



# Brexit: six months to go

Joe Owen, Lewis Lloyd, Tim Durrant,  
Jill Rutter

---

The UK is six months away from leaving the European Union (EU). As things stand, at 11pm on Friday 29 March 2019, the two-year Article 50 period will end and the UK will cease to be a member of the EU. What happens then?

The next six months will answer that question. Brexit is currently set to happen regardless of whether the UK reaches a deal with the EU. The UK's readiness for life outside the bloc will depend on the progress of domestic preparations, but crucially also on what can be agreed in Brussels and how that is received in Westminster.

This paper looks at the progress made in delivering Brexit since the EU referendum over two years ago and what to expect in the frantic few months ahead. It assesses the UK's readiness for Brexit with just six months to go. The paper does not consider issues such as the revocation of Article 50 or a second Brexit referendum.

---

## Summary

Delivering Brexit is an unprecedented task for modern government – in its speed, scale and political and diplomatic difficulty, and the level of public scrutiny to which it is subject. At its core there are three main challenges: negotiation, legislation and implementation.

This paper looks at each of these areas, drawing on Institute for Government research to set out what has been done to date and what remains to be done.

### Negotiation (page 4)

- The terms on which the UK will leave the EU are still not settled, so the Government cannot bank on a transition period. It needs to be ready to leave with no agreement on 29 March 2019.
- The two sides have been negotiating the Withdrawal Agreement since June last year. They have reached agreement on money and citizens' rights but other issues remain unsettled.
- There is still no agreement on how both sides can meet their commitment to avoid a hard border on the island of Ireland after Brexit – the two are facing a possible impasse.
- The Withdrawal Agreement should be accompanied by a 'political declaration' on the future relationship, but there has been relatively little discussion on what this should look like.
- Substantive negotiations on the future relationship are yet to begin, and will not start in earnest until after March 2019. If a withdrawal deal with provision for a transition is agreed, there will be just 21 months to start and conclude the talks – significantly less time than EU deals usually take.

### Legislation (page 12)

- The Government has started to put the legislative building blocks in place for Brexit, successfully passing key bills such as the European Union (Withdrawal) Act 2018.
- If the Prime Minister Theresa May cannot win her 'meaningful vote' on any agreement she reaches with the EU27 and get the Withdrawal Agreement Bill through, the UK could still be leaving with no deal in place – and no transition.
- If there is no Withdrawal Agreement, a raft of further legislation will be required. There is a real risk that this will not be in place and the UK will face a legal hiatus.
- Brexit has put relations with the devolved governments in Scotland and Wales under exceptional strain.

---

## Implementation (page 21)

- The biggest risk to readiness is implementation. The Government has left its preparations for 'no deal' too late.
- Secrecy and sensitivity around Brexit have meant that the Government has failed to give business sufficient time to prepare for no deal. In the past, they have been given years to get ready for changes that are small in comparison with Brexit. They now have just six months.
- The proposed 21-month transition period would be too short for the negotiation, ratification and implementation of the final deal.

## Will the UK be ready for Brexit in March 2019?

The Prime Minister's preferred plan for Brexit involves continuity on 29 March 2019 – with the UK leaving the political institutions of the EU, but not much else changing. To realise this 'smooth and orderly' Brexit, she faces major political hurdles. She must strike a Withdrawal Agreement with Brussels that can survive the febrile politics of Westminster. As it stands, it is far from certain that the Prime Minister can satisfy the demands placed on her by the EU and parts of her own party, particularly around the Irish border. But if she can, most of the groundwork is in place for March 2019.

March 2019 is not the end of Brexit, though. If the UK reaches a deal on withdrawal, much of the more difficult work – agreeing a future relationship and implementing it – will still be to come. And the time pressure will not go away. The second cliff edge of December 2020 will soon be rapidly approaching.

But failure to secure a Withdrawal Agreement would have even bigger consequences. It would represent the most dramatic change in the UK's relationship with the EU in the shortest period of time. There is a risk that the necessary legislation would not be in place, leading to a legal hiatus.

The far bigger problem, however, would be ensuring that government, business and citizens are prepared for a sudden exit. Large government projects – from automatic pension enrolment to the Olympics – can take over a decade. There are now only months to go and it will still be some time before we know for certain if we are heading for no deal. Dominic Raab, Secretary of State for Exiting the European Union, told the House of Commons this month that "the British people can rest assured that the UK will be ready for Brexit, deal or no deal".<sup>1</sup> In reality, there's a huge difference between the two outcomes. If the UK leaves without a deal in March 2019, just a fraction of the processes and systems required for life outside the EU will be in place. There is insufficient time for much more than temporary sticking plasters, attempting to limit disruption where possible, with work needing to continue long beyond Brexit. Some of government's contingency plans appear to be completely dependent on the EU bending its rules to apply goodwill or strike mitigating agreements. Normal government projects would be delayed to secure more time, but – as with many other elements of Brexit – the legal and political constraints make that very difficult.

---

# Negotiation

## The scale of the task

The UK has three main negotiating tasks:

- **To agree the terms of its withdrawal from the EU.** The Withdrawal Agreement must be concluded by March 2019 and cover 'separation issues' – the most prominent of which are citizens' rights, the financial settlement, co-operation on the island of Ireland and the transition. Sitting alongside it will be a political declaration covering the future relationship. The two sides agreed in summer 2017 that a deal on withdrawal would need to be done in the autumn of 2018 to give the European Parliament and the UK Parliament enough time to ratify the deal.
- **To agree the terms of its future relationship with the EU after it has left.** The Government originally planned to agree a future relationship – covering economic and security co-operation – by March 2019. But the EU made it clear that detailed discussions could not start until the UK left the bloc in March 2019.<sup>2</sup> Provided a deal is reached on the Withdrawal Agreement, these negotiations will need to be completed by the end of the proposed transition period in December 2020.
- **To renegotiate agreements with other countries to replace those it has been part of as an EU member.** The Government has not provided a firm indication of how many of these agreements there are,<sup>3</sup> but reports suggest that there are at least 700, covering trade and non-trade relationships with non-EU countries,<sup>4</sup> which will cease to apply to the UK once it has left the EU. If the UK wants to continue benefiting from these deals after Brexit, it will need to renegotiate them.

## What has been done so far?

The bulk of the negotiations on the Withdrawal Agreement is complete. About 80% of the Withdrawal Treaty<sup>5</sup> is 'locked down' and has been converted into agreed legal text, according to both Michel Barnier,<sup>6</sup> the EU's chief Brexit negotiator, and Dominic Raab.<sup>7</sup> This includes:

- agreement on two of the three main withdrawal issues: the financial settlement, and the rights of EU citizens in the UK and UK citizens in the EU
- agreement on a 'standstill' transition period between March 2019 and the end of 2020 – this includes a commitment on the EU's part to roll over third country agreements that the UK is currently party to
- principled agreement on a 'backstop' to ensure there is no hard border between the Republic of Ireland and Northern Ireland after Brexit, the third main issue – disagreement persists, however, over how to convert ambiguous language agreed in December 2017<sup>8</sup> into mutually acceptable legal text.

Despite the EU announcing it would be willing to begin talks on the future relationship after the December 2017 European Council, following a judgment that 'sufficient

---

progress' had been made on the separation issues, the discussions did not start in earnest until at least six months later.<sup>9</sup> At the start of 2018, the UK had yet to offer any clarity on its preferred arrangements. The Government set out a more detailed vision in its July 2018 Chequers white paper<sup>10</sup> – a more in-depth proposal than any put forward from Brussels – but this raised a range of EU concerns,<sup>11</sup> especially around the proposal on financial services, the viability of the UK's latest customs proposal and, more fundamentally, the ability to split the treatment of goods from the treatment of services, movement and capital.

The Government has said little about the progress being made on renegotiating agreements with other third countries. There has been one high-profile success with the in-principle agreement to roll over the South African agreement and there is work under way for many others.

### What still needs to happen?

Agreement still needs to be reached on several key withdrawal issues, complicating plans to have a deal wrapped up by October 2018:

- Despite the UK's principled commitment to a backstop arrangement on the Irish border, the two sides still disagree over how this should work in practice – with some extremely contentious issues that must be resolved.
- The governance of the Withdrawal Agreement, including the role of the European Court of Justice, still needs to be agreed.
- A few other issues – for instance around the role of the UK in EU agencies during the transition period and the future of Gibraltar and UK military bases in Cyprus – are also yet to be agreed and could prove to be late hurdles.

On the future relationship, there are multiple phases of negotiation to come:

- The 'future framework', to accompany the Withdrawal Agreement, still needs to be agreed. There is currently no public statement of what this framework will look like, and how much detail it will go into. Michel Barnier told the German newspaper *Frankfurter Allgemeine Zeitung* that it could fill 15–20 pages.<sup>12</sup>
- More comprehensive negotiations on the future relationship will start after March 2019 – provided there is a deal on withdrawal. The UK has proposed that these address three key pillars: the economic partnership, the security partnership and other cross-cutting areas of co-operation such as data exchange.<sup>13</sup>

The UK also needs to continue renegotiating the at least 700 agreements with third countries it currently benefits from as an EU member. If there is a Withdrawal Agreement, the EU will ask these countries to continue to treat the UK as an EU member for the duration of the transition; without an agreement, the UK will need new agreements agreed and ratified by 29 March 2019.

