence over both EU and third country rules

Brexit has left the UK with no direct influence over EU regulation. UK representatives no longer sit on EU working groups, and no EU agencies are based here.

While the UK is a sufficiently large market to diverge from the rest of the world in a few key sectors, particularly some aspects of finance and technology, in others it has become a de facto rule-taker. Given the scale and interconnectedness of global industries, many regulations are international in nature and the UK finds itself squeezed between the EU, the US and China.

Meanwhile, the UK is coming under pressure to retreat from EU rules it wants to keep – for example, with repeated reports that US trade negotiators want the UK to reduce EU-inherited animal welfare standards to open UK markets to their exports.[**]

Four questions the UK government must answer in the years ahead

From the UK's current position, on the eve of the 10th anniversary of the decision to leave the EU, ministers should focus pragmatically on four questions.

1. How to retain regulatory credibility outside the EU?

Ministers have yet to learn to resist the populist impulses that can harm the UK's appeal as a market. An early example was the Starmer government's decision to overrule the first finding of its new, independent, Trade Remedies Authority – and then to reduce its powers.[***]

The UK needs to maintain confidence in the consistency and fairness of its competition regime, and in the predictability and stability of its utilities regulation, for example, if it is to maintain the economic activity and inward investment it needs.[****] The EU is no longer there to act as a brake.

2. How and where to exert meaningful global influence?

The UK had ambitions after Brexit to be a regulatory innovator the world would follow. But even in AI regulation – a political priority where the UK has so far diverged markedly from other countries – it has had to recognise that its capacity to exercise global leadership is limited. Rishi Sunak's 2023 AI summit, at which the UK convened and catalysed global thinking about emerging issues, so far seems to have been a high watermark of the UK's global influence in this field.

[*] See UK in a Changing Europe, *UK-EU alignment and divergence: the road ahead*, 2026, https://ukandeu.ac.uk/reports/uk-eu-alignment-and-divergence-the-road-ahead

[**] Loth S, 'Chlorine-washed chicken vs chlorine-washed salad leaves: what's the difference?', Which.co.uk, 2020, www.which.co.uk/news/article/chlorine-washed-chicken-vs-chlorine-washed-salad-leaves-whats-the-difference-aMipZ5W3EtGW

[***] See Gill M and Bishop B, *How to set up a public body*, Institute for Government, 2024, p. 19, www.instituteforgovernment.org.uk/publication/how-to-set-up-a-public-body

[****] Haile D and Chivukula S, *Utilities Regulation*, Institute for Government, 2025, www.instituteforgovernment.org.uk/publication/utilities-regulation

Exercising effective global leadership will require the UK to develop deeper capability in regulatory diplomacy, and to practise it in a sustained way. AI will be a test case of how far regulatory nous can substitute for market power in underpinning such diplomacy.

3. How to act as a global sandbox without taking on undue risk?

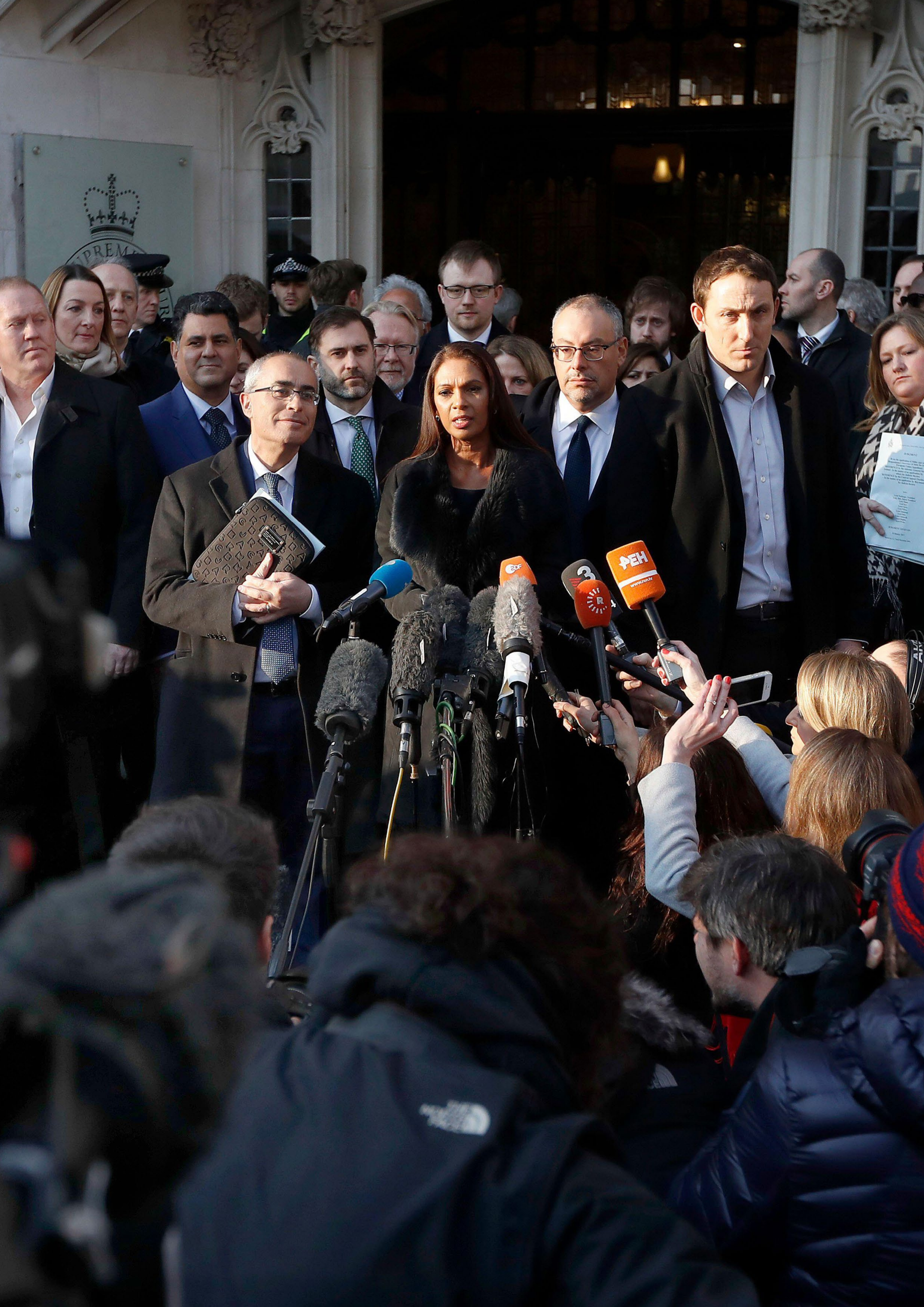
The UK's greater freedom to set its own rules after Brexit has created the opportunity to move faster and develop more creative regulatory regimes, particularly in areas of comparative advantage like financial technology and life sciences. Firms may be attracted to the UK by the responsiveness of its regulation in these areas which can, for example, enable new markets to build trust. But responsiveness should not imply a race to the bottom, attracting rogue operators.

The UK may be tempted to take more risk to achieve short-term growth. This temptation is most transparent in financial services, where prudential regulation and growth are often (wrongly) seen to be in direct tension. The government must make sure it does not repeat the mistakes of the financial crisis and take on too much risk in the name of regulatory innovation.

4. Where not to go it alone?

Global interconnectedness – manifested by cyber-crime, climate change and pandemics as well as, more mundanely, efficient trade – reduces the benefits of regulatory autonomy. Having increased its options by leaving the EU, the UK must develop the maturity to understand when the exercise of regulatory sovereignty brings benefits and when to defer to others. As Brexit approaches its teens, politicians need to learn how to manage that balance – and bring the country with them.

Dr Matthew Gill *leads the Institute's work on regulation and public bodies*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5. The courts and the law

Sir Jonathan Jones KC

Brexit was a seismic legal and constitutional change for the UK.

Brexit was a seismic legal and constitutional change for the UK. It involved disentangling ourselves from decades' worth of EU law, including all the legal principles and apparatus which went with it. That meant repealing the European Communities Act 1972 and removing the supremacy of EU law over national law, the concepts of direct applicability and direct effect of EU law, the role of the EU Court of Justice (CJEU) and the possibility that even primary legislation – an act of parliament – might be overturned if it was inconsistent with EU law.

The creation of 'retained EU law'

The substance of all that accumulated EU law did not, though, disappear or change the moment we left the EU. That would have left a gaping void in vast areas of the UK's legal framework, covering employment law, health and safety, the environment, transport, state aids, product safety and much else. Instead parliament enacted the European Union (Withdrawal) Act 2018, which created the concept of 'retained EU law', in effect taking a snapshot of all existing EU law and converting it into UK domestic law.

