In 2019 Boris Johnson won an election promising to ‘get Brexit done’. Yet while the broad outlines of the UK’s long-term relationship with the EU may have been settled, ministers and officials are still grappling with the new demands Brexit has placed on the British state. Adapting to Brexit is still very much a work in progress. This report assesses the progress made so far.

What follows is based to a significant extent on interviews with people inside and outside government, carried out over the latter months of 2023. We are grateful to all of those who consented to be interviewed for their insights. All the conclusions drawn are ours, not theirs. We are also very grateful to the Institute for Government for helping us navigate and interpret data on civil service numbers, and for their more general comments on the report. Thanks in particular to Jack Worlidge, Rhys Clyne and Joe Owen.

As always this has been a team effort at UKICE. I am particularly grateful to the authors – Joël Reland, Jill Rutter and Alex Walker. Thanks too to Sarah Hall and Catherine Barnard for their comments, and Anthony Broxton and John Barlow for their editing.

No major party may want to talk about Brexit in the forthcoming election campaign. But, as this report makes clear, whoever forms the next government will nonetheless find many of the consequences of Brexit piling up in their in-tray.

12 March 2024

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## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>4</td>
</tr>
<tr>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>Section 1: Size and shape</td>
<td>9</td>
</tr>
<tr>
<td>Section 2: New tasks, functions and policies</td>
<td>19</td>
</tr>
<tr>
<td>1. Tasks</td>
<td>20</td>
</tr>
<tr>
<td>2. Functions</td>
<td>22</td>
</tr>
<tr>
<td>3. Policies</td>
<td>26</td>
</tr>
<tr>
<td>4. Implications</td>
<td>29</td>
</tr>
<tr>
<td>Section 3: Relationships and processes</td>
<td>31</td>
</tr>
<tr>
<td>1. External relations</td>
<td>32</td>
</tr>
<tr>
<td>2. Relations with the devolved governments</td>
<td>36</td>
</tr>
<tr>
<td>3. Arm’s length bodies</td>
<td>42</td>
</tr>
<tr>
<td>4. Relations inside government</td>
<td>44</td>
</tr>
<tr>
<td>5. Relations with business</td>
<td>46</td>
</tr>
<tr>
<td>Conclusion</td>
<td>47</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

- This report examines how the British state has changed as a result of Brexit. Leaving the EU has significantly altered the size and shape of the state, creating new tasks, functions and policies for it to manage. It has also altered its relationships with key stakeholders.

SIZE AND SHAPE

- Brexit led to an increase in the size of the civil service, and is a key reason for staff numbers growing by around 100,000 since the EU referendum. The Cabinet Office, Defra and the Home Office saw particularly large staff increases.

- Brexit also placed new demands on the devolved governments who now have to administer new functions and devise and deliver more policy from scratch, rather than merely implementing EU policy decisions. A lack of capacity has at times made this challenging.

- Whitehall lacks a clear, central unit for coordinating EU policy of the kind which sat in the Cabinet Office pre-Brexit. Though key responsibilities are now split between the FCDO and Cabinet Office, the division of work remains awkward and there is no single body which ensures there is a consistent cross-Whitehall approach to dealing with EU-related matters.

TASKS, FUNCTIONS AND POLICIES

- The UK has taken back control of regulation in a range of areas, but regulators have been hamstrung by a lack of resources, skills and experience. Capacity issues mean the new Office for Environmental Protection has only been able to make a very limited number of interventions, while the Food Standards Agency has had to pause plans for new, non-Brexit related workstreams.

- A number of post-Brexit regimes remain incomplete. It is unclear how the transition of 2.8 million EU and EEA nationals from ‘pre-settled status’ to ‘settled status’ will be handled. The new farm payments scheme has been slow and unwieldy to implement. There have also been repeated delays to the imposition of full checks at the GB-EU border, and to the implementation of new GB regimes for chemicals registration and product standard marks.

- The government lacks a strategic vision of what post-Brexit policymaking should look like. Consequently, an approach is emerging from a series of bottom-up decisions by individual ministers, creating a policy landscape which is incoherent and uncertain. Policy is unstable due to ministerial churn, a lack of central direction, and vulnerability to lobbying. This is part of the reason why there has been relatively little regulatory divergence from the EU.
RELATIONSHIPS

- Relations with the EU have improved since the signing of the Windsor Framework. This has paved the way for progress in certain areas, like UK association with Horizon Europe and closer cooperation on energy and financial services. But regulatory cooperation remains constrained in many areas, and there are questions over how far this can be improved under the Trade and Cooperation Agreement – which many deem to create excessively formalised and narrow forums for discussion.

- The UK has also yet to fully adjust to being a third country actor in Brussels. There appears to be a lack of clear strategy for how to maximise the UK’s influence in Brussels.

- The UK has newly become an independent actor, untied to the EU bloc, in fora like the World Trade Organisation and COP climate summits. While it is widely deemed to have acted as a ‘good citizen’ in such fora, including successfully hosting COP26 and a global AI summit, its overall influence on global trade, climate and AI is widely seen to be diminished by no longer being able to influence the EU’s decision-making from the inside.

- Brexit has from the start put significant strain on relationships with the devolved governments. EU membership created a common regulatory framework across the UK which has now been lost. There are new structures for managing intergovernmental relationships, but political differences have hampered their effectiveness. A constructive, cooperative approach is still lacking.

- The operation of the UK internal market, and in particular Northern Ireland’s place within it, risks being a continuing source of friction. The Windsor Framework will not be fully implemented before 2025 and it remains to be seen whether it can create greater political stability in Northern Ireland.

- Brexit has also taken a toll on relations inside government, with scratchy relationships between new watchdogs and ministers, who have shown a proclivity to intervene in decisions. Relations between ministers and their civil servants have deteriorated and even normal ways of working in the Cabinet have been distorted.

- All of this suggests creating the post-Brexit state is still very much a work in progress.
INTRODUCTION

It is nearly eight years since the Brexit referendum, and over four since then Prime Minister Boris Johnson fought an election on the promise to ‘get Brexit done’. But, with a general election looming, our next Prime Minister will nevertheless inherit a state still coming to terms with Brexit.

The main negotiation and legislative tasks were completed at the end of December 2020. The Trade and Cooperation Agreement (TCA) was put into UK law in a rapidly scheduled session of Parliament. Notwithstanding the row over the Northern Ireland Protocol, for most of government the main task was implementation – taking over functions and responsibilities that had previously been exercised partly, largely or solely by the EU.

Beyond this, Brexit meant developing and putting into action new UK (or Scottish, Welsh and Northern Irish) policies, where previously the government would have been negotiating in Brussels then transposing into UK law. That meant some big changes in focus and the development of enhanced policy making capacity.

Brexit also imposed new strains on relations between the governments in London, Edinburgh and Cardiff – and caused the two-year collapse of the Northern Ireland executive from February 2022 to February 2024. There was a new challenge of how to manage the ‘UK internal market’ in areas where competences were devolved – not an issue when devolution was established in the late 1990s, and when competences were exercised within a framework set by the EU. Theresa May’s proposal for negotiated agreements was overtaken by a more confrontational approach under Boris Johnson.

In addition, the UK now has to manage its new relationship with the EU, establish its presence at the World Trade Organisation (WTO) and start negotiating its own trade deals (as opposed to just rolling over agreements inherited from the EU).

It is not just the centre of government which has had to adapt to the consequences of Brexit. Most of the burden of new functions falls outside the Whitehall core and onto regulators. Some existing agencies have faced an increase in their workload. Others have had to expand their functions and learn how to operate without access to EU information systems or expertise. Finally, some entirely new bodies have been established with a remit to oversee government performance.
The scale of the task of erecting new borders, implementing new processes and developing new functions and capabilities was described by then Cabinet Secretary Jeremy Heywood as ‘probably the biggest and most complex challenge the Civil Service has faced in our peacetime history’. Grappling with those complexities strained relations between ministers and the civil service, not least as some ministers blamed civil service obstructionism for the failure to crystallise quick Brexit benefits. Brexit itself made governing harder, accelerating ministerial churn, reducing the number of experienced ministers serving in successive Cabinets, and restricting the pool from which ministers were chosen.

This report assesses how, and how far, the UK state has adapted to Brexit, changing to exercise its new functions and responsibilities (we do not explore what that has meant for the relationship between Parliament and the executive). It considers the degree to which policies and practice are now settled, with the right resources in place, and with the policy direction clear and roles and responsibilities well understood. It is based in part on interviews with people inside and outside government.
POST-BREXIT MACHINERY OF GOVERNMENT CHANGES

Brexit triggered almost immediate changes in the organisation of government. Decisions were highly politicised and ushered in an era of organisational flux. To signal her Brexit credentials, Theresa May put prominent Brexit supporters – David Davis and Liam Fox – in charge of the two new departments – the Department for Exiting the EU (DExEU) and the Department for International Trade (DIT). This caused predictable internal frictions over the division of responsibilities.