---

## Progress with six months to go

### **There is not much time left before March 2019, and there are still substantial hurdles to overcome to finalise and ratify the Withdrawal Agreement**

The target for agreement on the terms of withdrawal and the future framework is the October 2018 European Council. But there are only 23 working days remaining until then, and a range of substantial issues still need to be resolved. An emergency European Council in November is looking increasingly likely, but even reaching a deal by then is far from straightforward. By the European Council in December, the time for both the UK and, just as critically, the EU to complete all the necessary processes to approve and ratify any agreement will be very short indeed.

### **The two sides have struggled to find mutually acceptable solutions to the Irish border, making it the major outstanding issue**

Both sides have committed to avoiding a hard border on the island of Ireland, agreeing that the withdrawal treaty should include a backstop – an insurance policy that means even if future relationship negotiations fail, there will be no border erected in Ireland. But the question is what exactly that backstop should look like. The Government favours a UK-wide solution involving temporary customs and VAT arrangements and a common rulebook for goods.<sup>14,15</sup> Theresa May has said that anything Northern Ireland specific, which results in a regulatory and customs border in the Irish Sea, is something no UK prime minister could ever accept.<sup>16</sup> But the EU's view is that the backstop cannot be UK-wide – it prejudices the outcome of the future relationship negotiations.<sup>17</sup> Likewise, a UK-wide arrangement could face domestic opposition in the UK, with some Conservative backbenchers worried that it would permanently constrain the UK's ability to diverge from the EU. To get a deal on Ireland, something, somewhere, will need to give.

### **There does not seem to be agreement in the UK, let alone with the EU, about what any future framework should look like or what it could say**

It is not yet clear whether the 'framework for the future relationship' will be a blueprint for life after Brexit or high-level, warm and fuzzy language. In part this comes down to a political decision. The Prime Minister may think that keeping it high-level will mean it is harder for Parliament to vote against her deal as it becomes a question of principle. Or, alternatively, she might decide that Parliament will not vote for a 'blind Brexit' and it will want to know what it is getting in exchange for the approximately £40 billion (bn) financial settlement.<sup>18</sup> It is not clear whether the Prime Minister has made this calculation yet. But she does not necessarily have the luxury of a choice between the two – the key constraining factor is what can be agreed with Brussels in the time available.

The European Commission's response to the Chequers white paper has been far from glowing. Most crucially, it is unhappy with the UK's attempt to treat goods and services separately. Michel Barnier has said that the two sides remain far apart on key elements of the future economic relationship.<sup>19</sup> The UK is stepping up preparations for no deal,

---

in part as a sign that it will not move its position further. But the EU is not showing any willingness to move its position yet either.

Things look a bit more positive in terms of the proposed security relationship, although there are still some big areas of disagreement. Following a move by the UK to say that it would continue to adhere to the European Convention on Human Rights, the EU made an “improved” offer with respect to co-operation on policing and criminal justice.<sup>20</sup> Michel Barnier has said that finding a common ground on security is “far more advanced” – but, as it stands, the EU offer would still mean that law enforcement co-operation would be damaged.<sup>21</sup>

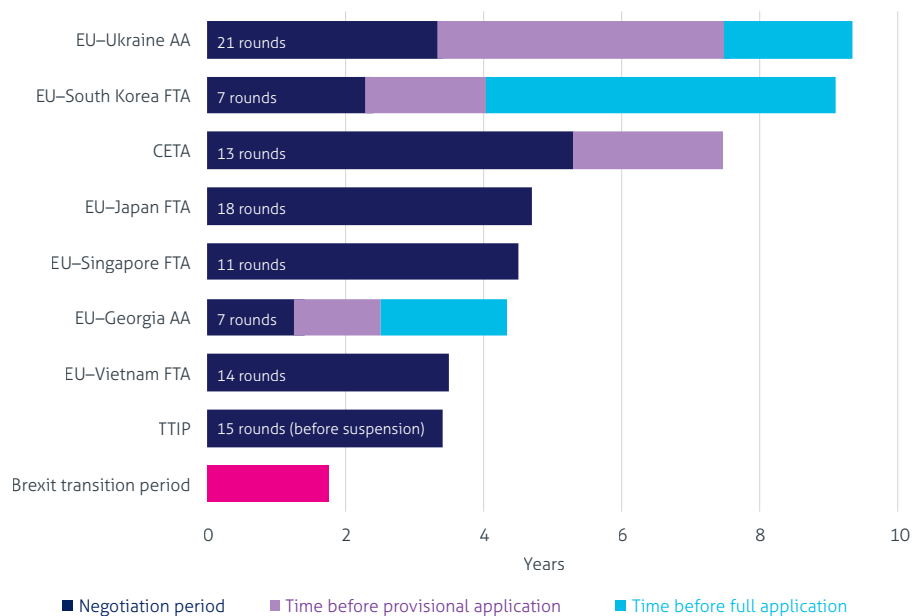
### **Where progress has been made, it is largely because the UK has blinked, but the Government may not have much more room for manoeuvre**

The Brexit negotiations have already gone down to the wire twice, to reach ‘sufficient progress’ at the European Councils in December 2017 and March 2018. On both occasions, it was the UK that moved, but it is not clear that it will be able to do the same again. The Chequers white paper cost the Prime Minister a huge amount of political capital, suffering high-profile resignations, and the Cabinet may not be able to sustain another round of difficult decisions at this stage. For some in Parliament, too, which will need to approve any deal made, the UK has moved too far already. The scope for compromise on the UK side may have reached its limit.

### **Even if a deal on withdrawal is reached, negotiating the future relationship in 21 months is a huge challenge**

EU trade deals tend to take three years as a minimum (see Figure 1). But the UK is looking for something unprecedented. And the more innovative and ambitious a deal is, the more likely it is to take longer to agree. The EU–Ukraine Association Agreement and the EU–Canada Comprehensive Economic and Trade Agreement (CETA) are often the ones used as comparisons for what the UK might seek to negotiate, but they both took significantly longer than the EU and the UK have.

**Figure 1: Time taken for the EU to conclude recent free trade agreements, compared to length of Brexit transition period**



Source: Institute for Government analysis of European Commission, Directorate-General Trade data.

Notes: AA = Association Agreement, FTA = Free Trade Agreement, CETA = Comprehensive Economic and Trade Agreement, TTIP = Transatlantic Trade and Investment Partnership between the EU and the US.

In practice, the UK and EU negotiators will have significantly less than 21 months' negotiating time: the EU will need to seek a detailed mandate from EU member states before substantive talks can begin, and the summer of 2019 will be taken up with European Parliament elections and the formation of a new European Commission. If agreement on the future relationship is reached, there will also need to be time for the much more complicated ratification process for the agreement. Before its full application, the deal will need to get approval from national and regional Parliaments in EU member states, as well as requiring ratification by the UK Parliament.<sup>22</sup>

**If there is no withdrawal deal and therefore talks on a comprehensive future relationship do not start, the Government will need to try to negotiate a series of 'side deals' with the EU**

While it is certainly true that a failure to agree the terms of withdrawal would rule out a relationship anywhere near as close as the one that the UK proposes, there is likely to be a host of areas where pressure from citizens and business to reach some kind of deal – or deals – will be huge. If the UK leaves the EU without an agreement on the future relationship, it can trade with the EU according to World Trade Organization (WTO) 'rules' with the same tariffs and restrictions that the EU applies to any other third country with whom it does not have a trade agreement. But there are many issues that WTO rules do not cover, which can be dealt with through bilateral agreements or 'side deals'. These are common between trading partners even if there is no free trade agreement. The United States (US), for example, has more than 35 such agreements with the EU, covering areas such as data, aviation and customs co-operation.<sup>23</sup> But until



---

an agreement on the critical withdrawal issues is reached, most notably the financial settlement, the prospect of any particularly valuable agreements is limited.

**Signing trade agreements with new partners will be delayed by the need to renegotiate existing deals**

When it comes to agreements with third countries, the UK will be running to stand still for a while yet, putting most of its efforts into ensuring that existing deals do not fall away and UK businesses do not lose opportunities. And these negotiations will not necessarily be straightforward: while some countries may be willing to simply copy and paste the terms of existing agreements with slight modifications, others may see a UK keen to renegotiate as an opportunity to extract concessions.

Any new deals, for example with the US, will likely have to come later – and well after the future relationship with the EU is clear. If the UK is still negotiating its future relationship with the EU, many countries will want to sit tight and see what kind of a deal is done before they begin formal negotiations.