The 2018 Act also gave ministers powers to amend that body of law, by secondary legislation, so that it 'worked' once we had left the EU – for example, so that it ceased to define the UK as a 'member state', and conferred regulatory or enforcement functions on national rather than EU bodies. Many thousands of such instruments were made.

The Retained EU Law (Revocation and Reform) Act 2023 further reduced the status of retained EU law and (rather pointlessly) re-labelled it 'assimilated law'. That Act also gave ministers wide powers to revoke, amend or replace such law. The legislation originally contained a broad sunset clause that would have automatically repealed most of this assimilated law at the end of 2023. That again would have created major gaps and much legal uncertainty.

In the end greater sense prevailed and instead only a limited number of repeals were made – in many cases these were laws which had already expired anyway. Thus some 4,000 pieces of former EU law remain on the UK statute book with only minor, technical modifications.

Enter the courts

Brexit was legally as well as politically contentious. In the *Miller 1* case, the High Court held[*] that ministers could not rely on the royal prerogative (the non-statutory powers of the Crown under which ministers normally enter into treaties and conduct international relations) to invoke the Article 50 process for leaving the EU, but that an act of parliament was required. The *Daily Mail* famously branded the three judges who decided the case "enemies of the people".

The Supreme Court went on to uphold their decision[**] and parliament duly enacted the 2-clause EU (Notification of Withdrawal) Act 2017. In *Miller 2* the legal issue was not strictly about Brexit itself, but the context was Boris Johnson's decision to prorogue parliament for an extended period so that he could "get Brexit done". The Supreme Court (11 justices, presided over by spider brooch-wearing Lady Hale) held that decision to be unlawful, because – with no reasonable justification – it prevented parliament from carrying out its constitutional functions.[***]

However, the process of converting former EU law into national law worked, as intended, to provide continuity and stability in the UK's legal system over the period of our departure and there has been relatively little litigation in the UK courts about the technicalities of that process.[****] In practice, courts and tribunals are largely applying assimilated law in just the same way as they used to apply the predecessor EU law, with the same substantive results.

A more sovereign parliament?

For Brexiteers at least the idea was always that turning pre-existing EU law into domestic law was only a temporary measure: after Brexit, parliament – now truly sovereign once more – would be free to change or diverge from that law in any way it liked. In some areas that has happened, including: the ending of EU-derived free movement rights and the introduction of new immigration rules for EU nationals; banning the export of live animals; the imposition of VAT on school fees; and new UK statutes on subsidy control (what the EU calls state aid), financial services, procurement and some aspects of environmental law.

Still, in many instances the new legislation does not greatly diverge from EU law and sometimes adopts concepts familiar from it.

Where does that leave things now?

The legal and constitutional processes of Brexit, including the transition period that ran from 31 January to 31 December 2020, are complete. We have left. The UK is no longer party to the EU treaties. EU law has ceased to be automatically part of UK domestic law or have supremacy over it. The CJEU's jurisdiction over the UK has ended (almost completely – though more of this below) and there is no longer a British judge or advocate general on that court.

[*] [2016] EWHC 2768 (Admin).
[**] [2017] UKSC 5.
[***] [2019] UKSC 41.
[****] See e.g. *Lipton v BA Cityflyer Ltd* [2021] UKSC 454.

So now the UK Supreme Court is indeed 'supreme' and has the last word in interpreting our laws.* Parliament has already legislated to change many areas of UK law in the period since our departure.

Has Brexit therefore fundamentally changed the role of the UK courts? Some things have obviously changed. UK judges are no longer applying EU law *as such* in the same way as when we were members. They are no longer making references to the CJEU for an authoritative ruling on the meaning of EU law. And there have been changes in personnel in both government and the higher courts (Lord Reed replaced Lady Hale as president of the Supreme Court in 2021), which may have affected at least some of the atmospherics in the relationship between government and judiciary.

But most judges would say they continue to do what they have always done – interpreting and giving effect to the law in accordance with the will of parliament. Before Brexit that meant applying EU law pursuant to the European Communities Act 1972: now it means applying such assimilated EU law as parliament has chosen to retain, and whatever new legislation it enacts.

Brexit has not of course removed all legal ties between the UK and the EU. In international law, the UK is bound by the Withdrawal Agreement and the Trade and Co-operation Agreement concluded as part of our exit. Those agreements provide for dispute resolution processes, and breach could ultimately lead to measures including compensation, suspension of obligations or retaliatory action. In the case of the Withdrawal Agreement, there is a residuary role for the CJEU if a dispute turns on the interpretation of an EU law concept.

The Northern Ireland question

Northern Ireland is a special case – most obviously because of its land border with the Republic of Ireland and the desire to avoid this becoming a hard border. Under the original Northern Ireland Protocol, and later the Windsor Framework, some aspects of EU law continue to apply to goods in Northern Ireland, and the CJEU retains a limited interpretative role. In addition, the Supreme Court has held that some aspects of Article 2 of the Windsor Framework – which requires the UK to ensure that no diminution of rights, safeguards or equality of opportunity results from the UK's withdrawal from the EU – are capable of having direct effect in national law.** Thus concepts of direct effect and perhaps, supremacy, may continue to have some relevance post Brexit.

* Leaving aside the European Convention on Human Rights and the European Court of Human Rights: that is another court and another story.

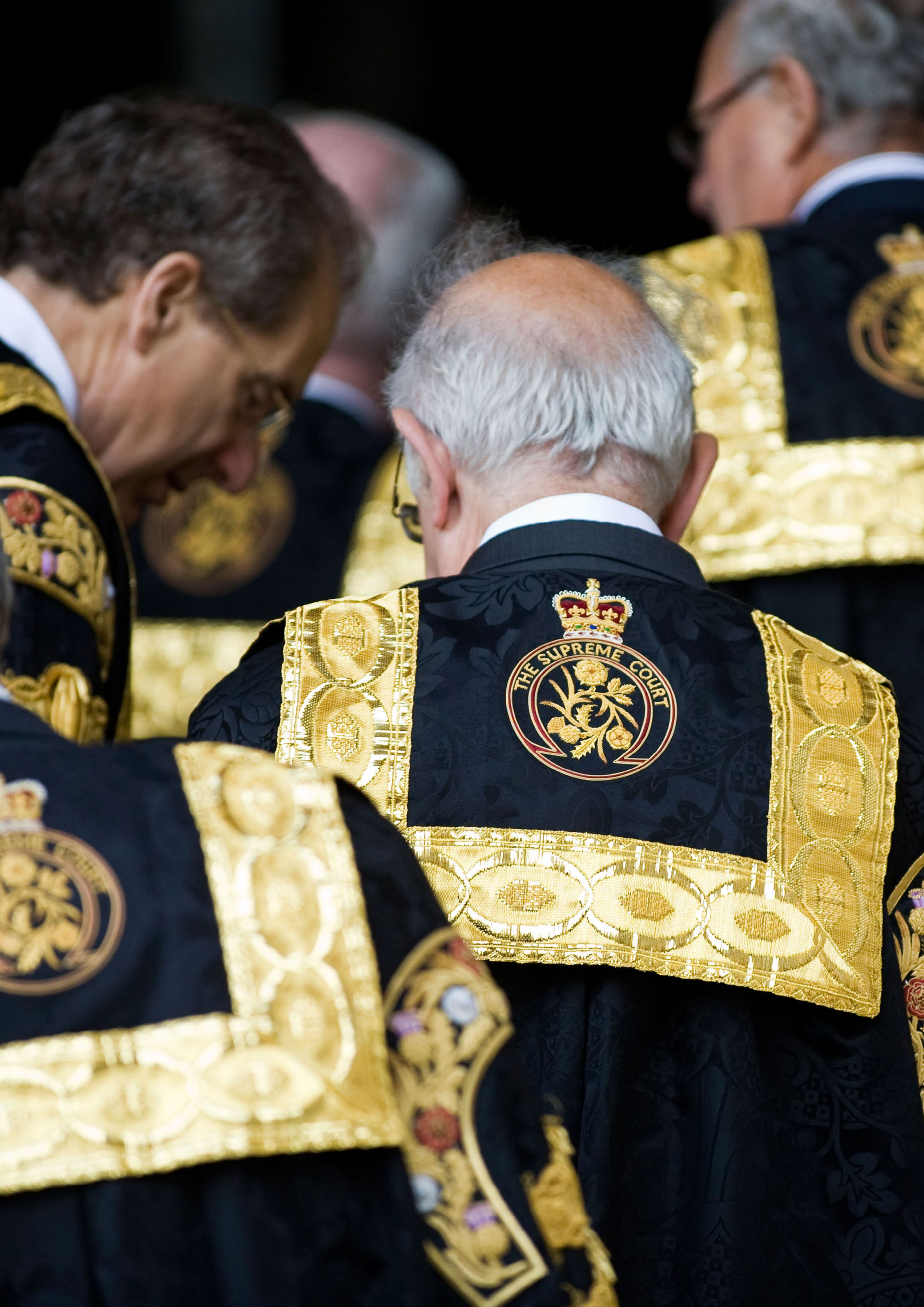
** Although not the paragraphs of Article 2 relied on in a challenge to the Northern Ireland Troubles (Legacy and Reconciliation) Act 2023: *Dillon*, [2026] UKSC 15.