That organisational flux may now be coming to an end. The Department for Exiting the EU was abolished in January 2020, when the UK left the EU’s political institutions. Lead on EU issues passed to the Cabinet Office (and No.10) but has now settled in the Foreign, Commonwealth and Development Office (FCDO), where David Cameron, eight years after his failed renegotiation, finds himself as joint chair of the UK-EU Partnership Council overseeing the TCA. In Brussels, the UK Representation to the EU has been rebranded as the UK Mission to the EU, headed by an Ambassador of slightly lower rank (Director General not Permanent Secretary-level).

After six and a half years as a freestanding department, the Department for International Trade was absorbed into the new Department of Business and Trade (DBT) as part of Rishi Sunak’s February 2023 machinery of government changes. DBT also now leads on the task of identifying regulatory opportunities from Brexit. That, along with the re-creation of a separate energy and climate change department, looks like a structure that could survive a change of government. Labour looks unlikely to want to create a separate trade department, and the creation of the Department of Energy Security and Net Zero (DESNZ) fits with Labour’s ‘mission’ to make the UK a ‘clean energy superpower’.

That said, the new organisation has created some anomalies. A coherent industrial strategy requires coordination across DBT, DESNZ, the new Department of Science, Innovation and Technology as well as the Treasury. Equally, employment law and consumer interests, both much bigger areas for UK government action, are rather buried in the Business and Trade department.
COORDINATION OF EU POLICY

The Cabinet Office has lost its longstanding coordination role on EU issues, which had been a feature of the UK system before Brexit. Cabinet Office secretariats were simplified into one for domestic and economic policy and one for national security, meaning that there is no longer a separate Europe unit or European and Global Issues secretariat. The latter used to coordinate preparation for EU meetings and deal with international economic challenges and was often headed by the prime minister’s ‘sherpa’ - or lead official representative to the EU, G7 and G20. EU policy is now handled by teams within the National Security Secretariat (NSS).

This is not ideal. Even post-Brexit, the UK needs to keep track of policy developments within the EU. These, after all, have implications for the Northern Ireland-GB relationship (the recent command paper on ‘Safeguarding the Union’ requires the UK government to give Stormont ‘advance notice’ of proposed changes to EU legislation affecting Northern Ireland). They also affect the UK’s regulatory choices and, in areas where powers are devolved, the UK Internal Market. Such technical policy matters do not fall naturally to the FCDO - or the NSS - and overall the UK government lacks an institutional focal point for responding to international developments with potentially profound domestic implications, such as the US’s Inflation Reduction Act and the EU’s Next Generation programme.

While the Cabinet Office has lost its policy coordination function, it does house the teams overseeing the implementation of the Windsor Framework and UK border controls. These are far from Cabinet Office core functions and seem like anomalous hangovers from the decision to base the Brexit unit in the Cabinet Office under Lord Frost and the work done on Brexit preparation under Michael Gove. It may also reflect the lack of an obvious single departmental home for ongoing Brexit implementation tasks.

CIVIL SERVICE NUMBERS AND COMPOSITION

It is not just the constellation of Whitehall departments that changed to cope with Brexit. Overall, the number of civil servants has increased by around 100,000 since Brexit. That is not all attributable to Brexit - the responses to the Covid-19 pandemic and asylum claims have also driven numbers up - but most of the changes from 2016-2020 can be put down to Brexit, which was the major preoccupation of the government for that period.
In the early years, most of the staff recruited to deal with Brexit were brought into policy roles (for example to support the negotiations and advise on legislative changes) not frontline delivery roles (such as staffing the border or operating the new immigration system). That had consequences for the composition of the civil service, making it both younger and more policy heavy.

The proportion of civil servants aged under 40 has been rising since 2015

Civil servants by age group, 2010-2023.
Another – inadvertent – consequence was that the civil service became more London-centred. This not only ran counter to the policy of moving civil service jobs out of the capital but also to the government’s desire to challenge what some ministers saw as metropolitan groupthink in the civil service.

### DEPARTMENTAL SHAPE

Within Whitehall, the big Brexit-induced changes are in the departments whose responsibilities have changed most radically. When DIT was created, there were only ‘40 or so’ people working in the Department of Business, Innovation and Skills on trade policy (more were in UK Trade and Investment and UK Export Finance, which formed the other building blocks of the new department).
When it was merged into DBT in 2023, there were 4,030 people in DIT, which kept growing even once its immediate task of completing the rollover of trade agreements inherited from the EU was completed. Over 2,000 civil servants now identify themselves as being part of the ‘international trade profession’ that was created after the referendum. This includes people working in other departments which have also had to expand their trade capabilities to enable them to lead on different ‘chapters’ of the UK’s new trade agreements.

The Department for International Trade had over 4,000 staff by the time it was dissolved

Staff numbers (FTE), Department for International Trade, March 2017 to June 2023.

Source: Institute for Government analysis of ONS, Public sector employment data, Q1 2009 to Q2 2023.

Defra used to operate in a policy framework dictated by the EU. Post-Brexit, it has had to develop and implement a host of new environment and farming policies, including building a new farm subsidy scheme from scratch. The department has near-doubled in size after years of cuts, from 6,450 in June 2016 to 12,610 in June 2023.

The Cabinet Office and Defra saw major increases in staff numbers following Brexit

% change in civil service staff numbers (FTE), selected departments, June 2016 to June 2023 (June 2016=0).

Source: Institute for Government analysis of ONS, Public sector employment data, Q1 2009 to Q2 2023.
Similarly, those departments which had to design and implement new border controls (HMRC, Home Office and again Defra) have also expanded. So, too, have agencies such as the Animal and Plant Health Agency which has increased its staff by over a third since the referendum.

The Home Office had to design and implement the settled status scheme. It also manages the UK’s new global migration regime, with net migration now at a much higher level than before Brexit and all migrants from overseas requiring paperwork. An estimated 1.1m people requiring paperwork (EU and non-EU nationals) immigrated to the UK in the year to June 2023, compared to 237,000 in June 2016 (when the estimated 521,000 EU migrants who arrived that year could enter without a visa).

The Cabinet Office absorbed all DExEU staff who did not move to other government departments when it was abolished in January 2020, but the big driver of growth in its numbers was Covid.

**NEW AND EXPANDED PUBLIC BODIES**

There have also been significant changes to the shape of government beyond core departments. The government has created new bodies or expanded the responsibilities of existing ones to manage post-Brexit functions.

Three new bodies were created as a consequence of Brexit:

- The Independent Monitoring Authority for the Citizens Rights Agreements (IMA) – a UK-wide body established initially for eight years to oversee the implementation of the citizens’ rights agreements in the Withdrawal Agreement and with the EEA. The IMA is sponsored by the Ministry of Justice and operates across the UK.

- The Trade Remedies Authority (TRA) – another UK-wide body, established to allow the UK to run its own trade defence policy, previously run by the EU Commission on behalf of all EU members.

- The Office for Environmental Protection (OEP) – to oversee the UK and Northern Ireland government’s adherence to environmental commitments. The Scottish government has established its own body – Environmental Standards Scotland and the Welsh government has an Independent Assessor, but has yet to decide on its long-term structures.
TABLE 1: BODIES CREATED AFTER BREXIT

<table>
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<tr>
<th>Organisation</th>
<th>Budget (£m 2022-23)</th>
<th>Staff FTE</th>
</tr>
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<tbody>
<tr>
<td>Independent Monitoring Authority</td>
<td>5.4</td>
<td>48.3 (2022-23)</td>
</tr>
<tr>
<td>Office for Environmental Protection</td>
<td>7.14</td>
<td>71.2 (end March 2023): 58.2 (England) and 13 (NI)</td>
</tr>
<tr>
<td>Environmental Standards Scotland</td>
<td>2.19</td>
<td>19 (80% of planned complement)</td>
</tr>
<tr>
<td>Trade Remedies Authority</td>
<td>16.35</td>
<td>139.9</td>
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Other arm’s length bodies have taken on new functions. The Competition and Markets Authority (CMA) now houses the new Subsidy Advice Unit, part of the UK’s successor to the EU’s state aid regime. The Office for the Internal Market – also part of the CMA – advises governments on the working of the internal market, and the implications of internal divergence for the operation of intra-UK trade. The Digital Markets Unit oversees digital competition regulation (which the Commission does on behalf of member states).