## March 2019: will we be ready?

Table 1 assesses progress in key areas of the Brexit negotiations. In it we rate the likelihood of success in each area using RAG (Red Amber Green), with green signifying that agreement is highly likely, amber meaning that it is probable but hurdles remain and red denoting that there are major issues standing in the way of the Government's desired outcome. Grey indicates that negotiations have yet to start.

**Table 1: Progress in key areas of the Brexit negotiations**

UK-EU agreement	Area	Description	RAG	Basis
Withdrawal agreement	Financial settlement	The money the UK will pay to satisfy outstanding obligations	Green	The text of the Withdrawal Agreement is 80% agreed. A significant amount of work has gone into agreeing the relevant legal text.
	Citizens' rights	The rights of EU citizens in the UK, and UK citizens in the EU	Green	However, the hardest 20% remains. The most substantial issue relates to the Irish border, where the two sides have struggled to reach a common position.
	Transition	A period after Brexit in which arrangements would stay largely the same	Green	Nothing is agreed until everything is agreed – if the sides fail to agree one part of the Withdrawal Agreement, the whole thing falls down.
	Governance	The structure of the agreement, its application and the settlement of disputes	Amber	Recent reports suggest that there is potential for a deal in the coming weeks, but it is unlikely to be at the European Council in October.
	Ireland	Arrangements to ensure there is no 'hard border' between the Republic of Ireland and Northern Ireland	Red	
	Other separation issues	Including geographical indications, Cyprus, Gibraltar and goods on the market	Amber	

<b>Future framework</b>	Future framework	A high-level political agreement on the direction to be taken in negotiations on the future relationship		Negotiations only began over the summer of this year and the EU's response to the Chequers white paper suggests that a detailed agreement will not be easy given the major issues to resolve. The most difficult decisions will likely be left for more detailed discussions on the future relationship after March 2019.
	UK Parliament	The first key step for ratification will be the 'meaningful vote' on the deal		The Prime Minister must secure a majority in favour of her deal. With the Opposition likely to vote against it, the deal depends on support from the Democratic Unionist Party (DUP) and almost all Conservative MPs – with many vocally opposing her approach.
<b>Ratification</b>	European Parliament	The European Parliament will need to give consent to the deal before final sign-off by the European Council by a qualified majority		
<b>Future relationship</b>	Economic	Arrangements covering trade in goods and services		Negotiations have not yet started.  The most substantial sticking point is likely to be around the economic relationship. However, the two sides also remain a long way apart on elements of the proposed security partnership and the UK's role in some EU programmes, such as Galileo.
	Security	The terms of future co-operation on law enforcement, foreign policy and development		
	Cross-cutting	Setting out the nature of co-operation on issues such as data exchange, and UK participation in EU programmes		
	Institutional arrangements	Overarching framework for the relationship, including governance arrangements		

---

# Legislation

## The scale of the task

The UK has been an EU member for more than 45 years. EU membership has set the legislative framework in many important areas of policy over that period. Thousands of EU regulations currently have direct effect in the UK, while almost 8,000 pieces of secondary legislation, or statutory instruments (SIs), give effect to European directives in UK law. Unpicking this relationship and updating the statute book involves three key tasks:

### 1. Preparing the statute book for UK withdrawal while ensuring legal continuity

- Repealing the European Communities Act 1972 to end the mechanism through which EU law takes effect in the UK.
- Avoiding a legal 'cliff edge' by copying EU laws onto the UK statute book and updating them where necessary to avoid references to EU agencies and reciprocal arrangements that could fall away.

### 2. Giving the Government new powers to act in areas where the EU had sole competence or where the Government wants to make future changes

- Introducing primary and accompanying secondary legislation to give the Government powers in areas that previously fell under EU competence, for example customs and trade.
- Passing further legislation where the Government plans to run new systems or regimes after Brexit, in areas such as migration.

### 3. Giving any Brexit agreements legal force in the UK

- Legislating to give effect to commitments in the Withdrawal Agreement, for instance on citizens' rights.
- Legislating to give effect to commitments in the future relationship or future trade deals with other partners.

The Government is also now obliged to give Parliament:

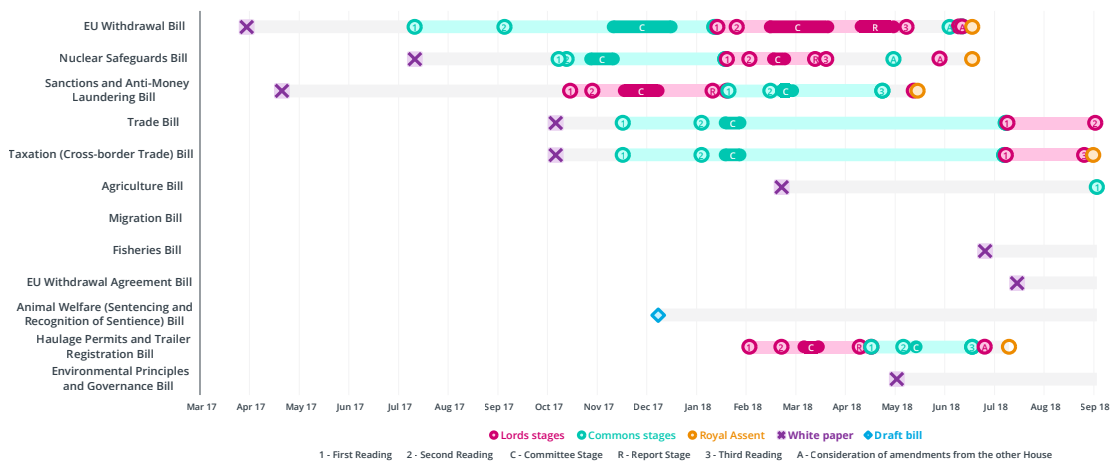
- a 'meaningful vote' on the Withdrawal Agreement and framework for the future relationship – this will precede any legislation aiming to give effect to the Withdrawal Agreement and should happen before the deal goes to the European Parliament for ratification
- a vote on the Government's 'no deal' plans if no agreement has emerged by 21 January 2019, or if Parliament rejects the Government's deal – unlike the 'meaningful vote', the motion before Parliament in this scenario is not expected to be amendable, making it more difficult for Parliament to direct the Government back to the negotiating table with specific requests or demands.

## What has been done so far?

Parliament has increasingly become a Brexit battleground for the Prime Minister, with significant effort going into getting key legislation through the House of Commons and the House of Lords (see Figure 2). There have been some big achievements:

- **The European Union (Notification of Withdrawal) Act 2017**, needed after the 'Miller case' to give the Prime Minister the power to trigger Article 50, was passed with a thumping majority, with MPs voting by over four to one in favour at the second reading.<sup>24</sup>
- **The European Union (Withdrawal) Act 2018**, previously known as the 'Great Repeal Bill', became law in June 2018. It ticked off the first of the three tasks highlighted above, repealing the European Communities Act 1972, copying EU laws onto the UK statute book and giving the Government the power to make changes where necessary.<sup>25</sup>
- **Four other pieces of Brexit legislation covering nuclear safeguards, sanctions, road haulage and customs** have been passed, giving the UK Government new powers, important in preparations for no deal.

**Figure 2: Parliamentary progress of legislation introduced since the 2017 general election to implement Brexit**



Source: Institute of Government analysis of parliament.uk.

## What still needs to happen?

Despite these legislative milestones, the Government has passed just six of the 13 currently announced Brexit bills, including the European Union (Notification of Withdrawal) Act 2017. With three quarters of the two-year Article 50 period already passed, there are some crunch moments approaching.

If the Prime Minister gets the outcome she is hoping for – a deal in Brussels that can command the support of Parliament – the task is slightly less daunting. If the Government secures a transition, only a small (but no less critical) number of hurdles

---

must be overcome:

- **successfully navigating the 'meaningful vote'** – getting a majority of MPs behind the Prime Minister's deal and allowing her to ratify it
- **passing the Withdrawal Agreement Bill** – a piece of legislation that will give effect to the Withdrawal Agreement in UK law, for instance by making sure that EU law still applies during the transition period and EU citizens enjoy the rights they have been promised.

But until a full Withdrawal Agreement is locked down in legal text and has the backing of the UK and EU Parliaments, the prospect of no deal remains. The Government is committed to preparing for it, which means there is a whole host of other parliamentary tasks:

- **Completing the passage of the Trade Bill**, which survived big votes but still faces possible 'banana skins'.
- **Getting other key Brexit bills onto the statute book.** While not all outstanding Brexit bills will be necessary for no deal, in areas such as agriculture and fisheries they could be. And there will need to be legislation ready to secure EU citizens' rights in the event of no deal too.
- **Passing secondary legislation under the European Union (Withdrawal) Act 2018.** There are around 800 statutory instruments that are needed to ensure that UK law is operable on the day the UK leaves the EU – including removing references to EU institutions or agencies in law that has been copied across. Parliament raised concerns during the passage of the EU Withdrawal Bill about ministers' use of powers under this Act, so Parliament should want to have time to scrutinise how ministers are using those powers.