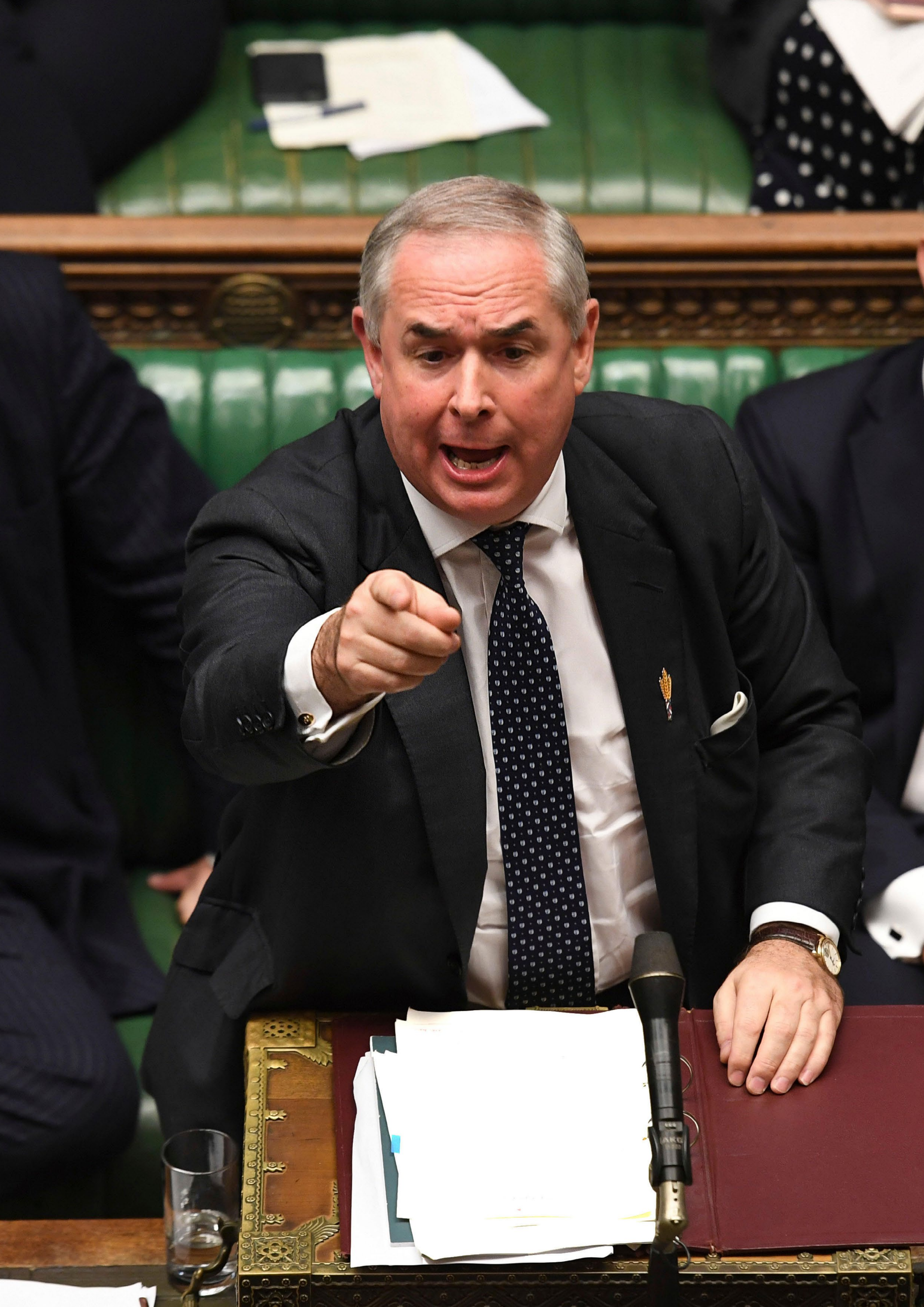
What lies ahead for the UK courts, politics and parliament?

The UK's future legal relationship with the EU will depend on its political relationship. Any changes, up to and including membership of the single market (let alone rejoining), will require the agreement of both sides, the conclusion of new international agreements and no doubt domestic legislation. The 2026 King's Speech promised a bill containing powers to implement new treaties with the EU on food and drink, emissions trading and electricity – as well as any further treaties the UK may conclude with the EU in future. The UK could also *unilaterally* opt for closer alignment with EU regulations and standards.

Either way, an important issue will be the role of parliament in approving and scrutinising any measures to implement new treaties or align with EU rules. If this is all to be done by regulations made by ministers – secondary legislation – it risks being seen as bringing in EU rules 'by the back door' without proper parliamentary scrutiny or democratic legitimacy.

***Sir Jonathan Jones KC** is a senior fellow at the Institute and a former head of the Government Legal Department*


THE SUPREME COURT



6. Parliament

Dr Hannah White OBE

The Brexit years saw some of the most fraught exchanges in the Commons for a generation as parliament, and parliamentarians, struggled to work through an issue not aligned to political parties.

Parliamentarians had offered the decision on whether the UK should remain in or leave the EU to the people of the UK. The referendum bill itself passed third reading in late 2015 with a big majority – with Labour abstaining rather than oppose. Although most MPs in the 2015–17 parliament supported Remain, they recognised the supremacy of direct democracy (that is, a referendum) over representative democracy, and the need to honour the vote to leave. Very few opposed the bill allowing the government to serve notice to leave under Article 50 – a bill the government had tried to avoid introducing.

But despite that consensus on leaving, parliament struggled with the shift to an issue not aligned with political parties. On the positive side, Brexit catalysed new cross-party alliances. On the downside, parliament showed it was good at deciding what it did not want to see, but MPs – collectively – lacked the mechanisms or the capacity to make a positive decision on a Brexit that could command majority support. 'Indicative votes' showed that there was no outcome which a majority of MPs would back. Binary decision making processes proved unsuited to debating options for exit and considering trade-offs.

Parliament takes centre stage

Theresa May had called her ill-fated June 2017 general election with the aim of giving herself a big enough parliamentary majority to enable her to command support for her version of Brexit. That did not happen. Instead, with authority weakened as she squandered David Cameron's already small majority, she found herself a hostage to the Democratic Unionist Party and factions inside her party.

She was forced to concede a 'meaningful vote' on her Brexit deal – a requirement introduced by opponents of Brexit which ultimately became a weapon in the hands of Brexit hardliners. The shadow Brexit secretary, one Keir Starmer, unearthed the 'humble address' as means of forcing the government to disgorge unwelcome information (something that has come back to bite him as prime minister). MPs discovered that they could – with an accommodating Speaker – wrest control of the order paper from the government. It was a time of parliamentary innovation and imagination.

But the inability of parliament to deliver an acceptable Brexit undermined its legitimacy in the eyes of some. May herself was sufficiently frustrated to lash out against a parliament whose refusal to back her deal and potentially overturn Brexit risked "causing potentially irreparable damage to public trust – not just in this generation of politicians, but to our entire democratic process". That view was echoed a few months later by Boris Johnson's attorney general, Geoffrey Cox (left), as he railed against a "dead" parliament.

Parliament is sidelined

If the 2017–19 parliament saw the Commons take centre stage over Brexit, Johnson's general election victory in December 2019 saw parliament to all intents and purposes exit stage right. It passed the withdrawal treaty and the new trade and co-operation agreement in double quick time – the latter being allowed less than half a day of parliamentary time between Christmas Eve and New Year's Eve (the EU parliament, in contrast, allowed only provisional application until they had a full vote in April 2021).

The temporary committee that had been established in 2016 to shadow the Brexit department and then morphed into the Future Relations Committee was disbanded – and successive governments have shown reluctance to give MPs a forum dedicated to scrutinising their handling of the EU relationship. Serious scrutiny has since been reserved to the Lords.

Acceptance and alignment: MPs wave away control

'Getting Brexit done' required a mass of secondary legislation to shift EU law on to the UK statute book. But after Brexit, MPs have been similarly quiescent in the minimisation of their powers. They have limited input or influence on trade agreements, the merger of the business department with the trade department meant the loss of a dedicated committee scrutinising trade policy. Conservative MPs were happy to sign up to the bill that would have allowed much EU law to disappear from the UK statute book – a presumption that was only reversed when Rishi Sunak's government succumbed to concerns from the business community about uncertainty.