Meanwhile, the Health and Safety Executive has taken on responsibilities for managing the new UK version of the EU’s REACH chemicals registration process, the Food Standards Agency now looks after risk analysis and approval of regulated products, the Civil Aviation Authority took over air safety responsibilities previously discharged by the European Aviation Safety Agency, and the Office for Nuclear Regulation has taken on expanded responsibilities following the UK’s exit from Euratom. Many bodies have had to expand the scale of their existing functions. In some cases – for example the Medicines and Healthcare Products Regulatory Agency – they have had to do so while also dealing with a reduction in income (from work it used to undertake for the European Medicines Agency). Expanded functions have been reflected in higher staff numbers and bigger budgets.

Meanwhile, the UK Infrastructure Bank and the British Business Bank, alongside their devolved counterparts, are supposed to fill the gap in the availability of long-term capital. However, they are yet to make up for the shortfall, replacing only one third of European Investment Bank investment so far – with the gap even larger in some critical sectors like construction.
The context in which the devolved governments exercise their powers has changed in the wake of Brexit. Their workload in some areas is now the equivalent to that of the UK government, but they have far less capacity.

The Northern Ireland Civil Service (NICS) has had to take on new functions to administer the Windsor Framework. These include not only administering the new border procedures, but keeping up with relevant changes in EU law which potentially apply in Northern Ireland, of which there are hundreds per quarter. The UK government is now committed to providing the Northern Ireland Assembly with advance notice of relevant EU legislative changes, which may take some of the load of the NICS but Stormont will have to conduct its own analysis of the changes. Nevertheless, administering post-Brexit functions is likely to place a major strain on a civil service of around 22,300 - a number only marginally higher than at the time of the referendum. The NICS has had to redeploy some people onto Brexit related work, but was not able to recruit many additional staff during the two periods without a functioning Executive (from 2017 to early 2020 and 2022 to February this year). One consequence has been an increase in the average age of civil servants in the NICS.

The NICS has to deal with its new Windsor Framework-related functions in a highly politicised environment. Before the collapse of the Executive, there had been tensions between the Democratic Unionist Party (DUP) Agriculture and Environment Minister and his officials over the construction of border control posts – the visible manifestation of the Irish Sea border which the DUP opposes. Unless and until the new arrangements are accepted across the political spectrum, such tensions may well persist.
Brexit has also added to the burdens on the Scottish and Welsh governments. The Scottish civil service has grown by 66% since the referendum, adding around 10,500 more full-time officials. However, this increase has mainly been driven by further devolution – in particular, of new social security and tax functions as a result of the Scotland Act 2016, and the transfer of forestry related functions. The number of Welsh government officials, by comparison, has grown by around 13% – from 5,210 at the time of the vote to 5,880 now. In Wales, there was a need post-Brexit to build policy in areas where the government had previously been largely concerned with delivery. Initially at least, the Welsh government lacked capacity for the level of policymaking this required, with a notable scarcity of economists, statisticians, scientists and legal officials compared to an average UK department. It also ran into difficulties filling new roles, due to a lack of experience in running such recruitment campaigns.

The Scottish government has a policy to align with EU legislation where practicable and passed a Continuity Act for this purpose in 2021. Consequently, there is a need to systematically track legislation coming out of Brussels, not least as the EU is actively regulating in devolved areas such as environmental standards. At present there is little sign that Scotland has plans to replicate this EU legislation.
SECTION 2: NEW TASKS, FUNCTIONS AND POLICIES
NEW TASKS, FUNCTIONS AND POLICIES

The UK government had to take on a range of new functions after the UK left the European Union. It had to implement its new treaty commitments on citizens. It had to ready the GB-EU and GB-NI borders for its departure from the EU’s customs union and single market. Finally, it had to develop a capacity to implement an independent trade policy as well as several other functions previously carried out by the European Commission.

1. TASKS

SETTLED STATUS

As of June 2023, the Home Office had provided settled status to over 3.5 million EU, EEA and Swiss citizens, plus non-EU family members, who had used their free movement rights to move to the UK. The original processing, despite numbers being much higher than anticipated, was a success.

However this left almost 2.8 million people with ‘pre-settled status’ who need to make the transition, once they have been in the UK for five years, to ‘settled status’. As of September 2023, 677,000 people had successfully moved from ‘pre-settled’ to ‘settled status’. Despite a successful judicial review by the Independent Monitoring Authority of the Home Office’s proposed approach – requiring those with pre-settled status to apply to upgrade or lose their rights when they reached five years of pre-settled status – the latter has yet to set out an alternative. It did, however, in September 2023, extend by two years the leave to remain for those whose pre-settled status had expired.

There are now signs of mounting backlogs and delays in processing applications. Problems with the treatment of EEA citizens with – or without – settled status feature regularly in the press. In January the Home Office announced it was going to allow citizens who had assumed they did not need to apply because they had permanent residency cards to make late applications to the EU Settlement Scheme (EUSS).

There is a sense that managing the EUSS scheme has slipped down the Home Office’s priority list, as other problems have increased in salience. Equally, other parts of government seem either reluctant to accept their responsibilities or unaware of them – and this risk will increase over time. Meanwhile, EU citizens are frustrated by a digital only approach to identity which is far from glitch free.

The challenge for government will be to ensure that the UK continues to fulfil
its obligations towards affected citizens - obligations which will last for decades. Meanwhile it must cope with the pressures of running its post-Brexit global migration regime.

**BORDER CONTROLS**

The UK was supposed to have a fully functioning trade border with the EU six months after leaving the single market and customs union. It has delayed the implementation of full border checks on goods coming in from the EU five times. It finally started the process of implementing regulatory controls at the GB border with the EU on 31 January 2024 - with more to come in April and full controls in operation from October 2024. Potential capacity issues at border control posts mean it’s possible that some goods will be temporarily exempted from the additional checks set to come into force in April.

Various reasons have been given for the series of delays, including lack of business readiness and fears over impacts, but there have also been ideological battles within the government over the necessity of controls. The net effect has been that GB exporters face bigger barriers when it comes to accessing the EU market than EU exporters face in accessing GB. Meanwhile, the regulators responsible for food, animal and plant health expressed concerns that failure to impose checks left the UK vulnerable to rogue operators and created biosecurity risks, heightened by the UK’s loss of access to EU intelligence. On the other hand both EU exporters and UK importers complained about the potential impacts of border delays on their perishable goods.

While it is up to the UK government, subject to any complaints to the WTO, to decide how to manage the GB border for goods coming in from the EU, it is under obligations agreed with the EU on how to manage the border between GB and Northern Ireland. Yet this has proved challenging to deliver for different reasons – namely the opposition to border controls from certain parties in Northern Ireland – and has led to multiple iterations of the operating model.

The UK government, under Boris Johnson, first decided to unilaterally extend certain grace periods around border controls – which effectively froze political relations with the EU. Rishi Sunak negotiated a new settlement with the EU – the Windsor Framework – in February 2023 which significantly reduces paperwork and checks for exports from GB to NI which are deemed ‘not at risk’ of entering the EU. The UK government started to implement this in October 2023, before publishing a further command paper in January 2024, providing more detail on how it will operationalise the Framework and more widely safeguard Northern Ireland’s place in the UK Union. This led the DUP to end its boycott of power-sharing in Northern Ireland.
The EU will continue to monitor the UK’s progress in implementing the new systems – which will not be up to full speed until 2025.

**STATE AID REPLACEMENT**

The TCA obliged the UK to develop its own subsidy regime. Its principles largely mirror those of the EU, albeit the UK government aimed to create a more streamlined regime.

Whereas in the EU it falls to the Commission to approve subsides, in the UK subsidies are assumed to be fair, with the regime placing responsibility on businesses to query potentially unfair awards. *Only a couple* of disputes have been raised so far, which could be a sign of a healthy system, or may indicate the trouble businesses are having navigating it. There are barriers to raising disputes – a *very tight timeframe and no costs cap*. Businesses have also complained about a lack of transparency in the public database recording subsidy awards. It remains to be seen whether the new system does indeed deliver speed as well as fair competition, or whether the government will need to make the CMA take on a more interventionist role.

The government also established a new Subsidy Advice Unit at the CMA to help public bodies navigate the new regime. It has received many more approaches than anticipated from local authorities (as opposed to central government) since it came into effect at the start of 2023.

**2. FUNCTIONS**

**TRADE**

An independent trade policy was a central promise of the Leave campaign. But that meant building capacity in trade policy and negotiation, which the UK had not needed since it joined the EEC in 1973. The capacity was built – primarily in the Department for International Trade but also in other departments with trade responsibilities – through a mix of outside recruitment and internal training. In addition, negotiators from other countries were asked to share their experiences. The process of rolling over the 50 plus trade deals inherited from the EU proved a useful training exercise.