## Progress with six months to go

### Parliament initially gave the Government a blank cheque on Brexit, but it is increasingly asserting itself

When Parliament waved through the European Union (Notification of Withdrawal) Act in March 2017, giving the Prime Minister the power to trigger Article 50, it set the two-year clock ticking and lost a significant amount of influence over the process. Parliament extracted the promise of a 'meaningful vote' on the deal once the Government had negotiated it, but by the point of such a vote the UK would have limited options. If Parliament directed the Government to renegotiate, the UK would be reliant on the EU's willingness to do so, and potentially to extend the negotiation period. Parliamentarians, who passed the Act unamended, have since been trying to influence the Government's position ahead of the meaningful vote, putting down uncomfortable amendments on important Brexit bills.

---

## **The EU Withdrawal Act was significantly amended and the Government has scraped through critical votes**

A year on from the notification of Article 50, the mood in Parliament had changed. The Government had lost its majority and it faced important defeats on major Brexit bills. The tactic for the European Union (Withdrawal) Act was to avoid defeat at almost any cost – the Government focused on backroom bargaining, offering its own amendments as compromises to try to keep prospective rebels on side. In the end, despite thousands of amendments and deep divisions in Parliament, the Government lost just one vote. But it accepted or tabled compromise amendments to the extent that over half of the lines in the EU Withdrawal Bill were altered and the length of the text increased by almost two thirds by the time it got Royal Assent.<sup>26</sup> There have also been votes that the Government won by a whisker, with Tory rebels backing down at the 11th hour on issues such as Parliament's power to direct the Government if there is no deal with the EU, or if Parliament rejects the deal.

## **The Government cannot afford to simply delay collisions with Parliament**

The Government's other tactic was simpler and less sophisticated. It just delayed difficult votes. The Customs and Trade Bills were held back from February until July. The Government dared not risk defeat on amendments relating to a customs union – it wanted time to persuade would-be rebels. In the end, the extra time might have paid off. But that approach is not going to work for the big votes coming up.

There is simply not enough time and the political pressure on the Government will be too great. Some votes, such as a parliamentary vote in a 'no deal' scenario, are now enshrined in law. There are just five sitting months left in Parliament – which is roughly how long the Customs and Trade Bills were held back for. The default is that the UK leaves in March 2019, so there is not much more road for the can to be kicked down.

## **Brexit has left the devolution settlements looking shaky at best**

The devolution settlements require the UK Government to seek legislative consent – the approval of the devolved Parliaments – if, under 'normal circumstances', it makes laws in areas affecting their competence. With no executive in Northern Ireland, there has been no voice for the Northern Ireland Assembly in the Brexit process so far. The Scottish and Welsh Governments have been so unhappy at the way they have been treated, they said they would not give the European Union (Withdrawal) Act their approval, even tabling their own versions of the legislation. Wales backed down, giving consent, after the UK Government amended the offending part of the Withdrawal Act, but the Scottish Parliament refused to do so. The UK Government pressed ahead with the legislation, despite Scottish objections, arguing that Brexit was not 'normal circumstances' and the Act was required to deliver the outcome of the EU referendum. However, the Scottish Government has not dropped its 'Continuity Bill' and, following a legal challenge from the UK Government, is waiting on a judgment from the UK Supreme Court.

---

The Scottish Government has also declared that it will recommend that its Parliament does not give consent to any more legislation from Westminster.<sup>27</sup> That will cause serious headaches for the UK Government, as future Brexit legislation will be in areas that are clearly within devolved competence, for example agriculture and fisheries. If the UK Government continues to press on without consent, it will push the devolution settlements to their limit. The Scottish Parliament, for example, may see being sidelined from negotiations and having major laws dictated from Westminster as a constitutional crisis.

**Even if the Prime Minister can get a Withdrawal Agreement in Brussels, she might return to find that the negotiations in Westminster are even more fraught**

The Government will need to navigate a combative Parliament even in its best-case scenario. The meaningful vote and the legislation required to implement any deal will be the Prime Minister's biggest parliamentary hurdles yet. Lining up enough support for her deal could require her to seek opposition MPs prepared to defy their own party leader.

The Withdrawal Agreement Bill, which is needed to give the Withdrawal Agreement effect in UK law, will be open to all sorts of challenging amendments – whether it is seeking to constrain the Government's negotiating position on the future relationship or even requesting a second Brexit referendum. It is also likely that the content will be politically contentious. While it is true that the Government has spent too much time negotiating with itself on Brexit, the Prime Minister's ability to secure support in Westminster will be vital over the coming months.

There is very little time to postpone or delay matters if things get fractious. In the past, significant treaty changes have taken around 40 sitting days to get through the House of Commons and the House of Lords. The Government will have around 80 sitting days if it manages to hit its target of reaching a deal by the October European Council – but that does not take into account the need to allocate time to other issues such as the Budget, the possible two weeks taken out for the meaningful vote and the time to pull together the legislation once a deal is agreed. It also assumes that a deal is done in October, something that looks increasingly uncertain. If the deal is in mid-November, it could be more like 70 days – not counting the meaningful vote and the Budget – and by the December European Council it would be around 50.

If additional time is needed to get the necessary legislation over the line, the UK Government could request an extension of Article 50. Securing extra time would be far from straightforward though. First, the date has become totemic for many Brexit supporters – even a few days could cause political problems. Second, it requires unanimous backing from the 27 other EU member states. Finally, there is unlikely to be appetite for anything that goes beyond the European Parliament elections in May. In short, even if the Prime Minister could persuade her party and the European Council to back an extension, it would offer just days or weeks.



---

## **In a no deal scenario, the Government faces a huge technical and political challenge in Parliament**

If the UK fails to secure a Withdrawal Agreement, or if Parliament decides it does not want to accept the deal that is on offer from the Prime Minister, the parliamentary challenge is more significant. Additional primary legislation will be required. And as much Brexit-related secondary legislation will have to be passed in six months as has been passed in the past year. In the year after the 2017 Queen's Speech, Parliament averaged around five pieces of secondary legislation per sitting day. To prepare the statute book for a 'no deal' Brexit, Parliament must manage around double that per sitting day on Brexit issues alone. The number of SIs is not just a challenge for Parliament, but also the departments responsible for drafting them.

Primary legislation can, technically, be rushed through in as little as a day if it needs to be and most secondary legislation can be passed just as quickly. But to do so would be to largely circumvent Parliament. The Government's opponents might argue that this would undermine parliamentary sovereignty. An alternative would be to extend the time each day that Parliament sits, to give MPs more time to discuss the required legislation. This possibility was raised at the Exiting the European Union Select Committee in the first week of September 2018.<sup>28</sup> However, later that week, Andrea Leadsom, the Leader of the House of Commons, told Parliament that this would not be necessary.<sup>29</sup>

In addition, there would be a 'vote on no deal' in January 2019 – now in statute as part of the Withdrawal Act. The motion on which MPs vote is quite likely to be unamendable, making it more difficult for Parliament to tell the Government what to do. Parliament may try to do this anyway, whether by challenging the rules that say the motion is unamendable, or by pressuring the Government to table an amendable motion, or by putting down amendments on other government business.

### **March 2019: will we be ready?**

Tables 2 and 3 assess the legislative readiness for March 2019 against two scenarios. Table 2 looks at the preferred outcome of reaching a deal on the UK's withdrawal from the EU. Table 3 looks at readiness in the case of no deal. The bills under each scenario are assessed on whether they are on track (or already legislated for), have yet to be introduced but should be in place by March 2019, or are facing significant issues.

#### **Legislative readiness if there is a Withdrawal Agreement**

If the Prime Minister can strike a deal with the EU that survives the meaningful vote in Parliament, the focus will be on one key piece of legislation: the Withdrawal Agreement Bill, which is shown in Table 2 as amber, given the uncertainty around its passage to Royal Assent. Of the other legislation, almost all – with the possible exception of some secondary legislation – can wait until the end of the transition period. In Table 2, this is represented by the green rating.

**Table 2: Brexit legislation: if the UK and the EU agree a Withdrawal Agreement**

Legislation	Description	Ready for March 2019?	Why?
EU Withdrawal Bill	Repeals the European Communities Act 1972 and ensures legal continuity		Received Royal Assent in July 2018
EU Withdrawal Agreement Bill	Implements the Withdrawal Agreement in domestic law		The only bill needed for March 2019 in the event of a deal. Will be open to some potentially contentious amendments and could require a rush through Parliament, but if the meaningful vote is passed then the bill is likely to pass too.
Other legislation	The raft of other bills announced in areas such as agriculture and fisheries		Additional primary legislation not required until December 2020. Some secondary legislation may be necessary, but not a significant amount.