Since Labour took power, ministers have taken more secondary powers to allow alignment with EU law in the Product Regulation and Metrology Act 2025. The proposed European Partnerships Bill will give ministers power to 'dynamically align' with EU regulations – over which the UK will have no vote – once agreements are reached on agrifoods, emissions trading and electricity market participation. That bill will allow ministers to extend alignment powers into other areas once parliament endorses any future agreements.

It is far from clear how far ministers will allow parliament to feed into any 'decision-shaping' process – nor is it clear that parliament will have the resources that used to go into EU scrutiny to help it make sense of what the EU is proposing to do. Despite the Parliamentary Partnership Assembly established between the UK and European parliaments, under current arrangements MPs are likely to know less and less about how the EU operates over time – and the starting base, save for those who had served as MEPs, was never that high.

Brexit may, for some of its supporters, have been a move to restore sovereignty to the UK and its parliament – but even its most fervent parliamentary supporters have been willing to pass that sovereignty, at least as regards the UK's relationship with the EU, straight on to the executive with minimal checks.

But backbenchers have become more assertive internally

But there is one lasting parliamentary legacy of Brexit. During the turbulent years of 2017–19, the Conservatives' European Research Group had a much more effective whipping operation than the government. The taste for effective backbench organising and pressure made Theresa May's life a misery, but has also forced retreats by her successors with much bigger nominal majorities.

The Brexit years were dominated by Conservative infighting and cost at least two of five Conservative prime ministers their jobs. But Keir Starmer now also finds himself forced to govern like a minority as a generation of newly assertive backbenchers, on both sides of the house, show their willingness to rebel and organise against the wishes of the executive.

In the event, MPs did 'take back control' – not from the EU but from their own party leaders.

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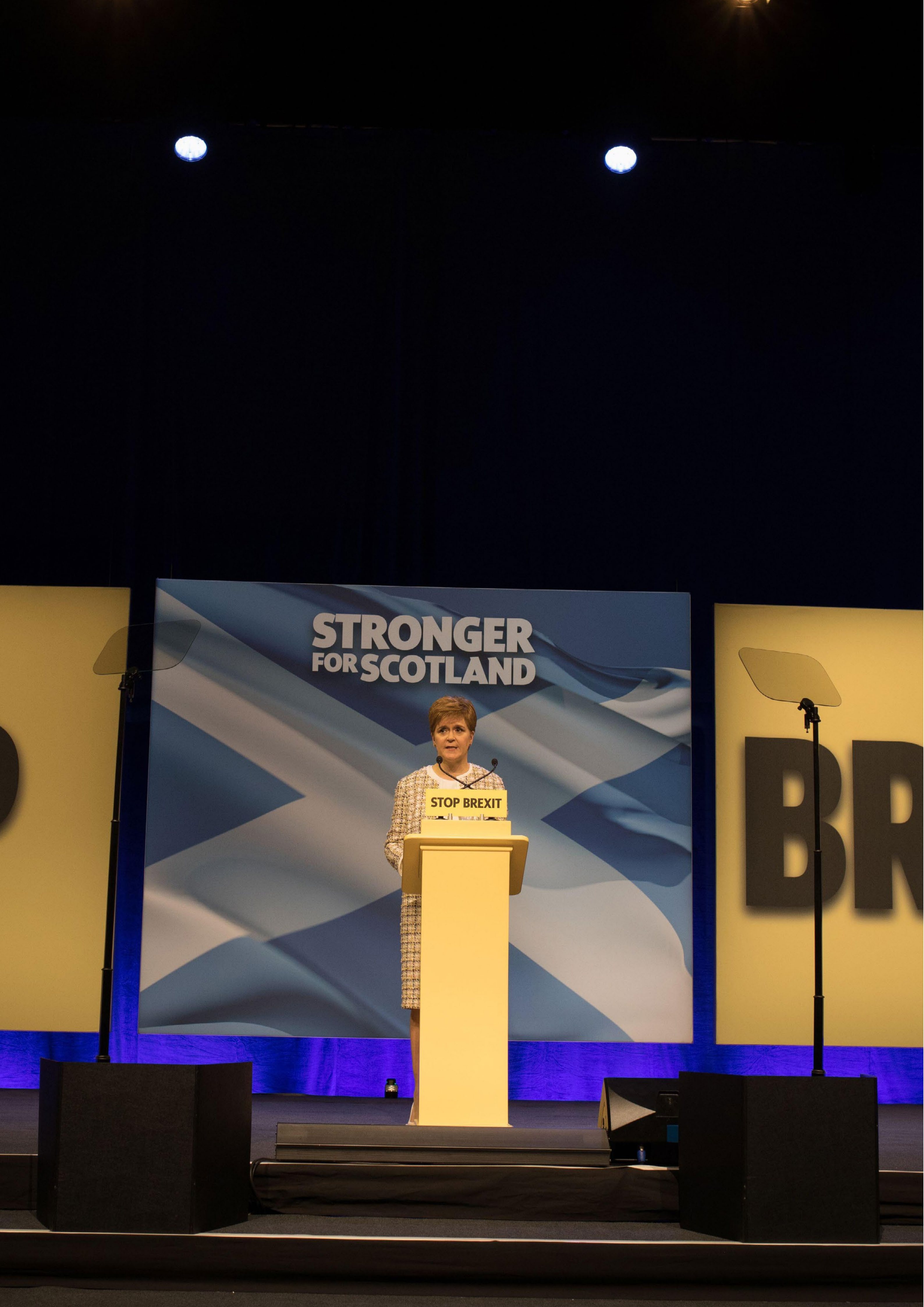
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STOP BREXIT

7. Devolution

Akash Paun and Megan Isaac

The UK's vote to leave the EU immediately exposed divergent views across the UK and heralded a low point in UK–devolved relations that are still causing tensions a decade on.

The result of the 2016 referendum on the UK's membership of the EU immediately exposed divergent views across the UK. With a sizeable majority of voters in Scotland (62.0%) and Northern Ireland (55.8%) voting to remain, the legitimacy of the UK's exit was immediately challenged by nationalists in both countries. Wales voted to leave, albeit narrowly (52.5%), but with large regional variation including a strong remain vote in Cardiff.*

Brexit posed new challenges for devolution and intergovernmental relations

Brexit's promise to 'take back control' and reassert parliamentary sovereignty was always likely to sit uncomfortably with the reality of a devolved UK in which there are not one but four legislatures. Devolution itself had happened in the context of EU membership: devolved competences in areas such as agriculture, fishing and the environment were constrained by Brussels, not London.

Brexit removed this constraint and raised a new question of how to manage potentially economically damaging divergence within the UK as powers over key policy areas returned. Theresa May's government started negotiations on a system of mutually agreed 'common frameworks' between the four administrations, but the subsequent Boris Johnson government opted instead for 'muscular unionism'. Its UK Internal Market Act 2020 imposed new constraints on the regulatory freedom of the devolved legislatures and was decried in Edinburgh and Cardiff as a 'Westminster power grab'.

That was the most egregious breach of the Sewel convention – a self-denying ordinance not to legislate in Westminster on devolved matters without devolved consent – but it was far from the only one. A total of five Brexit-related bills were enacted without devolved consent between 2018 and 2023, not least the EU Withdrawal Act 2018, which proceeded despite the opposition of the Scottish parliament.

In Northern Ireland, Brexit became a further point of tension between nationalists, who overwhelmingly voted to remain, and unionists, who voted by two thirds to leave.**
Much of the post-Brexit debate was shaped by the seemingly intractable challenge

* Uberoi E, *European Union Referendum 2016*, House of Commons Library, CBP 7639, 2016, https://researchbriefings.files.parliament.uk/documents/CBP-7639/CBP-7639.pdf

** Garry J, 'The EU referendum vote in Northern Ireland: Implications for our understanding of citizens' political views and behaviour', 2017, www.niassembly.gov.uk/globalassets/documents/raise/knowledge_exchange/briefing_papers/series6/garry121016.pdf of reconciling the unionist rejection of any economic or regulatory border between Northern Ireland and Great Britain, the nationalist rejection of a border on the island of Ireland, and the EU's determination to maintain the integrity of its single market. Ultimately, to deliver the sort of Brexit he wanted – for Great Britain – Johnson opted for a barrier to east–west trade, via a new border in the Irish Sea.

Trust in the UK government plummeted into low single figures and implementing the new arrangements contributed to the extended collapse of power-sharing and devolved governance in Northern Ireland between February 2022 and February 2024. The executive was only restored on the back of new commitments from Rishi Sunak's government to minimise divergence and promote east–west trade.

Brexit reignited calls for independence, but made the practical case for nationalists more challenging

Uneven support for Brexit across the nations also reignited calls for independence and raised deep questions about the future of the union. Immediately after the result the then SNP first minister Nicola Sturgeon called for a second Scottish independence referendum on the basis that Brexit presented a "material change of circumstances" since the 2014 referendum. The contention then, that staying in the UK was the only way to guarantee Scotland's continued membership of the EU, was replaced by independence as the route back from Brexit. Support for independence has hovered at around 50% ever since.