Over 2,000 people are now part of the ‘international trade profession’ – a marked increase on the 40 who moved to DIT from the trade policy group in the Department for Business, Innovation, and Skills. The UK has rolled over inherited trade deals from the EU, negotiated new bilateral deals and agreed accession to the Comprehensive and Progressive Transpacific Partnership – the first non-pacific member.
Concern about the impact of trade deals on the agriculture sector forced the government to concede the creation of an independent expert committee, the Trade and Agriculture Commission, to assess them for compatibility with existing UK animal welfare and environmental standards. Others are concerned about what they see as the politicisation of the Board of Trade, which was established to advise on trade policy, and have called for it to be made independent.

The UK has also established itself as an independent player at the WTO – with one of the biggest delegations. It has met its obligations as a ‘good citizen’ and has joined the set of ‘activist middle powers’ in WTO debates.

Overall, the UK is still hampered by the lack of a clear and consistent trade strategy. Although the creation of DBT has given the trade department more exposure to EU issues and forced it to internalise some of the trade-offs between trade objectives and sectoral impacts, there is still what looks like an unsustainable divide, where the FCDO leads on the trading relationship with the EU while all other trade competences lie with DBT.

Meanwhile, on trade defence – the protection of domestic businesses from unfair international competition – there is also a lack of clarity. The Trade Remedies Authority (TRA) was established to investigate and advise the government on trade remedies, and to protect the TRA from political influence, government could not intervene if the TRA found that there was no case for protective action; and could only accept or reject its recommendations, not amend them. Yet, in two early cases relating to steel tariffs, when the TRA recommended only partial continuation of the measures, the government decided it wanted to keep them all so passed emergency legislation allowing it to overrule the TRA in that specific case. Subsequently ministers have introduced new legislation which allows them to impose their own decisions in trade remedy cases, which critics see as neutering the body’s independence.

Moreover, UK trade defence strategy appears far less developed than in the EU. The EU has published plans for a European Economic Security Strategy; and has put a lot more effort into protecting its businesses from the impacts of US and Chinese protectionism – particularly in green industrial sectors – through measures like the Net Zero Industrial Act and Critical Raw Materials Act.

REGULATORY CAPACITY

Brexit has meant UK regulators expanding their workloads, necessitating increased resourcing. While numbers have generally not been a major issue, staffing specialised areas has proven a bigger problem. The Competition and Markets Authority (CMA), for example, underestimated the number of mergers it
would have to investigate after Brexit. In 2022 the National Audit Office (NAO) reported the CMA was struggling to recruit enough senior or specialised staff for competition and mergers work. Similarly, last year the Bank of England’s Prudential Regulatory Authority was considering hiring 100 extra staff to manage new rulemaking responsibilities post-Brexit, but publicly noted the ‘very challenging environment from a recruitment and retention point of view’.

The NAO also identified significant shortfalls in specialised scientific skills in both the Health and Safety Executive (HSE) and the Food Standards Agency (FSA). Although toxicology was identified as a major problem, the FSA has managed to address that through a training programme for chemistry graduates, but has struggled with recruiting qualified veterinarians - of whom there is a shortage across Europe. The FSA’s delivery partner now often recruits veterinarians from beyond the EU – notably Turkey and Nigeria – and helps them acquire the necessary language skills.

Meanwhile, the FSA has not been able to invest in research into important areas like additives in ultra-processed food, due to the resources committed to Brexit work (Windsor Framework implementation, regulated products approvals, border management and food crime). Despite a budget increase of 50% since 2016, its responsibilities continue to outstrip its resources, leading to delays on regulated products approvals, and the stymying of new policy thinking and science which would require research programmes backed by millions in additional funding and tens of extra staff.

**NEW REGULATORY SYSTEMS**

The UK needed to establish successor regimes to replace those it had been part of as an EU member – but this is proving harder than anticipated. Under the UK’s REACH regime for chemicals regulation – covering England, Wales and Scotland – the Health and Safety Executive is establishing a new database on which all chemicals used on the GB market must be registered. The original deadline for full registration was October 2023, but this was pushed back by three years to October 2026 due to the estimated £2bn administrative cost to business stemming from the registration process. In response to concerns raised by the chemicals industry, government is now set to consult on ways to streamline the process, which has raised concerns about compromised chemical safety standards.

While the REACH deadline is delayed, DBT has decided to abandon the requirement on businesses to implement the new UKCA mark denoting conformity with product standards. Instead, they may still use the EU’s ‘CE’ mark, removing the risk that many businesses – due to capacity constraints in the approval process – would not have a UKCA mark on their goods by the 2025
deadline. Construction products and medical devices were not initially covered by this exemption, because they were regulated by different bodies, but it now looks as though the government will also exempt them as part of its agreement with the DUP to minimise risks to trade between GB and NI.

Similarly, in the area of new medicines and treatments, Sir Patrick Vallance recommended, and the government agreed, that UK regulators should be prepared to recognise authorisations from other acceptable regulators. The capacity freed up could then be used to help the UK become the regulator of choice for innovative products. These changes increase the asymmetry inherent in the Trade and Cooperation Agreement, to the detriment of UK business. UK businesses must conform with EU standards and processes to access the EU market, but EU businesses can access the UK market without meeting UK-specific requirements.

ENVIRONMENTAL STANDARDS

Enforcement of environmental law and standards is one of the key roles of the European Commission - and the biggest source of ‘infringement proceedings’ against member states. In response to concerns about a ‘governance gap’ after Brexit, the UK government committed to creating a new environmental watchdog, the Office for Environmental Protection, to ensure that public bodies meet their legal obligations, and to advise and report on progress toward meeting the government’s 25 Year Environment Plan targets.

The OEP was established in 2021, with responsibility for England and Northern Ireland. Scotland established its own body, Environmental Standards Scotland. Wales relies on a single ‘Independent Assessor’ and is still deciding on permanent arrangements.

These bodies are still finding their feet and are having to work differently to the EU regulator. They cannot cover as broad a front as the Commission, but are potentially able to better focus on issues of specific local concern. The Commission had responsibility for the oversight of 28 member states and rarely took action against the UK (and even less so in relation to Scotland) whereas the new bodies in the UK can in theory zoom in more on domestic priorities.

However, capacity constraints mean they have to prioritise - largely focussing on water quality and nature - and can only manage a few big investigations a year. In Northern Ireland, capacity has been further reduced as a result of the budget crisis there which has led to cuts in the NI contribution to the OEP budget. As we discuss later, the UK government has not proved very receptive to OEP advice in recent months.
3. POLICIES

AGRICULTURE

One of the biggest ‘Brexit opportunities’ prized by the government was its scheme to replace the EU’s Common Agricultural Policy (CAP). Agriculture is a devolved area so each of the four governments has adopted a different approach reflecting local circumstances.

In England, the UK government set out an ambitious approach at the “unfrozen moment” to secure much better value for money from the £2 billion plus of agriculture support (which the 2017 and 2019 manifestos guaranteed to maintain for the lifetime of the parliament).

Michael Gove’s initial vision as Defra secretary was that public money would be used only to support ‘public goods’ (i.e. environmental benefits). When more detail was given later, the expectation was that much of the budget would be devoted to supporting larger scale schemes. Six years on, and four secretaries of state later, the scheme has been modified in response both to farmer reaction, changed ministerial priorities and the increasing importance of food security after Covid disruption to supply chains and the impact of the war in Ukraine. The latest iteration was announced by new Defra Secretary of State, Steve Barclay, at the Oxford Farming Conference in early January. The outcome risks satisfying neither farm nor environmental lobbies.

The new system provides less certainty than the CAP - not least during the ongoing lengthy transition from the old regime. It is still not clear whether the amounts devoted to farm support will be maintained after the election. The Welsh government has already raided the agriculture budget - and a Welsh MS provoked the ire of farmers by suggesting that there was no reason to subsidise farming and the money could be better spent elsewhere. Meanwhile many more staff are needed in Defra to ensure that the scheme delivers on its environmental objectives, since this is now a key lever in delivering on the 25 Year Environmental Strategy set out in the Environment Act. The 2022-3 assessment from the Office for Environmental Protection (published in January 2024) makes clear that to deliver those commitments requires both high levels of uptake of the new payment scheme and a higher level of ambition than contained in the basic actions supported through the Sustainable Farming Incentive.

Slow progress (as even the Prime Minister admitted to the National Farmers’ Union Conference (NFU)) in implementing the reformed payment scheme underlines that radical change takes time. While officials stress the benefits of co-design and responsiveness, the scheme is much more vulnerable to changes in ministerial priorities and to pressure from Defra’s vociferous external stakeholders.
BREXIT OPPORTUNITIES

Since Brexit, the UK government has been on the hunt for ‘Brexit opportunities’. In particular, it has sought ways to regulate in a manner better suited to domestic needs. That task initially fell to the Cabinet Office, and the Minister for Brexit Opportunities, but has been moved to the Department of Business and Trade where the Brexit Opportunities Unit has been merged with the longer standing Better Regulation Executive, creating a new Smarter Regulation Unit.