**Legislative readiness if there is no deal**

If the Prime Minister fails to get a Withdrawal Agreement, the legislative task for March 2019 is much greater. The raft of bills that could otherwise wait until the transition will need to be passed over the coming months. Substantial progress has been made already, but there is a lot left to do. In Table 3, a green rating indicates where a bill is likely to receive Royal Assent in time for an exit from the EU without a deal, amber means that this is uncertain and red means that the Government will face major challenges to laying the required legislation before March 2019.

**Table 3: Brexit legislation: if the UK leaves the EU without a deal in March 2019**

Legislation	Description	No deal	Why?
EU Withdrawal Bill	Repeals the European Communities Act 1972 and ensures legal continuity		Received Royal Assent in July 2018
Sanctions Bill	Gives powers to create sanctions regimes and keep anti-money laundering measures updated		Received Royal Assent in May 2018
Road Haulage Bill	Ensures that UK hauliers can continue operating internationally		Received Royal Assent in July 2018
Nuclear Safeguards Bill	Creates a framework for a domestic nuclear safeguards regime to replace the EU's		Received Royal Assent in June 2018
Customs Bill	Gives the UK powers to run its own customs regime		Received Royal Assent in September 2018
Trade Bill	Gives powers to build future trade policy		Passed third reading in the House of Commons. The House of Lords could amend but is unlikely to insist, based on the passage of the EU Withdrawal Bill. It is therefore on track to receive Royal Assent by March 2019.
Agriculture Bill	For the creation of a domestic agricultural regime		A bill has been published, and parts may be required for no deal. Not clear whether there is time before March 2019.
Fisheries Bill	For the creation of domestic fisheries policy		Only a white paper has been published, and parts may be required for no deal. Not clear whether there is time before March 2019.

Citizens' Rights Bill	To give status to EU/EEA nationals living in the UK under free movement		<p>The bill is needed to give certainty to EU/EEA nationals. It could simply replicate the relevant content of the planned Withdrawal Agreement Bill. But no confirmation yet of the Government's intentions.</p> <p>There would need to be a separate Migration Bill in order to end free movement, but that is not practically possible by March 2019 as around two years would be needed to get an appropriate system in place.</p>
Secondary legislation	Implements the detail of the above and makes other changes to existing legislation to ensure continuity after exit		For no deal, around 800 SIs need to pass in less than six months – which is around the amount Parliament managed in the last year.

# Implementation

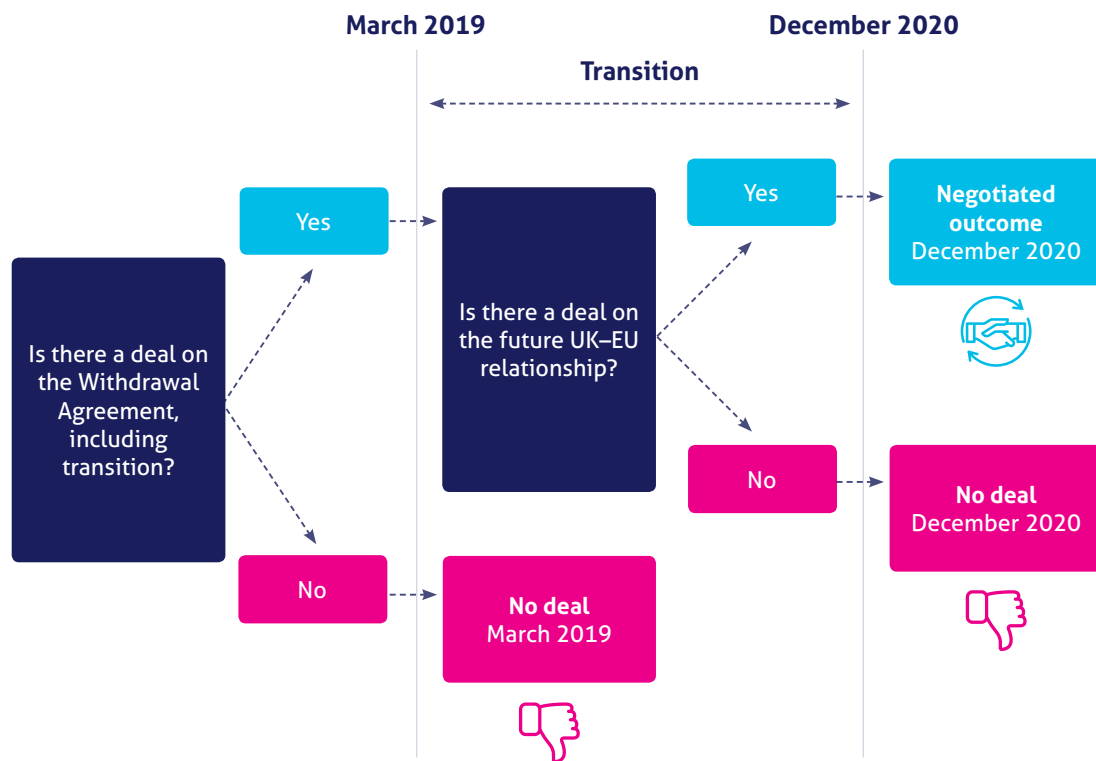
## The scale of the task

Any new relationship with the EU will bring with it new responsibilities for the UK Government. 'Taking back control' of different areas of policy requires new systems, processes and institutions to manage them. Brexit is likely to lead to unprecedented levels of change across huge swathes of policy simultaneously, including the border, migration, agriculture, fisheries and the environment. It will have consequences for government institutions of all shapes and sizes, from Whitehall departments and their arm's-length bodies, to the devolved administrations in Wales, Scotland and Northern Ireland, down to local authorities throughout the UK.

If, how and when these changes are required will be determined by the nature of any deal with the EU. Until that is clear, there are multiple scenarios to prepare for (see Figure 3):

- the UK leaves the EU without a Withdrawal Agreement in March 2019
- the terms of withdrawal are agreed but it proves impossible to agree on a future relationship
- a deal is reached on both the Withdrawal Agreement and a future relationship.

**Figure 3: Brexit implementation scenarios**



Source: Institute for Government analysis.

---

For March 2019, both the deal and no deal scenarios are still in play – and have to be prepared for with no certainty on the final destination. And it is not just the Government that needs to be ready. Unlike negotiation and legislation, where the task falls squarely on the Government to deliver, Brexit implementation depends on a wide-ranging web of external organisations. There are more than 140,000 different businesses that will need to be ready for changes at the border alone, for instance. If a few critical ones are not prepared, it does not matter how ready the Government is.

## What has been done so far?

The Government was slow out of the blocks in terms of implementation, but has now made progress in six key areas:

- 1. The Government knows what needs to be done, and who is supposed to be doing it.** Departments have collectively identified more than 300 issues, or 'workstreams', that need to be addressed as a result of Brexit. Many have been grouped into 40–50 overarching projects, spanning the work of almost 20 departments.
- 2. The different possible scenarios have been clarified, and plans drawn up accordingly.** It took until March 2017 before there was broad agreement on how the Government would prepare for no deal – on either the Withdrawal Agreement or the future relationship – and a 'negotiated outcome'. But guidance has since been issued, and each workstream is now progressing along multiple different tracks.
- 3. More time has been secured – in principle.** It quickly became apparent that the implementation task would be unfeasible before March 2019, both for government and for those outside it. The UK and the EU have accordingly agreed on a 21-month transition period to last until the end of December 2020, although this depends on the Withdrawal Agreement being settled and surviving parliamentary hurdles in Westminster and Brussels.
- 4. The Government has committed billions of pounds to Brexit preparations.** It will have spent approximately £2bn on Brexit preparations by March 2019, with a further £1.5bn already committed for the 2019/20 financial year. It has also made it easier for departments to spend this money quickly, scaling back some of the hoops that departments are typically expected to jump through to reflect the tight timelines for Brexit implementation work, while still recognising the need for continued scrutiny of spending.
- 5. Implementation work has progressed from plans to action.** In the immediate aftermath of the Brexit vote, the focus was on supporting the negotiations and making policy and plans, but the focus is now shifting to the implementation work itself. A series of ministerial directions in early 2018 was the first concrete indication of this, with increased funding and plans to recruit an extra 9,000 staff – many of them on the front lines – a further reflection of the direction of travel.

---

**6. Government communication to businesses that need to plan for no deal has just begun in earnest.** The batches of notices on no deal preparations are a positive step for a government that has so far been reticent when it comes to communicating its plans to external stakeholders. Fifty-two have been published, with around a further 30 expected, although they have received a mixed response.

### What still needs to happen?

If the Government achieves its preferred outcome of striking a Withdrawal Agreement, the task for March 2019 is minimal – a transition will ensure that, aside from the UK leaving the political institutions of the EU, the UK–EU relationship continues as now for 21 months.