Meanwhile Brexit boosted support for – and even expectation of – eventual Irish reunification. Support increased from around 22% in 2017 to 36% in 2025,[*] while the proportion of people in Northern Ireland saying that the UK leaving the EU makes them feel more in favour of a united Ireland has more than doubled from 16% in 2016 to 38% in 2025.[**]

The 2026 devolved elections returned pro-independence parties in both Scotland and Wales for the first time since devolution – both of whom support stronger relations with the EU. Conversely, in England support for anti-EU parties with a shallower commitment to the principle of devolution (whether in the form of UKIP, the Brexit Party or Reform UK) has risen sharply in the decade since the referendum, with a particularly strong base among voters who identify as English rather than British.[***] These developments raise further questions about the long-term health of the union.

Practically, however, Brexit has made the case for independence more challenging for nationalists. The UK's exit from the EU means that an independent Scotland or Wales seeking to rejoin the EU would face significant disruption to its trade with the rest of the UK, which would become their largest 'external' trading partner.

[*] Northern Ireland Life and Times Survey, 2017–2025, https://www.ark.ac.uk/ARK/nilt. Note that the wording of the question on Irish reunification in 2017 differed from the wording from 2019, but the upward trend in support for Irish reunification remains.

[**] Northern Ireland Life and Times Survey, 2016–2025, https://www.ark.ac.uk/ARK/nilt

[***] Henderson A, Jeffery C and Wyn Jones R, 'How Brexit was made in England', *The British Journal of Politics and International Relations*, October 2017, https://journals.sagepub.com/doi/10.1177/1369148117730542

Labour's 'EU reset' reopens questions about devolved involvement in negotiations

Keir Starmer entered office in 2024 promising a twin 'reset' of relations with both the EU and devolved governments. While the tone of intergovernmental relations (IGR) with the devolved government has improved, and the Sewel convention has operated with fewer disputes, other frustrations with the practice of IGR remain, including variable practice by different Whitehall departments in how they consult and involve devolved counterparts in the policy making process.

The UK Internal Market Act similarly remains a point of contention despite the completion of its statutory review, with the Scottish government citing it as "the single greatest impediment to more effective and respectful intergovernmental relations"* and rejecting the UK government's claim that relations have been successfully reset.

The UK government's commitment to reset relations with the EU exposes a further set of devolution questions. The prime minister and three first ministers are broadly aligned in their desire to strengthen their relations with the EU, creating an opportunity for Starmer – and potentially the next prime minister – to work more closely with the devolved governments on this agenda. Closer alignment with the EU could also ease pressures from the Irish Sea border and help limit intra-UK divergence without relying on the UK Internal Market Act.

Yet, while UK–EU regulatory alignment may reduce some of the immediate pressures generated by Brexit, it does not resolve the underlying constitutional question of where authority should lie within the UK's devolved system. International relations are reserved to the UK government, yet the implementation and consequences of international agreements frequently extend into devolved areas such as fisheries, agriculture, education, and environmental policy.

To date, however, devolved governments have been critical of their limited involvement in UK–EU negotiations under Starmer.** This raises the question of whether whoever leads the UK into the next phase of negotiations with Brussels will do so in genuine partnership with the devolved governments – as captain of Team UK – or will seek to impose a deal on Edinburgh, Cardiff and Belfast, even at the cost of triggering further tensions between the four nations and governments of the UK.

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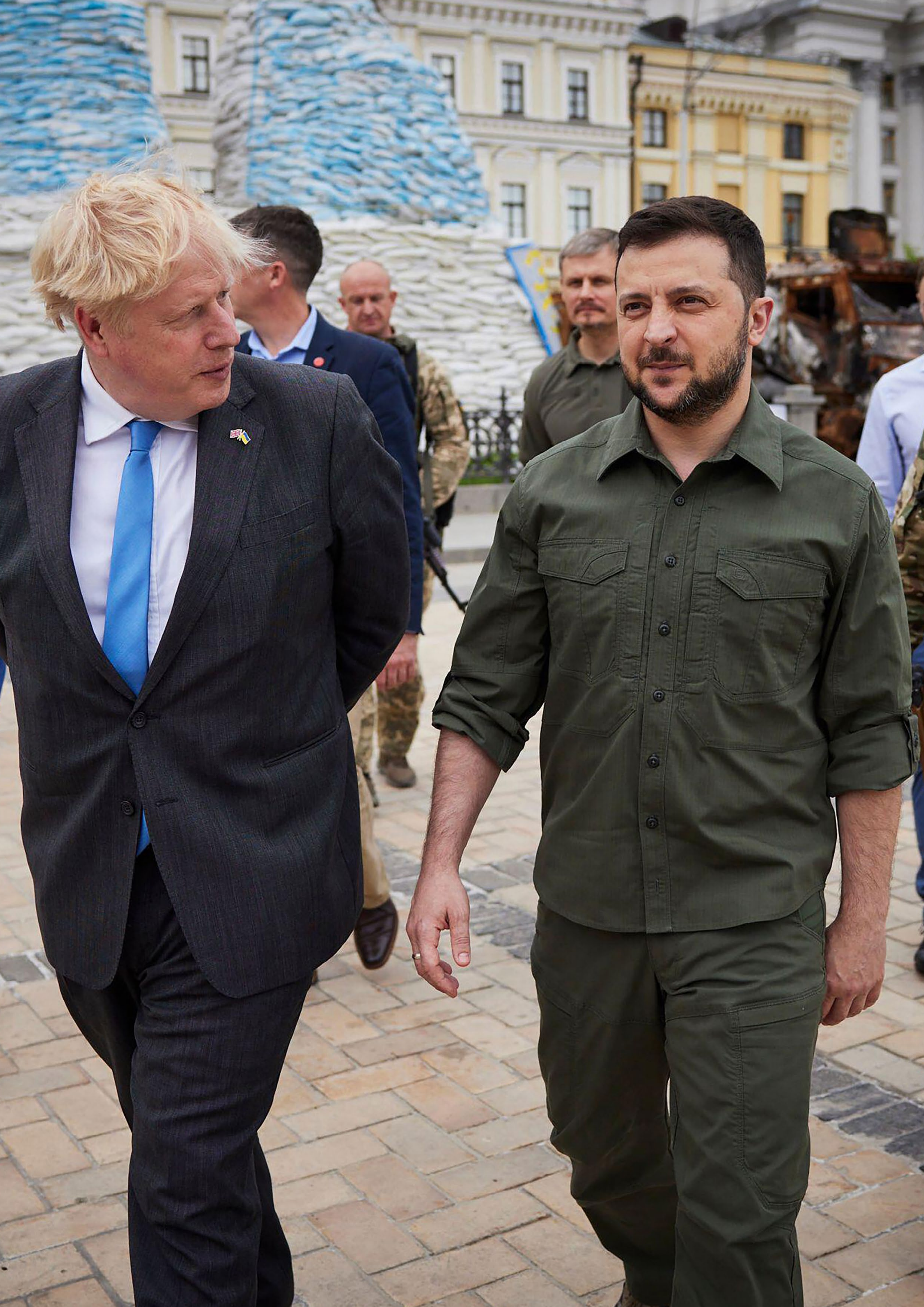
Megan Isaac *is a research assistant on the devolution team*

* Scottish government, *Internal Market Act 2020: position paper*, April 2025, www.gov.scot/publications/scottish-government-position-paper-internal-market-act-2020

** Constitution, Europe, External Affairs and Culture Committee, 'United Kingdom-European Union Summit', Scottish parliament, June 2025, www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/lghp-19-06-2025?meeting=16525&iob=141145



8. UK foreign policy

Sir David Lidington KCB

The UK's vote to leave the EU came amid three shifts – a more aggressive Russia, a more assertive China and the inauguration of Donald Trump's America – that defined the geopolitical challenges that leaders in London and other European capitals still face today.

In 2014, Russia's invasion of Crimea and Donbas removed any doubt still lingering after the 2008 attack on Georgia about President Putin's desire to smash the post-Cold War settlement in Europe. Then, in 2015, the Chinese government published Made in China 2025, setting out its strategy to achieve domination of the global supply chains in every one of the key 21st-century technologies by the centenary of the People's Republic in 2049. And in 2016 the election of Donald Trump heralded the end of a 70-year period in which European democracies could rely on America's commitment to their defence. It was in this context that the UK voted, on 23 June 2016, to leave the EU.

Global Britain stays close to home

For all the excited talk about 'Global Britain', in practice even the most enthusiastic supporters of leaving the EU ended up largely aligning British policy with that of our European neighbours because that was what the national interest required. The E3 meetings of British, French and German political directors and foreign ministers continued, for instance, even while EU exit negotiations were at their most fraught.