When the government set out its ‘Benefits from Brexit’ policy paper in early 2022, most of the changes identified were relatively small or tokenistic – for example, putting crown stamps on pint glasses – and, so far, few regulatory opportunities identified have been acted upon. Perhaps the biggest substantive change brought forward has been on permitting the use of gene editing in England via the Genetic Technology (Precision Breeding) Act 2023.

That aside, the most thorough reform has been in financial services, where the Treasury was able to exempt itself from cross-Whitehall processes and pursue a reform agenda which, inter alia, focuses on boosting competitiveness in a world where the UK has reduced access to EU financial services markets. The UK has undertaken a range of reviews of different elements of the financial services sector, identifying opportunities to boost competitiveness. However, it is yet to deliver much in practice, apart from abandoning the cap on bankers’ bonuses introduced by the EU after the 2008 financial crash.

The slow pace of reform led to the introduction of the Retained EU Law (REUL) Bill (now Act), which initially was to ‘sunset’ (i.e. repeal) all remaining retained EU law unless explicitly saved by December 2023. That approach absorbed huge amounts of time and effort within the most affected departments and regulators, as well as the devolved governments – only for much of that work to be rendered nugatory when the government gave in to business pressure and reversed the stipulation. Under the new Act, all retained EU law was saved unless explicitly repealed by the deadline.

REUL-related work crowded out potentially more thorough strategic review, where departments could have identified individual pieces of legislation ripe for reform. However, even where such reform has been mooted – for example on data protection and food safety inspections in abattoirs – business has raised objections about the potential barriers to trade which divergence could create (i.e. additional paperwork and procedures needed to navigate separate UK and EU rulebooks), and the competitive implications for Northern Ireland (which would not be able to benefit from UK rule changes in areas where it remains aligned to EU ones).
Consequently, there are relatively few areas where the government has been able to pursue meaningful regulatory divergence from the EU, with the main reasons being a lack of state capacity to deliver large-scale reform, beyond that necessitated by Brexit, and the potential business and trade disruption arising from being out of sync with the EU’s rulebook. Under the Sunak government it is notable how, both rhetorically and in practice, the hunt for ‘Brexit opportunities’ has dried up as the focus has turned to controlling inflation and increasing growth – something divergence is generally inhibitive to, at least in the short term.

**SPENDING**

One of the arguments for leaving the EU was that the UK would stop making annual contributions to the EU budget, freeing up government to redirect those sums towards domestic priorities.

The UK no longer makes an annual contribution to the EU budget (some non-member states do), but it is still in the process of settling its outstanding liabilities. In the end there was an agreement on a formula, rather than an amount, so the precise sums to be repaid are subject to change - but the UK is around halfway through extinguishing its debts. The forecast by the OBR in November shows a steep decline in UK repayments in the second half of this decade.

**EU FINANCIAL SETTLEMENT (£BN)**

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<th>2022-3</th>
<th>2023-4</th>
<th>2024-5</th>
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<td>0.8</td>
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But those savings do not mean there is extra money for UK successor programmes. First, because they ignore the much bigger impact on UK public finances of the hit to GDP from leaving the EU - estimated at 4% over 15 years by the OBR. And second, because government cannot just pocket the whole reduced contribution as a saving. In a number of areas, it gave commitments to make good monies formerly received from the EU budget, for example on farm payments. It has yet to make clear what the long-run formula for determining budgets for farm support will be, when and if commitments to maintain spending run out. That may be a source of future arguments with the devolved governments.

There are already arguments about the way the UK government has chosen to centralise the distribution of the sums allocated to replace EU structural fund spending. The original promise to match EU funds for the regions has not been fulfilled. This proved controversial, with the Welsh government complaining of delays and cuts to funding when regional investment plans were finally approved at the end of 2022.
Delays meant that even once allocations were approved, it was impossible for local authorities to spend their allotted sums by the end of the financial year, leaving them dependent on Treasury agreement to roll over underspends. Although funding should rise over the following two years, reaching £1.5 billion in 2024-5, the IPPR has calculated that the total allocation still represents a 43% cut compared to the amounts received from EU funds.

The UK also left the European Investment Bank (EIB) and set up its own development banks to provide a similar form of patient capital for people who wanted to invest in the UK. Analysis suggests that there is now an investment gap and that projects that might have been funded when we were EU members and able to access the EIB are not being funded by the new UK institutions. Again, there seems to be a capacity constraint with an inability to attract enough qualified staff to increase investment to levels which would allow them to diversify and support riskier projects.

4. IMPLICATIONS

This is far from a comprehensive overview of the new functions the British state has taken on post-Brexit. It is clear, however, that the UK still has some outstanding obligations to complete. In most areas, however, Brexit has simply become part of the context in which policy is developed by the UK and devolved governments.

The post-Brexit policy regime has not moved in a clear direction and ministers are still learning how to exercise their new discretion. The government has never set a clear strategy for the kind of regulatory reform it wants to pursue - beyond mass repeal via the sunset clause in the draft Retained EU Law Act - which impeded any more strategic review of regulation. Similarly, many of the new functions taken on post-Brexit are yet to take a settled form, with some programmes (like border controls and settled status) yet to be fully implemented or (like UK REACH) subject to major revision, or even (like UKCA requirements) abandoned altogether.

Above all, while Brexit consumes a lot of government capacity, it is still not clear what type of state the UK wants post-Brexit.
SECTION 3: RELATIONSHIPS AND PROCESSES
Brexit has profoundly affected key relationships, both international and domestic. First, it has affected the UK’s foreign policy relationships, which, for the first time in fifty years, are no longer underpinned by EU membership. It has also affected the day-to-day relationships between parts of the UK government and their European counterparts.

Within the UK, Brexit has destabilised the devolution settlement, led to a breakdown of trust between the devolved governments and Westminster, and given impetus to nationalist movements in both Scotland and Northern Ireland.

Inside government, the relationship between newly created bodies and the core departments is still in flux – not least due to the turnover in ministerial roles. The relationship between ministers and the civil service has deteriorated. And the relationship between the government and business has been put under extreme pressure as government ignored business concerns over the long-term relationship with the EU.

Finally, the UK government’s relationship with business and farmers took a battering through the process of negotiating Brexit because many were at odds with its preference for a hard Brexit, or indeed with Brexit itself.

1. EXTERNAL RELATIONS

RELATIONS WITH THE EU

The stand-off over the Northern Ireland protocol resulted in the UK being frozen out of normal relations with the EU – and with member states in Brussels. As a consequence, there were delays in associating the UK with the EU’s Horizon and Copernicus programmes, and regulatory cooperation on issues like financial services and competition was halted. There were also delays in other developments foreshadowed in the TCA. Forums to discuss competition issues and financial services regulation are only now being established, while the TCA’s joint Partnership Council, which is meant to meet at least once a year, held its second-ever meeting in March 2023.

The freeze in relations extended to the UK Mission (UKMIS) to Brussels and British business representations, with whom EU institutions and member states were forbidden from formally engaging. The fact that informal cooperation took place despite this ban reflects the esteem in which many EU and member state
officials continued to hold UKMIS, yet formal engagement was reduced to an absolute minimum, curtailing cooperation in most policy areas bar Ukraine (where informal coordination is thought by both sides to have worked well).

Even though the formal machinery of the TCA has swung back into action, relationships remain fairly procedural and inflexible, acting as a dampener on meaningful engagement. All member states have the right to dial in to meetings under the architecture of the TCA, leading to an often staid format where attendees’ main priority is putting their official position on the record. The opportunities for more candid engagement are limited.

The UK is a relative outlier among third countries in not having a formal structured dialogue on foreign and security policy with the EU – and no forum for regular UK-EU summits – though the UK does participate in the new European Political Community (EPC). Such a dialogue was foreshadowed in the October 2019 Political Declaration but subsequently rejected by British negotiators.

Clearly, the UK will not be able to recreate the kind of relations it had with EU countries when it was a member state. Ministers and officials will no longer have the frequent, routine contact they had through attendance at meetings in Brussels. Bilateral relations, however cordial and however regular, are qualitatively different.

**THE UK AS A ‘THIRD COUNTRY’**

Beyond the governance of its relationship with the EU, acting as a third country in Brussels requires a shift in wider approach on the part of UKMIS. It no longer has automatic access to and influence over EU institutions and needs to develop ways of influencing decision-making and gathering intelligence from the outside.

A range of external observers from across Brussels have questioned the extent to which UKMIS is on top of what is going on in the EU and whether the UK has yet figured out how to be an effective third country. While, for example, Norway can depend on Sweden to reliably raise its concerns within EU institutions, there is no EU member state on whom the UK can similarly rely. The UK’s closest geographical and linguistic neighbour is Ireland, but history and politics mean Ireland will not straightforwardly bat for the UK in the manner that Sweden does for Norway.