But until such an agreement is certain, the UK must prepare for no deal. Such an outcome would mean trading with the EU as a third country with no preferential treatment agreed, with new import and export requirements for both government and business; new constraints on services providers; and new regulators required. Citizens, particularly those from the EU living in the UK (or vice versa), will need to be given certainty around their status. Overall, the task is significant and requires both government and business to be ready for a dramatic change. The UK has begun communicating its plans, but many of the more sensitive issues are yet to be covered.

Even if an agreement is reached, the UK Government has to do a significant amount of implementation work to be ready for December 2020. The UK wants to have implemented its – yet to be agreed – future relationship by 2020, but will simultaneously need to be preparing for the prospect that the negotiations on such a relationship fail and the outcome is no deal.

### Progress with six months to go

#### **The Government's guidance for minimising no deal disruption in March 2019 came too late**

The Government's notices on no deal readiness came only seven months before Brexit day. While substantial work on no deal will have been going on behind the scenes, waiting until August 2018 means it is likely to be too late for many businesses to meaningfully prepare. Even at this late stage, the notices contained significant gaps, with further information promised in the following weeks and months.

The Government appeared to slow down preparations for no deal after transition was agreed in principle in March 2018. But there was no guarantee of a smooth exit, and other European governments, such as the Irish and Dutch Governments, had published guidance much earlier. By the time the UK Government began prioritising contingency work in summer 2018, it was already playing catch up.

---

## **Secrecy and sensitivity about Brexit have meant that business has got insufficient time to properly prepare**

The Government's preparations are also just one part of what is necessary to prepare for Brexit. Business, citizens and other external stakeholders will need to adapt as rules change, new requirements are introduced, technology is put in place or new institutions are established. Avoiding disruption is not just about a government department being ready – it is about all of those who need to interact with a service or process knowing what to do.

For relatively straightforward changes to customs systems in the past, traders were given 18 months to prepare once the Government had put its changes in place. Organisations were given up to six years to get ready for automatic pension enrolment, with changes phased in over five years. The Government's efforts to digitise tax were announced in 2015 and are not due to be fully in place until 2020, with timelines being moved back to accommodate small businesses struggling to make the changes.

As it stands, guidance on no deal only started to be formally issued to business about a month ago, leaving them seven months to prepare. While some have been involved earlier – using non-disclosure agreements – it still gave them significantly less time than they would expect based on precedent.

## **A Withdrawal Agreement does not offer certainty – preparations for no deal will need to continue throughout the transition**

Government and business will breathe a huge sigh of relief if a Withdrawal Agreement is signed and the 21-month transition period is secured. But the future relationship negotiations could also end in no deal. The Government will need to decide whether to use the transition period to put in place more comprehensive contingency plans, or shelve its current plans for March 2019 with a view to dusting them off a year or so down the line.

This decision will ultimately come down to a question of risk appetite and the type of deal the UK is pursuing. Where there are big areas of potentially nugatory spend, the Government may choose to do the bare minimum: it will likely be reluctant, for instance, to spend money on building up new regulators where it hopes to retain membership of EU equivalents. But either way, the teams that are currently working on preparations for no deal will not disappear. And the risk will not go away – if anything, the future relationship negotiations will be more contentious, and subject to even more time pressure.

## **Even if there is a deal on the future relationship, the detail will not be clear until late in the process**

In addition to continued preparations for no deal, the Government is expecting to use the transition period to prepare for the future relationship. But the negotiations, determining exactly what that new relationship will be and what must change as



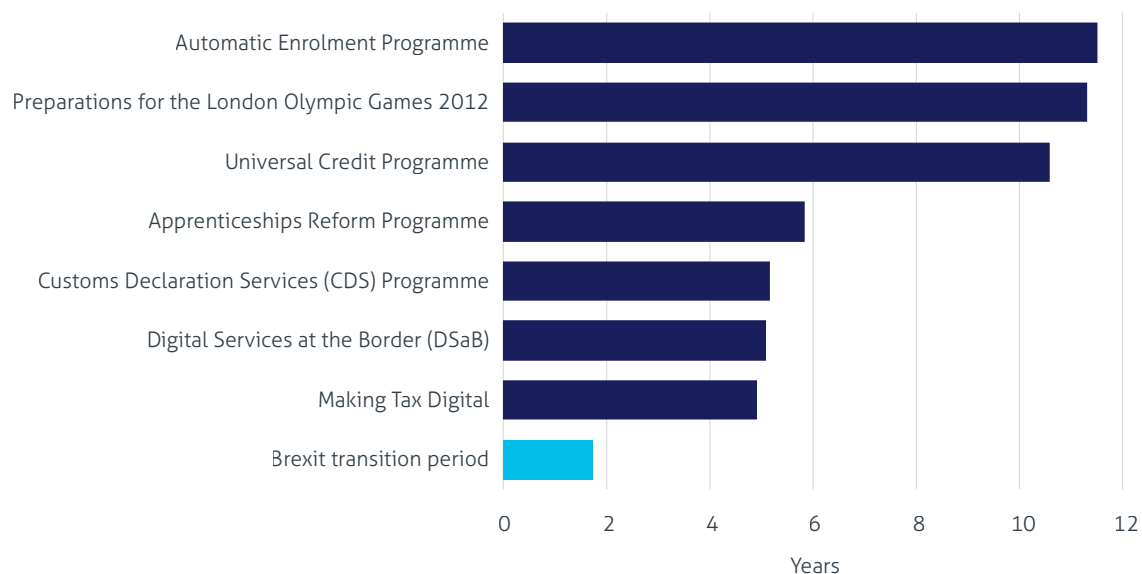
a result, will be running simultaneously. The Government will be preparing for an unknown outcome, with details yet to be agreed and significant uncertainty remaining.

Details matter for these preparations. Whether or not the UK retains access to certain EU systems, for instance, could be agreed very late in the day. But exactly what is agreed will have major consequences for the teams in government tasked with responding. It is simply not possible to fully implement an agreement that, for most if not all of the transition period, will not be agreed.

### **The Prime Minister must accept that everything will not be ready for December 2020**

Given the multiple scenarios, the fact that many details will not be agreed until the last minute at best, and the need to manage the Brexit negotiations and a challenging legislative task at the same time, implementing the kind of Brexit proposed by the UK Government in the transition period looks completely unfeasible. Even without these constraints, 21 months would have offered significantly less time than that required for other recent, and more straightforward, major projects (see Figure 4).

**Figure 4: Time spent on major government projects, compared with length of Brexit transition period**



Source: Institute for Government analysis of Government Major Projects Portfolio data.

The Government has already admitted that new customs systems are very unlikely to be fully up and running by December 2020 and may not be until 2022 or later.<sup>30</sup> The story is likely to be similar for migration. A new system is unlikely to be ready for mid-2021, as per current plans. The last change, which was modest in comparison to ending the free movement of people, took four years from design until implementation. New regulators can take around three years to put in place, but the UK could have only months. It is simply not possible to replace the functions currently delivered at an EU level in that time, or at least not to the standard the UK is used to.

---

## **If the Government does not try to buy more time to prepare for Brexit, it could face major disruption in 2020**

Brexit is the biggest implementation challenge the Government has faced in generations. But it is also competing with a heroic timeline.

Eventually, the Government will make a choice between time and quality. If the priority is time, then something will need to be ready for 2020. That something is likely to be a work in progress, with disruption inevitable both inside and outside government, and further changes necessary over the coming years. If ministers think that kind of messy Brexit is unacceptable, their only alternative is to seek more time.

But more time is not easy to secure. It would be politically contentious in the UK, with many in Parliament and the public expecting Brexit to be delivered before the next general election, which is due to take place in 2022. But most importantly, it would need to be acceptable to the EU. Brussels has indicated that it wants to draw a line under Brexit by the end of 2020, when the new multi-annual funding framework kicks in.

The current draft of the Withdrawal Agreement contains no provision for the transition period to be extended, but this could change. EU member states – not least France, Ireland and the Netherlands – face a challenge of their own in preparing for Brexit and Brussels may come to think of continued UK involvement for a short period (including financial contributions) as a broad positive.

Ultimately, the choice will need to be made: continue to prioritise speed – accepting the likely disruption it could bring – or try to buy more time.

### **March 2019: will we be ready?**

Below we assess the preparedness for March 2019 against two scenarios. First we look at the preferred outcome of reaching a deal on withdrawal from the EU. Table 4 then looks at readiness in the case of no deal.

#### **Preparedness if there is a Withdrawal Agreement**

A deal means a transition. A transition means nothing changes in March 2019. The Government, outside of the political institutions of the EU, would need to bolster its presence in Brussels but that is about it. Major changes on the border, for example, would not be needed.

#### **Readiness for no deal**

Without a deal, the UK faces the most dramatic change in the shortest period of time. Table 4 assesses the Government's readiness for this change. A green rating implies that the Government will be ready for a no deal in the relevant area; amber means there is uncertainty as to whether the Government will be ready; and red suggests that the Government will not be able to mitigate major negative impacts of no deal in 2019 completely.