Despite pressure from Washington, Boris Johnson's policies on Russia, Israel/Palestine, Iran, China and climate change stayed close to those of the other Europeans, and Liz Truss (a fervent convert to Brexit after the referendum) requested UK participation in the EU's Permanent Structured Cooperation (PESCO) initiative on military mobility.

British ministers worked closely with their European counterparts to co-ordinate the allied response to Trump's scepticism about Nato and his demand that European countries should pay their fair share of the cost of defending their continent. The UK took the lead in establishing the Joint Expeditionary Force of northern European allies and, from Johnson to Starmer, has been one of the most ardent champions of Ukraine in resisting Russia's renewed aggression and helping to lead Europe's response. All of this would have been possible, indeed probable, if the UK had stayed within the EU, but it is also true that Brexit did not stop this co-operation between the UK and its European allies from happening.

In the room where it happens

Where Brexit made things harder was in removing UK officials and ministers from the conversations and building of working relationships that take place in and around EU meetings in Brussels and the gatherings of EU member state ministers that take place in the margins of every international forum, from the UN to the Organization for Security and Co-operation in Europe (OSCE). UK diplomats and politicians now had to try from the outside to understand and influence the EU's decisions, and could no longer plausibly claim in Washington that the UK could act as a bridge between the US and Europe.

Occasionally, the wish to appear separate from the EU took precedence over a need to act pragmatically to support common interests, as in 2020 when the UK left the EUFOR force in Bosnia and Herzegovina, despite the participation of other non-EU countries – a decision apparently motivated partly by a doctrinal refusal to take part in an operation under the Union's Common Foreign and Security Policy and partly because its soldiers wore a shoulder flash showing the European flag.

Ukraine and Russia have refocused minds

For the most part, however, the story of the last decade has been of the UK looking for a new way in which to work with its European neighbours while being outside the EU. Russian aggression – most obviously in Ukraine, but also through its cyber-attacks, targeted sabotage, airspace incursions and of course its use of novichok in Salisbury in 2018 – combined with increasing doubts about the commitment of the US to European security, have reminded leaders on both sides of the Channel that there are more important matters at stake than the rules on sandwich fillings in Northern Ireland.

The Ukraine crisis has seen a closer, less fractious relationship between the EU and Nato, alongside the EU (thanks in part to the absence of a UK veto) taking on greater responsibilities for defence and security policy, including the financing of support for Ukraine through EU spending and initiatives aimed at strengthening the Union's defence industrial base.

But it takes time for political bruises to heal, and the failure in 2025 of negotiations for UK participation in the EU's Safe initiative on defence procurement showed that some in Brussels and Paris, not just Westminster, have hang-ups about Brexit. Nevertheless, the evolution of a de facto E3-plus or 'Weimar-plus' grouping including Britain, France, Germany, Poland, Italy and the EU points towards a future involving much closer collaboration among European powers.

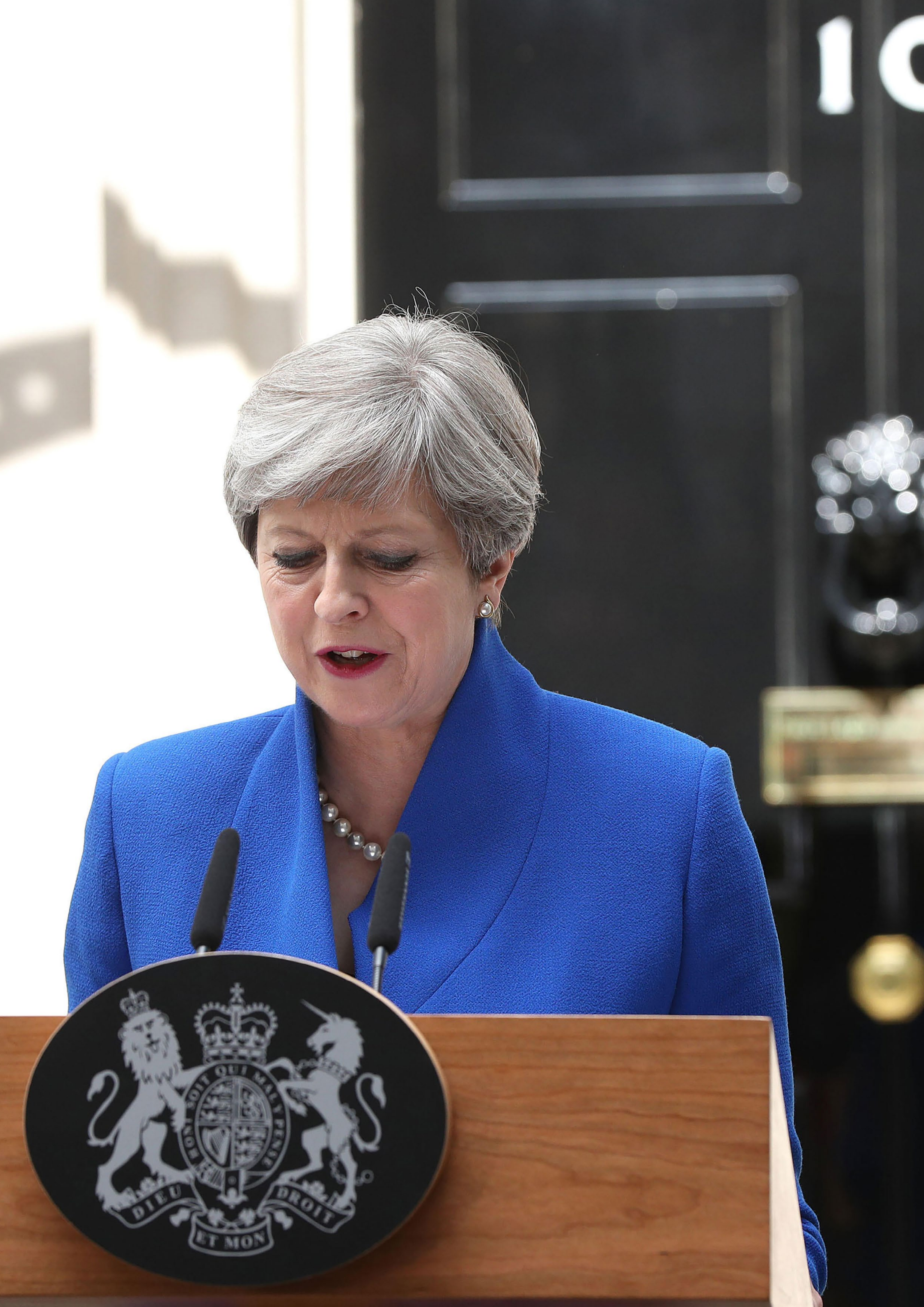
A tilt to the Pacific?

Since the UK is a European power with global interests, ministers have looked for opportunities elsewhere in the world too. The Aukus security partnership between the UK, US and Australia, was and continues to be a valuable alliance, particularly in the opportunities for technology transfer under Aukus Pillar 2. There was, of course, no legal obstacle to Aukus had the UK stayed inside the EU – and competition between British and French state-backed defence companies was ferocious when both countries were member states – but we can never know how the counterfactual would have played out.

While it doesn't remotely compensate for the loss of privileged trade access caused by leaving the EU, the UK's participation, since 2024, in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was also a welcome move. Looking forward, UK support for closer links between CPTPP and the EU would help to maintain free, rules-based trade in the face of a drift globally towards protection.

But for all the spin about a 'tilt to the Pacific', both the 2021 and 2023 Integrated Reviews stated emphatically that our national interests and both our political and defence resources would continue to be focused on the Euro–Atlantic. With Russian aggression unabated, the US at best an unreliable ally, and China's drive to dominate supply chains, achieving a closer and more effective working relationship with the other European democracies will be a key foreign policy priority for this and future governments, from whichever political parties they are drawn.

Rt Hon Sir David Lidington KCB *is a member of the Institute's board and a former chancellor of the Duchy of Lancaster*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9. The main political parties

The Conservative Party

Henry Hill

Brexit accelerated the Conservatives' collision with long-held tensions in its political coalition. This description allows one to acknowledge the deep and damaging divisions Brexit opened inside the party without indulging the forlorn fantasy that these could have been avoided indefinitely simply by not doing Brexit.

Not only was the balance of opinion inside the party trending towards a firmer view on leaving the European Union, but the broader balance of the Right was going that way too. UKIP took second place in 100 seats at the 2015 election, even with David Cameron's promise of a referendum. It is ultimately the responsibility of a major party in our traditional party system to isolate the fringes by shifting itself to wherever the centre of mass on its side of politics ends up. On the Right, that was leaving, or at least trying to leave, sooner or later.