One of the characteristics of the UK approach has been its investment in bilateral relations with member states – the seniority of diplomatic positions in many EU member states was upgraded post-Brexit (in contrast with the downgrading in Brussels). At multiple stages during the Brexit negotiations, the UK reverted to the belief that it would be possible to fracture EU unity and that a political steer
from member states would override the Commission’s legalistic approach (a view that proved highly misguided).

The UK is still trying to negotiate bilateral deals with member states to soften some of the impacts of the TCA. Perhaps most prominently, it approached a number of different EU states (and indeed various institutions within each) with proposals for a bilateral mobility deal. The Commission has been keen to discourage such deals but that has not stopped the UK agreeing a special deal with France on the treatment of school visits.

Nevertheless, there is a sense that the UK still lacks a coherent plan for engagement with member states. Other third countries could provide models to follow. Switzerland invests time and effort in courting policy makers on dossiers of interest. New Zealand is effective at identifying emerging issues of particular concern, ensuring its officials are present at every relevant meeting. Meanwhile, Chile emphasises signing MOUs to demonstrate its engagement on particular topics. The UK needs to work out its routes to effective third country influence.

Being effective in Brussels will also depend on sustained interest from ministers. Brexit has led to a diminution of ministerial contacts with their opposite numbers in member states and a loss of contact with key Commission officials. UK secretaries of state used to be guaranteed regular contact with their EU counterparts through meetings of the Council of the European Union. There now has to be specific business to discuss to justify a meeting. Such bilateral meetings also leave less space than Council meetings for engagement in the margins, where more informal conversations might be held.

The FCDO has recently recognised the need to upgrade its understanding of European developments and established its own ‘Europe Research Group’. This contrasts with the initial view taken in the UK government that EU skills and knowledge were not something that were needed after Brexit.

**UK INFLUENCE**

One of the frustrations of EU membership was the constraints it placed on the UK’s ability to act as an independent state in areas of EU competence. This is not about regulatory autonomy but the UK’s ability to represent itself at, for instance, the WTO. This at times frustrated Eurosceptics, as Leave supporting former Defra secretary of state George Eustice told us:

“I can remember chaotic scenes where there would be some development at the IWC [International Whaling Commission], and all of the EU member states were scurrying around, trying to argue with the European Commissioner in a way that looked absolutely ridiculous, before finally the Commissioner would
say none of us had any rights to say this, and this is what the Commission were going to do. I thought that was quite a humiliating place”.

Frustration, however, was shared by his pro-EU predecessor, Hilary Benn, after threats of fines for breaking with an EU position at a meeting on the Convention on Trade in Endangered Species:

“it’s an absolute outrage that some official in the Commission thinks he or she can tell an elected Member of Parliament, who happens to be the Secretary of State of a member state, how they can vote as an individual member of an international body, after they have loyally supported the common EU position.”

In a range of areas, from the WTO to COP summits, the UK is now an independent actor. However, effective hosting does not appear to be translating into greater international influence. The Prime Minister struggled to get the EPC to focus on migration and AI (and it is not yet clear how he wants to use the spring meeting the UK is due to host - or indeed when it will be held). The EU and US are setting global norms on AI regulation - including via discussions at their joint Trade and Technology Council, from which the UK is excluded. Indeed, the US executive order on AI safety, issued days before the UK’s AI summit, will have a far greater bearing on the behaviour of AI companies than anything in the UK summit communiqué. Arguably, the UK’s decision to seek a leadership role on future risks is indicative of its inability to get into the rooms where the most important discussions on immediate regulatory challenges are taking place.

Meanwhile, although the UK was deemed a fairly capable host of COP26, it has been left a bit part player on policy matters, with the biggest diplomatic role at COP28 going to the King. In June 2023, the independent Committee on Climate Change concluded: ‘The UK has lost its clear global leadership position on climate action. We are no longer COP President; no longer a member of the EU negotiating bloc... We have backtracked on fossil fuel commitments’.

Internationally, the country which was the first in the world to legislate to meet net zero is seen to be deprioritising climate issues. The UK’s reduction in its overseas development aid from 0.7% of GDP to 0.5% is perceived to run counter to the urgent push to increase international climate finance. Its failure to insist on climate safeguards in its trade deal with Australia has also been widely noted. For climate negotiations the UK is no longer part of the EU bloc, where it used to play a major role, and has now formally joined the much more loosely coordinated ‘Umbrella Group’ of high ambition countries outside the EU. It has also lost the role it used to play as a bridge in climate talks between the US and the EU and, robbed of its former policy influence, resembles “a child outside a sweetshop with...
its face pressed up against the window looking at all the tasty things inside” according to Shane Tomlinson of the climate change think tank E3G.

**EU NETWORKS AND SYSTEMS**

One of the consequences of Brexit has been the exclusion of UK regulators from EU networks and associated information systems. The latter means the UK lacks access to early warnings that are available to counterparts inside the system, such as Interpol’s ‘SIS II’ system for live data sharing on security and border management, which the UK police checked **603 million times** in 2019 alone.

Nevertheless, since the unfreezing of relations following the Windsor Framework, UK regulators have built some less formal links with their EU counterparts. A memorandum of understanding on financial services regulation was signed on 27 June 2023, which allows financial regulators to share information on entities which operate in multiple jurisdictions. This might help the UK and EU coordinate positions in areas of common interest like green finance.

Negotiations are also now set to begin on a supplementing agreement on enhanced cooperation in competition matters. While not transformative, the potential dialogue represents progress from the status quo ante, when the EU ordered a halt to all official coordination and cooperation on digital policy. The chief executive of Ofcom recently called for cooperation with the EU in implementing measures to reduce online harm as a means of ensuring continued investment and innovation.

**2. RELATIONS WITH THE DEVOIDED GOVERNMENTS**

Devolution within the UK took place in the late 1990s and UK membership of the single market and the customs union underpinned its design. Although there was a need for coordination in the development of UK negotiating positions, the common EU rulebook reduced the scope for internal divergence and minimised the need for coordination on implementation. EU membership enabled the ‘devolve and forget’ approach that has often characterised devolution in the UK. Brexit removed that framework.

The return of EU powers to the UK generated heated debates about where they should lie and how the four governments should coordinate in devolved areas where divergence could be problematic. The devolved administrations in Scotland and Wales have argued that the UK government’s post-Brexit legislation - in particular the UK Internal Market Act (UKIMA) - has been centralising in its effect (it was passed without devolved consent). Trust has been damaged and relations have at times been distinctly acrimonious - especially between the Scottish and UK governments.
However, a new framework for managing intergovernmental relations (IGR) has emerged. New structures for ministerial intergovernmental working were set out in early 2022 (albeit almost four years after a review of the existing intergovernmental structures began). And common frameworks for policy coordination in areas of devolved competence that were previously governed by EU law are now largely operational. However, while there are new tools for coordination, joint-working and cooperation, a corresponding shift in mindset is still lacking.

The devolution settlements are considerable in scope, not least given the reserved powers model that characterises them (whereby the devolved parliaments can pass bills on any matter that’s not expressly reserved to Westminster), but the legal and constitutional reality is that the UK government – through the UK Parliament – dominates. The devolved governments have taken on new policy responsibilities post-Brexit which have, in some quarters, stretched capacity.

This is particularly the case for Wales. Where previously the Welsh government had largely only delivery responsibilities, it now faces increased policymaking tasks in areas of returned EU competence such as agriculture – with large budgets and implementation implications.

As a result of the history and asymmetry of UK devolution, this has been less of an issue for Scotland. The Scottish government has managed policymaking functions and budgets for areas such as agriculture, fisheries and the environment since before Brexit, with pre-existing expertise in these areas. But leaving the EU single market has substantially changed the context in which that policymaking happens.

While the devolved governments are no longer constrained by EU law, the UK government has taken on new powers to spend in devolved areas and introduced constraints on devolved policymaking via the UK Internal Market Act. It has been increasingly willing to pass legislation covering devolved matters without devolved consent, upsetting the precarious balance between parliamentary sovereignty and devolution.

The practicalities of Brexit, coupled with the reality of the British constitutional settlement mean that for the post-Brexit UK as a whole to work effectively, cooperation, dialogue and negotiation are needed. While there has been some movement in this direction, this perspective is still not widely shared across the UK and political differences continue to pull in other directions.

This said, there is positive intergovernmental working, both through common frameworks and more informal channels. There are 32 common frameworks in total, some of which have been more active than was initially anticipated. The
Food Standards Authority and Food Standards Scotland work through regulated product decisions via common frameworks, for example. And considerable technical discussion around deposit return schemes took place in the Resources and Waste Common Framework (although the outcome so far has not been satisfactory to all parties).