**Table 4: Brexit implementation: if the UK leaves the EU without a deal in March 2019**

Policy area	Ready for March 2019?	Why?
<p><b>The border</b></p> <p>Preparing for a new customs regime and regulatory requirements</p>		<p>The UK Government aims to minimise change, but new requirements in areas like customs and controlled goods are unavoidable. The EU's response is likely to put major demands on traders.</p> <p>There has been very little public engagement on impact – most of those affected have been given just seven months to prepare, with a lack of clarity over what is practically required.</p> <p>Past changes – significantly smaller in scale – have taken considerably longer.</p>
<p><b>Citizens and migration</b></p> <p>Preparing for a new immigration regime and providing certainty to EU citizens already in the UK</p>		<p>There is no clarity on the rights of EU citizens after March 2019 or the process for settlement.</p> <p>The Home Office has already done significant work to prepare the system for EU residents in the UK, which could be used if the UK makes a unilateral offer in case of no deal.</p> <p>Free movement could, in effect, continue for EU citizens coming to the UK, minimising changes.</p> <p>There is no clarity on the position of UK citizens in EU countries if there is no Withdrawal Agreement – this is the responsibility of each individual member state.</p>
<p><b>Agriculture, fisheries and food</b></p> <p>Implementing new systems for managing agriculture and fisheries, ensuring supply chains are maintained</p>		<p>The UK has guaranteed current funding for farmers until the end of the current payment cycle.</p> <p>There is no clarity over the UK's approach to fishing and quotas after Brexit.</p> <p>It is likely that exports from animal or plant origin to the EU would be prohibited after Brexit but it is not clear how the UK Government plans to mitigate or manage this.</p>
<p><b>Health</b></p> <p>Creating new testing regimes and ensuring supply chains are maintained</p>		<p>The UK Government has proposed to take available steps to ensure continuity, accepting EU authorisations and approvals.</p> <p>But for medicines/medical devices with complex supply chains, there could be major disruption as the EU is unlikely to take the same approach.</p> <p>NHS organisations have complained of insufficient detail from the Government, with little contingency work happening just seven months before Brexit day.</p>

<p><b>Transport</b></p> <p>Creating new databases, new infrastructure and ensuring cross-border travel continues uninterrupted.</p>		<p>The Government has plans in place to manage traffic in Kent caused by checks at EU ports – but without a deal will not be able to avoid it completely.</p> <p>The Government is working with the Post Office to increase capacity for processing international drivers' licences; but the National Audit Office (NAO) noted that as of July, the Department for Transport did not have detailed delivery plans.</p> <p>The NAO also noted that the department has not yet begun implementing a number of new IT systems and databases it will need to issue permits.</p> <p>There is no clarity about how the Government intends to ensure continued UK access to international agreements on aviation.</p>
<p><b>Services</b></p> <p>Preparing for changes to regulatory regimes and terms of access to the EU market</p>		<p>The UK Government has committed to unilateral actions to minimise disruption in a no deal scenario, e.g. temporary permissions regimes allowing EU financial services firms to continue operating in the UK for a limited period while seeking UK authorisation.</p> <p>But there are many areas that require EU action, and no guarantee it will reciprocate. This will affect the ability of UK business to operate on the continent. Many will likely need to establish an entity in an EU country to continue trading in the EU.</p> <p>Preparedness notice published on banking, insurance and other financial services as well as telecoms and broadcasting, but little public information for businesses in other sectors.</p>
<p><b>Energy and environment</b></p> <p>Creating a new nuclear safeguards regime, replacing other functions currently carried out by EU agencies</p>		<p>The UK has published preparedness notice on civil nuclear regulation. The Office for Nuclear Regulation will take over some EU functions and is in the process of procuring a new IT system, training new inspectors and has secured funding for its increased role.</p> <p>The UK has promised a new environmental watchdog to replace EU functions, which it has been running a consultation on. However, there's unlikely to be sufficient time to have it in place by March 2019. New public bodies have taken two to three years to get up and running in the past.</p> <p>Exporters in highly regulated sectors, such as chemicals, face major challenges after Brexit. Very limited advice on how to manage the change, with little time remaining.</p> <p>Security and continuity of electricity supply for Northern Ireland in the case of no deal is a major risk, if the UK loses access to the Integrated Single Electricity Market. No indication of what the Government's mitigations would be.</p>

<p><b>Competition, tax and data</b></p> <p>Beefing up the Competition and Markets Authority (CMA), implementing new tax regimes and creating new trade policy</p>		<p>The Competition and Markets Authority is expanding to handle an increase in the volume and complexity of its cases, as it takes on the responsibilities of the European Commission for the UK. CMA would lose access to EU intelligence sharing arrangements to assist enforcement in no deal scenario. Then reliant on bilateral agreements to mitigate impact, and no guarantee of those.</p> <p>Progress unclear on new HMRC system for validating VAT registration numbers. A digital service allowing EU businesses to declare and pay VAT on products sold in the UK is expected to go online in early 2019.</p> <p>In the absence of a data adequacy decision from the EU, UK firms will have to rely on alternative means of data transfer, such as standard contractual clauses. This is likely to be particularly costly for SMEs.</p>
<p><b>Law and justice</b></p> <p>Ensuring UK capacity to fill gaps where currently supported by EU membership</p>		<p>The Government has not published a no deal notice in this area. It is unclear whether the Government needs additional legislation before a no deal to keep holding individuals arrested on a European Arrest Warrant.</p> <p>Without a deal, current co-operation with EU law enforcement bodies will cease. The UK will have to rely on outdated or less secure methods to work with EU counterparts.</p> <p>The Government could try and mitigate impact through bilateral agreements, but there is unlikely to be sufficient time.</p>
<p><b>EU programmes and funds</b></p> <p>Ensuring current beneficiaries do not lose out and benefits are maintained</p>		<p>The Government has guaranteed that UK beneficiaries of EU funds will continue to receive funding until the end of 2020, regardless of the outcome of negotiations.</p> <p>The no deal notices in this area provided details of how UK organisations can claim their funding from the Government if necessary.</p> <p>Many of the payment mechanisms exist already; it will just be the source of funding that changes. Others can be established fairly quickly.</p>

---

## References

- 1 Raab D, 'Brexit negotiations and no deal contingency planning', *Hansard*, 4 September 2018, vol. 646, col. 50, retrieved 10 September 2018, <https://hansard.parliament.uk/commons/2018-09-04/debates/3F1F8363-0A4B-4DB6-B8C0-CC8D64DBF150/BrexitNegotiationsAndNoDealContingencyPlanning>
- 2 European Commission, *Brexit negotiating directives*, European Commission, 2018, retrieved 11 September 2018, [www.consilium.europa.eu/en/press/press-releases/2017/05/22/brexit-negotiating-directives](http://www.consilium.europa.eu/en/press/press-releases/2017/05/22/brexit-negotiating-directives)
- 3 House of Commons International Trade Committee, *Continuing application of EU trade agreements after Brexit: First Report of Session 2017–19*, HC520, Parliament UK, 2018, retrieved 10 September 2018, [https://publications.parliament.uk/pa/cm201719/cmselect/cmtrade/520/52005.htm#\\_idTextAnchor003](https://publications.parliament.uk/pa/cm201719/cmselect/cmtrade/520/52005.htm#_idTextAnchor003)
- 4 McClean P, 'After Brexit: the UK will need to renegotiate at least 759 treaties', *Financial Times*, 30 May 2017, retrieved 10 September 2018, [www.ft.com/content/f1435a8e-372b-11e7-bce4-9023f8c0fd2e](http://www.ft.com/content/f1435a8e-372b-11e7-bce4-9023f8c0fd2e)
- 5 European Commission, *Draft Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community*, European Commission, 2018, retrieved 10 September 2018, [https://ec.europa.eu/commission/publications/draft-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community-0\\_en](https://ec.europa.eu/commission/publications/draft-agreement-withdrawal-united-kingdom-great-britain-and-northern-ireland-european-union-and-european-atomic-energy-community-0_en)
- 6 Barnier M, 'Press statement by Michel Barnier following the July 2018 General Affairs Council (Article 50)', press statement, European Commission 20 July 2018, retrieved 10 August 2018, [http://europa.eu/rapid/press-release\\_STATEMENT-18-4626\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-18-4626_en.htm)
- 7 Raab D, 'Secretary of State Dominic Raab's speech on no deal planning', speech, 23 August 2018, retrieved 10 August 2018, [www.gov.uk/government/news/secretary-of-state-dominic-raabs-speech-on-no-deal-planning](http://www.gov.uk/government/news/secretary-of-state-dominic-raabs-speech-on-no-deal-planning)
- 8 European Commission, *Joint Report from the Negotiators of the European Union and the United Kingdom on Negotiations During Phase 1 of Negotiations Under Article 50 TEU on the United Kingdom's Orderly Withdrawal from the European Union*, European Commission, 2017, retrieved 10 September 2018, [https://ec.europa.eu/commission/publications/joint-report-negotiators-european-union-and-united-kingdom-government-progress-during-phase-1-negotiations-under-article-50-teu-united-kingdoms-orderly-withdrawal-european-union\\_en](https://ec.europa.eu/commission/publications/joint-report-negotiators-european-union-and-united-kingdom-government-progress-during-phase-1-negotiations-under-article-50-teu-united-kingdoms-orderly-withdrawal-european-union_en)
- 9 Tusk D, 'Statement by President Donald Tusk on the draft guidelines for the second phase of the Brexit negotiations', press statement, European Council, 8 December 2017, retrieved 11 September 2017, [www.consilium.europa.eu/en/press/press-releases/2017/12/08/statement-by-president-donald-tusk-on-second-phase-brexit](http://www.consilium.europa.eu/en/press/press-releases/2017/12/08/statement-by-president-donald-tusk-on-second-phase-brexit)
- 10 HM Government, *The Future Relationship Between the United Kingdom and the European Union*, Cm 9593, The Stationery Office, 2018, retrieved 10 September 2018, [www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union](http://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union)
- 11 BBC News, 'Michel Barnier questions Theresa May's Brexit white paper', BBC News, 20 July 2018, retrieved 10 September 2018, [www.bbc.co.uk/news/uk-politics-44903652](http://www.bbc.co.uk/news/uk-politics-44903652)
- 12 Barnier M, interview with *Frankfurter Allgemeine Zeitung*, 2 September 2018, retrieved 10 September 2018, [www.faz.net/aktuell/politik/ausland/eu-chefverhandler-michel-barnier-im-gespraech-ueber-den-brexit-15766681.html](http://www.faz.net/aktuell/politik/ausland/eu-chefverhandler-michel-barnier-im-gespraech-ueber-den-brexit-15766681.html)
- 13 HM Government, *The Future Relationship Between the United Kingdom and the European Union*, Cm 9593, The Stationery Office, 2018, retrieved 10 September 2018, [www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union](http://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union)
- 14 HM Government, *Technical Note: Temporary customs arrangement*, GOV.UK, 2018, retrieved 10 September 2018, [www.gov.uk/government/publications/technical-note-on-temporary-customs-arrangement](http://www.gov.uk/government/publications/technical-note-on-temporary-customs-arrangement)
- 15 HM Government, *The Future Relationship Between the United Kingdom and the European Union*, Cm 9593, The Stationery Office, 2018, retrieved 10 September 2018, [www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union](http://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union)