The end of the Cameroon order

Cameron certainly maximised the damage by holding a referendum in which the leadership backed the status quo; there is a difference between meeting a problem head-on and falling on to it head-first. His approach meant that pro-Leave forces never had to take responsibility for a particular vision of Brexit nor, in their defence, ever had the opportunity to try to deliver it as a majority government. It would have been better for both party and country had the Tories eventually sought a mandate to leave under a leader who wanted to.

But retrospect makes obvious the doomed character of the Cameroon order. On all the significant issues which have divided the Conservatives since 2016, its method consisted simply of saying one thing and doing another: constantly striking Eurosceptic postures without wanting to leave; repeatedly pledging to slash net immigration and replace the Human Rights Act and making no attempt to do either. Such politics offers no long-term victory condition.

That is not to say the other wing of the party was armed with a coherent agenda; we are talking after all about Boris Johnson and Priti Patel, who decided that what Brexit voters really wanted was an extravagantly liberal immigration regime. It is unusual to have an existential political battle waged between two sides, neither of which have their intellectual affairs in order – unless, as in this case, that battle is stumbled into by accident, by a prime minister who didn't take seriously the prospect of losing it.

The worst of all worlds

The result of all this has been the worst of all worlds. The party alienated a significant section of its pre-2016 coalition and then of its 2019 coalition, in neither case in service to any positive vision. There has been plenty of division, but ironically not enough division to actually solve anything. Kemi Badenoch secured the leadership by positioning herself as the alternative to a long-overdue ideological row the party urgently needed, and has since had to try to half-inch the Tories towards new positions on things such as the ECHR in a manner which allowed Reform UK to seize first the initiative and then first place in the polls.

On the question of Brexit itself, the Conservative Party is no longer meaningfully divided, because most of those Tories who were most committed to Remain, let alone Rejoin, have left and, much as 'Never Trump' Republicans are a species of Democrat who can't yet admit it, are on an exit trajectory from the Tory fold. Rejoining the EU will now play for some the role that it played for Brexiteers before we left – a road-not-taken universal palliative that allows one to ignore the extremely painful choices waiting at the bottom of this country's economic problems – but that case is not remotely suasive enough to take the bulk of the party back across the Rubicon.

They will likely be followed in due course by others on the leftward flank of the current party as the realignment of the British Right continues to take its course on issues such as immigration, the ECHR, and the issue that combines both: how to handle Reform UK. Some MPs on the party's left envision the Tories serving as part of a cordon sanitaire, with Labour and whoever else, to keep Nigel Farage out of power; such illusions will not survive a parliament which puts them to the test. (Although we should acknowledge the slight possibility that they somehow win internal control of the party, most of which then eventually defects rightwards, and the Conservatives end up a trivial party of the centre-centre-right, finally fulfilling David Owen's very specific vision for what the SDP might have been.)

The Conservative Party does not hold the keys to its own future

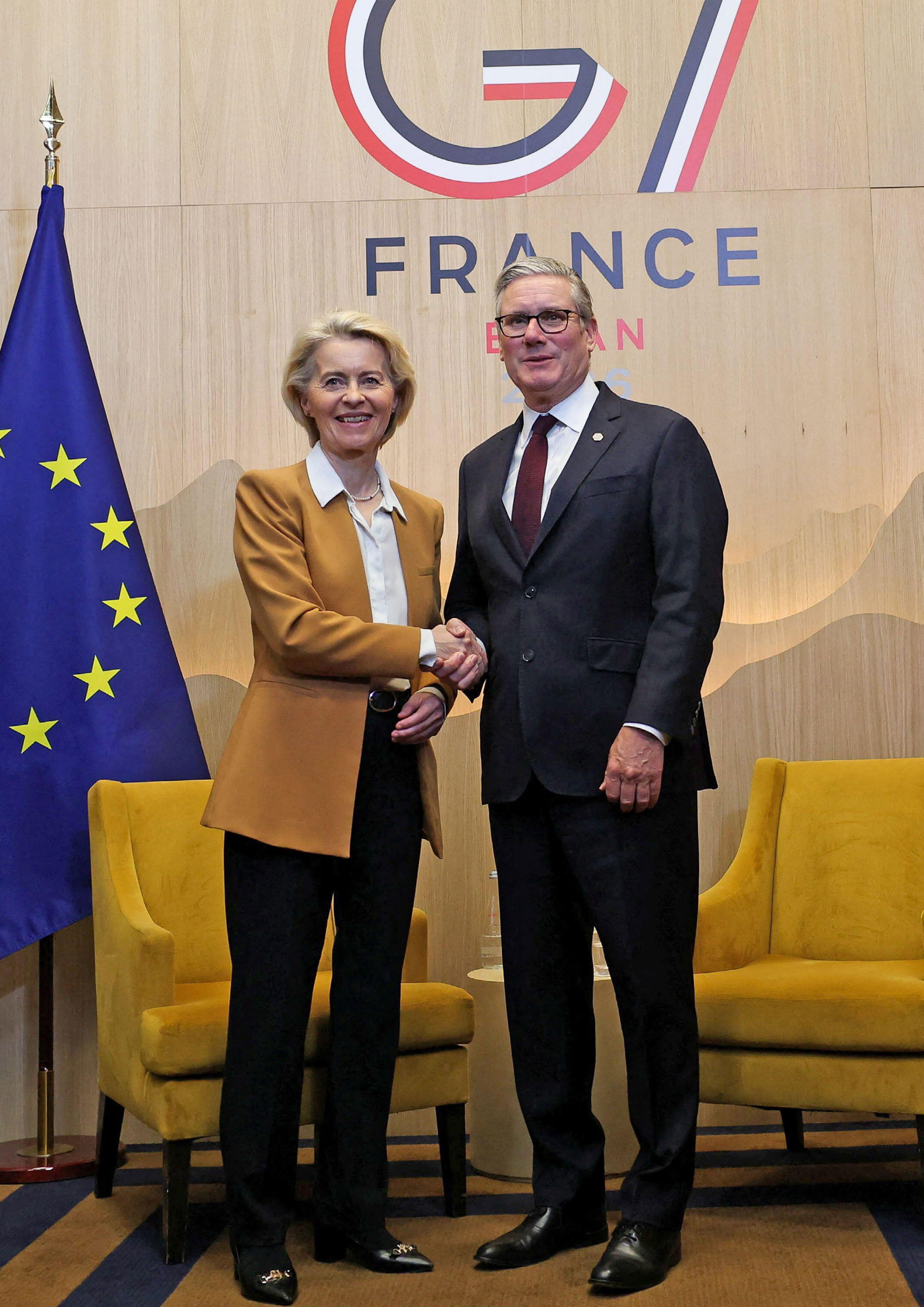
What the future holds for the Conservative Party depends a lot on factors outside its control, most obviously Reform UK's performance. Current Tory polling would be sufficient, if maintained, to keep the party alive; but contra the rather complacent assumptions of some of its MPs, there is no obvious or automatic path back to being the hegemonic party of the Right, and certainly not to that hegemony being based on yesterday's definition of 'sensible' politics.

At present, then, the question is whether or not the eventual settlement on the Right ends up most closely resembling that of New Zealand (separate parties which typically ally post-election), Australia (a permanently-constituted multi-party alliance), or Canada (a full merger), and the relative strength of each party when that deal is struck. A change in the voting system – again, entirely beyond the party's control – would also dramatically change this picture.

None of that has much to do with Brexit; that is, I suppose, the point. The 2016 vote wasn't a bolt from the blue that destroyed the otherwise hale and viable coalition of the Cameroon Right, but a direct product of the cognitive dissonance (or perhaps, less charitably, lies) upon which that entire project was based.

A world in which Cameron ruled out any significant change on Europe and made the case for freedom of movement is simply a world in which he swiftly lost power in some other fashion. The right wing of the British electorate wants less immigration than freedom of movement produced and more deportations than the ECHR permits; the major party of the Right (whatever it ends up being) will reflect that, and was always going to.

Henry Hill *is a senior fellow at the Institute and political editor at* The Critic. *He was formerly deputy editor of ConservativeHome for much of the Brexit period*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The Labour Party

Claire Ainsley

Ten years on and the ruptures of Brexit remain unresolved for the Labour Party and for the country. Even before the prospect of rejoining the EU was sent back to the top of the political agenda, the long-term effects of Brexit were shaping the choices this Labour government faces.

The failure of the leaders of the Leave campaign to translate the result into a comprehensive and lasting settlement that delivered on the promise of a stronger economy has left the UK much worse off than we were before. And the social fractures that were exposed by the result have only intensified.

For a Labour Party returned to government after 14 years, in no small part due to public dissatisfaction with the political chaos after the referendum, the most significant impact of Brexit has been to constrain its ability to achieve stronger economic growth. Studies estimate that Brexit has meant a 6–8% hit to GDP, 12–18% lower investment, and 3–4% lower employment and productivity.[*] It was hardly as if the UK economy was in great shape before Brexit, with chronic underinvestment and lower productivity than our competitors.