Cooperation appears to be strongest in areas where there was already a foundation of intergovernmental working to build on: food, farming and the environment. Many common frameworks formalise pre-existing ways of working, although it is relatively straightforward for officials to work together in good faith on technical matters. Problems arise, however, when a difference emerges either based on the evidence or due to politically driven policy differences, and political agreement is needed to work it through.

The new forums for intergovernmental working established in early 2022 were more substantial than many had expected. They were co-developed by the four governments and have a degree of buy-in from all administrations. To date, however, the new machinery does not appear to be fulfilling its potential.

There have been some examples of cooperation between the four governments to try and align regulatory outcomes – such as recent joint consultations on banning wet wipes and disposable vapes. But agreement can be challenging due to different political pressures and timelines. Timetables are still often set without factoring in the need for intergovernmental coordination.

In some instances, negotiation between ministers has taken place and a collective position reached, such as in the case of the recent agreement between the Scottish government and the Treasury on a new fiscal framework. But, on the whole, this kind of intergovernmental working is not yet embedded in decision-making.

There has, however, been a shift in tone during Rishi Sunak’s premiership. Liz Truss refused to engage with the devolved governments, while Boris Johnson was quoted as saying that devolution was a disaster.

In contrast, Sunak spoke to his devolved counterparts on becoming Prime Minister and convened the first Prime Minister and Heads of Devolved Governments Council (part of the new IGR structures) in November 2022 (although it has not met since). As minister for intergovernmental relations - first at the Cabinet Office and now the Department for Levelling up, Housing and Communities - Michael Gove was instrumental in the joint review of IGR that led to the new forums and efforts to ensure IGR is taken more seriously.
Yet this approach is not embedded across government. While some ministers make efforts to go through the proper channels and processes, this is not always the case. When a policy difference emerges, it does not appear that the inter-ministerial groups that form part of the new IGR structures are being used as an effective forum for the discussion and resolution of issues.

One recent flashpoint, the Scottish government’s deposit return scheme (DRS), highlights some of these ongoing issues. While some positive joint working and discussion took place through the appropriate IGR channels – with similar schemes also planned for England, Wales and Northern Ireland at a later stage – the final decision on the ‘exclusion’ that was needed under the Internal Market Act for the Scottish DRS to go ahead rested with the UK government. It granted one, but without the inclusion of glass – which was meant to be a key part of the Scottish scheme – leading the Scottish government to delay. The UK government’s decision and the UKIMA had implications for the scheme and its potential effectiveness, and limited Scotland’s approach.

This disagreement should have been subject to further political negotiation in the relevant IGR forums in search of a resolution. That it was not indicates that processes still need some refinement when it comes to resolving intergovernmental policy disagreements.

The enhanced dispute resolution process that forms part of the new IGR structures has so far only been used once – by the Northern Irish government in a dispute with the Treasury (it was put on hold during the absence of an NI Executive). And there remains ambiguity around when this formal procedure should be used.

In general, the post-Brexit IGR machinery is still relatively new and in the process of being tested.

THE UK ‘INTERNAL MARKET’

The fallout over the DRS also highlights one of the primary sources of intergovernmental tension: the UK Internal Market Act. The Scottish and Welsh governments opposed the legislative framework for managing the UK internal market post Brexit. It has been argued that the rigidity of the market access principles it contains act as a constraint on devolved policymaking. In particular, the ‘mutual recognition’ principle means that goods sold in one part of the UK must be allowed unrestricted access to other parts of the UK, without having to comply with any regulations that might apply there. Given the size of the English market, the Scottish and Welsh governments have said that this will inhibit their ability to set their own standards in areas of ostensibly devolved competence.
The UK Internal Market Bill was amended at a late stage to add a process for ‘excluding’ certain policies from the market access principles if this is agreed through the common frameworks for coordination on possible divergence mentioned above. This is meant to go some way to managing the tension. But differing interpretations of this process has meant that it has become a source of friction. The final decision lies with the UK government – but the devolved governments believe its approval of exclusions should be more of a formality. While this difference in perception persists, there are likely to be further intergovernmental disputes.

There are costs to acting unilaterally – even for the UK government. Its decision to push ahead with reforms to gene editing in England without agreement from Scotland and Wales – despite the implications for them under the UKIMA – has led the Scottish and Welsh governments to argue that the move was made without sufficient engagement or consent. A slower pace might have allowed for agreement across the UK, especially as the EU is now moving in a similar direction and the Welsh and Scottish governments have expressed an appetite for alignment where possible.

More broadly, the UKIMA continues to divide opinion and cause difficulties for UK intergovernmental relations. The Scottish government continues to be vocal in its opposition. The Welsh government launched an early judicial review of the UKIMA (which the Court of Appeal dismissed as premature at the time). It has since taken a more nuanced position, suggesting there has not yet been enough time to assess the impact of the UKIMA on devolved policymaking.

All governments are now having to consider whether policies are likely to run into market access problems. But close working on potential alignment and to coordinate timing – as for example, appears to be happening on a potential disposable vapes ban – could avoid policies being undermined by the market accessible principles.

It is impossible to know whether it would have been possible to manage the UK internal market through common frameworks alone. However, it is notable that the UKIMA framework offers devolved governments less flexibility than the EU equivalent as it lacks the broad derogations that apply in the EU single market. Common frameworks and the UKIMA reflect two different understandings of the UK as a whole – one based on ‘multinationalism’ the other more on ‘muscular unionism’. Their connection via the exclusions process means that these contrasting perspectives are in many ways now baked into the system.
The DUP’s opposition to the operation of the Northern Ireland Protocol left Northern Ireland without a fully functioning Executive for two years. An Executive was only reestablished in February 2024 after an agreement on some operational changes to the Windsor Framework and a further battery of measures to assure unionists about their place in the UK internal market and in the UK. The accompanying command paper – including a promise to ‘never conceive of, treat or describe Northern Ireland ever again as a “third country”’ – showed how far the experience of the last few years has undermined trust between the DUP and the Conservative government. Boris Johnson opted for a Withdrawal Agreement that left Northern Ireland permanently subject to EU rules on goods – despite promising “no border down the Irish Sea” – as a price for the rest of the UK being able to diverge from the EU.

Such, however, has been the UK government’s focus on securing the approval of the DUP for its post-Brexit settlement, that Professor Katy Hayward argues that it ‘runs roughshod over principles that have formed the bedrock for the peace process for over thirty years’. The focus on appeasing one party, she states, ‘makes no effort to acknowledge the principle of “parity of esteem” for nationalism and unionism’ which was integral to Sinn Féin endorsing the 1998 Good Friday Agreement.

So Brexit has led to a deep crisis in one part of the United Kingdom. As well as the constitutional cleavages it exposes, the lack of government has led to continuing budgetary pressures and a crisis in public services in Northern Ireland, which is suffering from worse performance than other parts of the UK. It also led to a severe estrangement between the UK and the Irish government, which had played a strong and decisive role in the early stages of the development of the EU’s negotiating position. Although that relationship has improved since the agreement on the Windsor Framework, it has become more problematic again with the decision by the Irish government to sue the UK government over its Northern Ireland Legacy Act.

While progress has been made in implementing the trading regime agreed in the Windsor Framework, it is not complete, and implementation will be closely monitored by the EU. Some unionists still object to the presence of border control posts in Northern Ireland even if they are only monitoring goods going through the red lane. The government appears to have recognised the potential for this to cause friction between ministers and officials by proposing to take on the responsibility for directing NI Civil Service officials itself, avoiding conflict but risking confused accountabilities.
While the Windsor Framework commands majority support in Northern Ireland, almost all Unionist opinion was opposed when it was last surveyed before the most recent changes. This will be tested at the end of 2024 when the first ‘consent’ vote takes place. Meanwhile, although the number of people who say they trust the UK government to represent the interests of Northern Ireland has improved, it has only risen from a measly 4% to 7%.

It has yet to be seen how any Northern Ireland government will handle its obligations under the Framework and how the Stormont Brake – which gives MLAs the right to object to changes to EU rules being imposed on Northern Ireland – will work in practice. That has the potential to mean repeated internal divisions in Northern Ireland on whether to diverge from the rest of the UK (by aligning with the EU) or with the Republic (by rejecting alignment). As the ‘Brake’ could only be invoked by the UK government, there is potential for controversy. Should London depart from the tight criteria for non-application of amended EU law, that could presage a return to distrust between the UK and the EU. But if the UK government was to reject a call to act from unionists in Northern Ireland, that could expose the Stormont Brake as falling well short of the promises the Prime Minister made about addressing the ‘democratic deficit’ created by the Protocol, and exacerbate instability in the governance of Northern Ireland.