- 
- 16 May T, 'Engagements', *Hansard*, 28 February 2018, vol. 636, col. 824, retrieved 10 September 2018, <https://hansard.parliament.uk/Commons/2018-02-28/debates/1FOCE924-51C5-4698-B16B-OCD495082B12/Engagements?highlight=draft%20legal%20text%20that%20Commission%20published#contribution-473037CF-8AC2-4419-82C5-2E30E711F325>
  - 17 Barnier M, 'Press statement by Michel Barnier following this week's round of negotiations', press statement, European Commission, 8 June 2018, retrieved 10 September 2018, [https://ec.europa.eu/ireland/news/our-backstop-cannot-be-extended-to-the-whole-uk-michel-barnier\\_en](https://ec.europa.eu/ireland/news/our-backstop-cannot-be-extended-to-the-whole-uk-michel-barnier_en)
  - 18 House of Commons Committee of Public Accounts, *Exiting the EU: The financial settlement, Forty-Eighth Report of Session 2017–19*, HC973, 2018, retrieved September 11 2018, <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/973/973.pdf>
  - 19 Barnier M, 'Statement by Michel Barnier at the press conference following his meeting with Dominic Raab, UK Secretary of State for Exiting the EU', European Commission, 26 July 2018, retrieved 10 September 2018, [http://europa.eu/rapid/press-release\\_SPEECH-18-4704\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-18-4704_en.htm)
  - 20 *Ibid.*
  - 21 See Durrant T, Lloyd L and Thimont Jack M, *Negotiating Brexit: Policing and criminal justice*, Institute for Government, 2018, retrieved 10 September 2018, [www.instituteforgovernment.org.uk/publications/negotiating-brexit-policing-and-criminal-justice](http://www.instituteforgovernment.org.uk/publications/negotiating-brexit-policing-and-criminal-justice)
  - 22 Europa, *Consolidated Version of the Treaty on the Functioning of the European Union: Part five: External action by the Union – title IV: Restrictive measures – Article 218 (ex Article 300 TEC)*, EUR-Lex, 2008, retrieved 10 September 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A12008E218>
  - 23 Institute for Government, 'Bilateral agreements', explainer, 2017, retrieved 11 September 2018, [www.instituteforgovernment.org.uk/explainers/bilateral-agreements](http://www.instituteforgovernment.org.uk/explainers/bilateral-agreements)
  - 24 Parliament UK, 'European Union (Notification of Withdrawal) Act 2017', Parliament UK, retrieved 10 September 2018, <https://services.parliament.uk/bills/2016-17/europeanunionnotificationofwithdrawal.html>
  - 25 Parliament UK, 'European Union (Withdrawal) Act 2018', Parliament UK, retrieved 10 September 2018, <https://services.parliament.uk/bills/2017-19/europeanunionwithdrawal.html>
  - 26 Lilly A, White H and Haigh J, *Parliamentary Monitor 2018*, Institute for Government, 2018, retrieved 10 September 2018, [www.instituteforgovernment.org.uk/publications/parliamentary-monitor-2018](http://www.instituteforgovernment.org.uk/publications/parliamentary-monitor-2018)
  - 27 BBC News, 'Holyrood 'won't approve any Brexit bills'', BBC News, 22 June 2018, retrieved 11 September 2018, [www.bbc.co.uk/news/uk-scotland-scotland-politics-44565070](http://www.bbc.co.uk/news/uk-scotland-scotland-politics-44565070)
  - 28 House of Commons Committee of Exiting the European Union, *Oral Evidence: the progress of the UK's negotiations on EU withdrawal (HC372)*, 4 September 2018, <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/exiting-the-european-union-committee/the-progress-of-the-uks-negotiations-on-eu-withdrawal/oral/88891.html>
  - 29 Leadsom A, 'Business of the House', *Hansard*, 6 September 2018, vol. 646, col. 327, retrieved 10 September 2018, <https://hansard.parliament.uk/Commons/2018-09-06/debates/A8C45492-5DB2-45CC-8AB9-AF2972A40034/BusinessOfTheHouse>
  - 30 BBC News, 'Brexit: Technology-based customs system 'could cost £20bn'', BBC News, 23 May 2018, retrieved 11 September 2018, [www.bbc.co.uk/news/uk-politics-44229606](http://www.bbc.co.uk/news/uk-politics-44229606)

---

## About the authors

**Joe Owen** is an Associate Director at the Institute for Government. He works on the Institute's Brexit programme and leads its research into Whitehall's preparation for exiting the European Union. Joe has also worked on immigration, customs and trade.

**Lewis Lloyd** is a Researcher at the Institute for Government, working in the Brexit team. He graduated from the University of Cambridge with a BA in Politics, Psychology and Sociology in 2015, and has an MSc in Intelligent Systems from the University of Sussex. Lewis has previously worked for a polar explorer, a cyber-security start-up, and as a paralegal.

**Tim Durrant** is a Senior Researcher on the Institute for Government's Brexit programme. Before joining the Institute, he worked at HM Treasury on the Government's Brexit strategy. During his time in the civil service, Tim also worked on the UK's relationships with EU member states and the members of the Gulf Cooperation Council, as well as spending on energy and climate change policies.

**Jill Rutter** is a Programme Director at the Institute for Government. She directs the Institute's work on better policy making and arm's-length government, and Brexit. Before joining the Institute, Jill was Director of Strategy and Sustainable Development at Defra. Her previous civil service jobs include periods as HM Treasury Communications Director, in private office and as the policy lead on tax, development and local government finance, as well as working in the Number 10 Policy Unit.



**The Institute for Government is the leading think tank working to make government more effective.**

We provide rigorous research and analysis, topical commentary and public events to explore the key challenges facing government.

We offer a space for discussion and fresh thinking, to help senior politicians and civil servants think differently and bring about change.

Copies of this IfG Insight are available alongside our other research work at:

 [instituteforgovernment.org.uk](https://instituteforgovernment.org.uk)

 [enquiries@instituteforgovernment.org.uk](mailto:enquiries@instituteforgovernment.org.uk)

 +44 (0) 20 7747 0400     +44 (0) 20 7766 0700

 [@instituteforgov](https://twitter.com/instituteforgov)

**Institute for Government, 2 Carlton Gardens  
London SW1Y 5AA, United Kingdom**

**September 2018**

**© Institute for Government 2018**

The Institute for Government is a registered charity in England and Wales (No.1123926) with cross-party governance. Our main funder is the Gatsby Charitable Foundation, one of the Sainsbury Family Charitable Trusts.