The structural deficiencies of the UK economy, with its geographical inequality, persistent poor productivity, and under-developed workforce, are the backdrop to the travails of this Labour government. Of course there are legitimate political leadership questions being asked following the May 2026 local and devolved administration elections. But it is also the case that sluggish economic growth and exposure to global shocks means the choices facing this government are greatly constrained.

Labour is not enjoying the greater sovereignty promised

There is a bitter irony that Brexit was sold as giving national government greater sovereignty, yet its detrimental impact on growth has left the government with more limited room to enact an expansive political programme. Lower economic growth has meant lower tax receipts than there would have been had the UK remained in the EU, which is part of the reason why the government is faced with unenviable choices of cutting services or raising taxes, or both, which in turn dampen the prospects of growth.

The attempts by the chancellor to restore fiscal stability in that context have had some success, with interest rates starting to come down, but the Middle East conflict now looks to threaten progress. It is the persistent lack of sustained economic growth, experienced in rising living standards and business confidence, that is shaping perceptions of the government more than anything – and acting as a drag on its ability to deliver change for the people who voted for it.

[*] Bloom N and others, *The Economic Impact of Brexit*, working paper, National Bureau of Economic Research, 2025, www.nber.org/papers/w34459

Despite the claims of the Leave proponents, Brexit has not suited the UK economy to greatly diverge from the EU and maximise the apparent benefits of Brexit because our economy was already so intertwined with the EU. The trade deals that have been done have been small change in comparison to the value of remaining a member of the EU. And the global insecurity of an unpredictable US, the Russian invasion of Ukraine, and Chinese expansion makes the case for the UK to reforge its European alliances for defence and economic security.

While the geopolitics and the economics nudge the UK closer to our European allies, it still does not present a straightforward long-term destination. A full-on 'rejoin' strategy would take more than one parliament, which cannot be assured given the domestic volatility, even if the EU was willing to contemplate it. A single market or customs union negotiation is not much nearer. A creeping alignment looks most likely for now, but progress is painstakingly slow with little yield.

What does Brexit mean for the future of this Labour government?

For Labour in government, this makes the business of creating a long-term destination for the country's economy – which includes but is not limited to our relationship with the EU – even more complex. Pro-European sentiment, manifested in a pledge to re-enter the single market or customs union, or even rejoin the EU, could be a means to galvanise Remainers behind Labour. But even that is fraught with problems, and proponents have to answer how they would avoid perpetuating the idea that political parties promise things that can't be delivered. There is, after all, no guarantee that the EU and the UK could reach a deal that would be acceptable to all sides and maintain domestic public support.

What of the 17 million people who voted to Leave the EU in 2016? Opinion polls suggest a sizeable chunk regret their vote, having seen its consequences. The referendum represented so much more than the UK's relationship with the EU. It revealed the discontent that had gone overlooked, the places and people who felt that the status quo wasn't working for them anymore. The Labour Party understood that it had to connect with their desire for change – as did Boris Johnson, whose 'levelling up' election slogan promised a domestic agenda to match getting 'Brexit done'.

Yet the domestic transformation to spread power and opportunity throughout the country was never seen through, and Brexit only made things worse for the regions and nations as well as for London and the South East. And advocating for rejoining the EU, the single market or the customs union doesn't by itself answer how that transformation will be brought about for those people and places who are restless for change.

Labour in government has a window of opportunity to come good on the pledge of change that was promised in 2024 – of economic progress, controlled immigration and investment in public services. That is unlikely to come, at least in the short term, from its relationship with the EU, even if closer alignment plays a small role. It will come from asserting its sovereign national vision for our country's future, which is perhaps what it was all about in the first place.

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10. Political fragmentation

Sam Freedman

The 2008 financial crash, de-industrialisation, rising immigration and a general discontent with traditional politics have combined to create a serious threat to liberalism – with Donald Trump the most potent manifestation. In the UK, this has manifested in the emergence of smaller political parties that has accelerated in the decade since Brexit.

Arguably the most important political phenomenon of the 21st century has been the rise of the radical right across the developed world. UKIP's emergence as a serious force in the years after 2008 was misinterpreted by the Conservatives as a call for an EU referendum, when it was driven primarily by the same broad factors that led to the AfD's appearance in Germany and Marine Le Pen's resurgence in France (as well as the Republicans' turn towards 'tea party populism' in the US).

The Conservatives crumble

Rather than 'lancing the boil', the Leave campaign's victory in 2016 supercharged this shift in the UK. The Conservatives were briefly able to take advantage by consolidating Leave voters into a new electoral coalition, but it was one that was much less amenable to the traditional Tory agenda. Historically the party had won significant numbers of votes from younger aspirational graduates working in the private sector. As recently as the 2010 election the Tories won the 18–34 age group.

But Brexit saw a dramatic polarisation of the electorate around age and educational qualifications, as younger Remain voters shifted towards parties of left and centre. The Conservatives found themselves dependent on voters who hadn't traditionally supported the party, were more authoritarian and less open to business-friendly economic policy. Boris Johnson's 2019 manifesto, with its unusual focus on the NHS and redistribution, was designed to appeal to these voters but – even had it not been for Covid – would have been difficult to implement while keeping his MPs on board.

The re-emergence of Nigel Farage's parties

The shakiness of this 'realignment' was apparent when Nigel Farage's Brexit Party surged in the polls at the end of Theresa May's troubled time in office. Johnson was able to pull them back briefly, but once he, and then Liz Truss, imploded, Farage's new party, Reform UK, was in place to absorb much of the Leave vote, given they were never particularly keen on the Conservatives.

Labour too saw a change in their its coalition. A long-term movement towards more liberal, younger graduates and away from older lower-income voters was rapidly sped up (helped by the election of Jeremy Corbyn as leader). This has led to something of an existential crisis for the party, with many MPs struggling to adapt psychologically to leading a more urban and middle-class party.

All these shifts would have happened to some degree regardless of Brexit, as we've seen across Europe, but their speed destabilised the traditional parties. At the same time, attempts to deliver on the referendum made governing much harder – both due to the economic harm and the opportunity cost of the time spent figuring out a way through.

The end of the two-party system?

The consequence is the multi-party system we now have, with both Tories and Labour facing serious competition within their post-Brexit voting blocs. We don't know exactly how this will play out over the next few years but a return to straightforward two-party politics in England, moderated by the Liberal Democrats, seems highly unlikely. In Scotland and Wales nationalist parties have been able to take leadership of the Remain bloc, further complicating the picture.

One remarkable aspect of the post-Brexit polarisation is that it hasn't diminished much as the issue itself has faded and other priorities have come to the fore. Almost a quarter of Leave voters would now choose to rejoin the EU, but many of them would still vote for Reform. In the recent local elections, Farage's party averaged around 40% of the vote in wards where more than 60% voted Leave, but only around 10% in areas where fewer than 40% did.

This is partly because immigration has replaced Brexit as a proxy issue around which the same coalitions polarise. Those who see it as the number one priority are highly likely to have voted Leave, as well as being older, white, more male and with lower educational qualifications. Though Reform was forged in the aftermath of the EU referendum, it is now far more associated with pledges to deport migrants, via highly authoritarian policies, than it is with Europe. Farage, and his supporters in the press, still defend Brexit but they don't major on it.

For now politics is a competition to see who can most effectively consolidate the Leave or Remain bloc, whether directly or through tactical voting, while attempting to win over a smaller pool of floating voters. But these blocs are largely orthogonal to questions of economic policy that are most critical to the country's future. Recent polling I commissioned shows voters in the two blocs are more likely to agree with each other on many economic questions than they are with swing voters. This includes having more negative attitudes towards big business and AI, as well as supporting a generous welfare state (at least towards pensioners).

What does this mean for government in 2026 and beyond?

The big challenge for Reform and the Conservatives should either, or both, find themselves in government, will be how to align their supporter base with their largely Thatcherite beliefs, and the interests of their donors. While Labour might be more open to economic populism of the type offered by the Greens, it has discovered in government how hard this is to meld with policies that encourage growth. The risk is that, in order to appease largely values-based coalitions, parties focus on second-order issues and continue to ignore the most important questions facing the country.

One way a Labour government could seek to combine an economic argument with an issue that animates its voters would be to reopen the question of EU, or single market, membership. Though this would come with obvious risks, not least re-polarising society even more aggressively second time around, it is one of very few issues that both appeals to left/centre voters and would unquestionably drive economic growth. Should this government, whether under a new leader or not, find itself struggling in the polls come 2028, splitting its vote with the Greens, and with Farage on the verge of becoming prime minister, it may seem a justifiable roll of the dice.

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