The new agreement with the DUP also puts in place mechanisms to ensure that divergence stemming from changes in UK regulation is tracked and managed more actively. Changes include a legislative requirement on ministers to assess the impact of any changes on Northern Ireland’s place in the UK internal market and to make a written statement to Parliament if there is a significant effect. There is also provision to create a new group between the NI Executive Office and the UK government to oversee implementation. Other bodies will be established to promote East-West links and trade and to examine the operation of the new internal market lane to ensure it is working as intended.

### 3. ARM’S LENGTH BODIES

While in the EU, UK adherence to EU law was ultimately enforced by the European Commission and the European Court of Justice (ECJ). Great Britain is now (with the exception of citizens’ rights commitments under the Withdrawal Agreement until January 2028) wholly outside ECJ jurisdiction. Northern Ireland remains subject to the European Court of Justice in areas relevant to the Protocol, as amended by the Windsor Framework.

To plug gaps in enforcement, the government has created new bodies and expanded the functions of existing ones. But it has not issued clear guidance,
about how it wants those bodies to perform, with relationships also a casualty of ministerial churn. This is a recipe for friction and reduced effectiveness.

The UK has created some successor oversight bodies to ensure that ministers are sticking to commitments and provide some assurance of that to the EU. The Independent Monitoring Authority has been prepared to challenge the government through judicial reviews or by intervening in cases where it thinks the government’s interpretation of its obligations under the Withdrawal Agreement is flawed. It was successful in challenging the government over pre-settled status and has intervened in another important case where the Department for Work and Pensions was found to be improperly denying universal credit to a claimant with pre-settled status. Even so, the IMA seems to have maintained good working relations with the Home Office and their sponsor department, the Ministry of Justice. British citizens in the EU have to rely on the Commission to defend their post-Brexit rights – and seem to suffer from the lack of a similar dedicated institution.

The new environmental watchdog for England and Northern Ireland, the Office for Environmental Protection, has been constrained by its relatively small size, forcing it to prioritise. It has also suffered from a lack of traction within Defra. Originally the brainchild of Michael Gove as Environment Secretary, it is not clear how much his successors welcomed the challenge – and in recent months the then Environment Secretary brushed off OEP concerns about proposals to relax rules on nutrient neutrality and the removal of National Emission Ceilings in the Retained EU Law Act.

Both the Office for Environmental Protection and its Scottish counterpart, Environmental Standards Scotland, have had to concentrate their firepower on big issues, lacking, as they do, the resources of the EU Commission. The OEP can only address about two complaints a year in England and lacks enforcement powers to block the government, but it has nonetheless effectively shone a light on the issues it has raised, through combative interventions. Its public criticism of government over the nutrient neutrality and emissions regulations both resulted in prominent press coverage, and the furore around the nutrient neutrality changes contributed to the reform ultimately being blocked by the House of Lords.

However, the OEP is clearly frustrated at the response of government to its recommendations. In its 2022–23 assessment of progress on the 25 year Environment Plan, it restates the 16 recommendations from its report a year earlier – and adds another 5. It is also scathing about the 2023 Environmental Improvement plan (EIP) produced by the UK government: ‘The EIP23 states that it is a detailed delivery plan…. In our view, the EIP23 is not a delivery plan’.
Across 10 goal areas in that plan, the OEP concluded that the government was off track on 7, partially on track on 2 and one lacked sufficient data to be assessed.

The position is more strained in Northern Ireland, where budget cuts have forced it to reduce its level of ambition. Wales has yet to decide on its post-Brexit environmental regime.

**INDEPENDENT REGULATION**

The government claims to see value in independent evidence-based regulation that provides certainty. But in practice ministers have more often sought to direct the regulators than vice-versa.

In the case of the Trade Remedies Authority, successive reviews have all-but removed its independence by empowering ministers to amend decisions they do not agree with.

An early version of the government’s Financial Services and Markets legislation gave ministers sweeping powers to intervene in decisions. Ministers were only persuaded to drop the provision when it was made clear that this would reduce the attractiveness of the UK as a global financial centre.

More recently, the government has made clear that it plans to strengthen the growth duty placed upon regulators, and published a strategic steer to that end for the Competition and Markets Authority specifically. This is seen as a reaction to slow CMA decision making and to its initial decision in the Microsoft-Activision case.

Ministers may prefer to be directly accountable for policy decisions. But the risk they run is that undermining the independence of regulators makes the UK overall a less attractive environment for business and overseas investment – because its regulatory environment is seen as unpredictable and subject to short-term ministerial whims.

**4. RELATIONS INSIDE GOVERNMENT**

**RELATIONS WITH THE CIVIL SERVICE**

Brexit imposed considerable strains on relations between ministers and the civil service. That started with a sense among many Brexit supporters that the civil service was hostile to the project itself, but continued in some departments as the civil service battled to make sense of ministerial demands during the stasis of the May government. It escalated when the civil service produced forecasts which suggested that the UK would be worse off after Brexit and that new trade deals would have only marginal effects on GDP; and when civil servants raised practical problems regarding the implementation of Brexit. Some ministers saw the civil
service as frustrating the no deal planning they thought was crucial to giving the UK leverage in negotiations with the EU.

Boris Johnson created cabinets that were unified in their approach to Brexit - and could give a clear direction to the civil service. But once the Withdrawal Agreement was concluded, he gave free rein to attacks on the civil service from his Chief Adviser Dominic Cummings, and a number of permanent secretaries found themselves victims of his ‘hard rain’. That widened into attacks on the ‘blob’, and repeated claims that the civil service was standing in the way of delivering the ‘benefits of Brexit’. This was compounded by post-Covid tensions between ministers and civil servants on working patterns.

The nadir of the relationship came in summer 2022, with Jacob Rees-Mogg's attacks on the civil service. Cuts to the civil service were announced - without prior warning to civil service leaders. The Johnson government aimed to return the civil service to ‘pre-Brexit’ levels without any acknowledgement of the new responsibilities Brexit created. This was followed by the Chancellor Kwasi Kwarteng sacking the Treasury permanent secretary on his first day in office during the short-lived Truss government.

The impacts of Brexit on working relations are set out in detail in a recent report by Amy Gandon for Reform, based on interviews with mid-ranking recent leavers. They include the difficulties of policy making with so much uncertainty, ministerial suspicion of civil service motivations, reluctance to confront evidence and to understand the scale of the task of disentangling the UK from the EU. But they also claim that Brexit triggered the departure of experienced civil servants, rapid recruitment of a lot of new people, and rampant grade inflation as people used the opportunity of Brexit (then Covid) to boost their pay. Interviewees also identified a ‘toxic culture’ at the top and the danger of too many people in key positions who thought that the way policy was made to cope with Brexit and Covid was the norm not the exception.

**INTERNAL PROCESSES OF GOVERNMENT**

One of the revelations of the Covid inquiry hearings was the impact of Brexit on internal relations between ministers – and in particular the role it played in the creating an environment in which it became relatively routine to bypass or curtail Cabinet discussions. In her evidence (endorsed by former Cabinet Secretary Lord Sedwill) former Deputy Cabinet Secretary Helen MacNamara revealed that the processes adopted for cabinet government to cope with divisions over Brexit and repeated leaks - including forcing ministers into reading rooms to read papers on secure terminals rather than circulating papers in advance - had persisted long after Brexit. In her view, that had reduced the quality of discussion on handling the pandemic.
The difficulties facing the government after the referendum led to a pattern where policy decisions were made quickly or in small groups, without consultation with the public – and then presented to Parliament, the devolved administrations and the public as *faits accomplis*. Many ministers with little or no pre-Brexit ministerial experience seem to have come to regard that as the default means of making policy. That would also apply to civil servants whose formative experience was with Brexit or covid.

**5. RELATIONS WITH BUSINESS**

One of the biggest casualties of the Brexit era was the government relationship with business. A [UK in a Changing Europe survey](#) in autumn 2021 showed businesses felt they were not listened to during the Brexit negotiations – a clear contrast with the more positive relationship they had with government during Covid. The government now seems to be more open to responding to business concerns about the effects of divergence for its own sake – but that has not made trade with the EU any easier. Indeed a [recent survey](#) by the British Chambers of Commerce suggests the compliance burden is increasing. While the Department for International Trade established consultation mechanisms with affected businesses for its trade deals, there was no attempt to engage business on the detail of the TCA.

Relations with farmers have also become much more fraught over both trade deals – where they felt their concerns were ignored by government in order to rapidly conclude deals with Australia and New Zealand – and the development of the new farm payment scheme. Pressure from the NFU led to the establishment of the Trade and Agriculture Commission to advise on trade deals (there is no business equivalent) – but farmers [still think](#) that the government is sceptical about the value of domestic food production.
Increasingly, it is possible to speak of normalisation in the UK-EU relationship. The diplomatic relationship is thawing, new forms of cooperation are being pursued, and both main parties in the UK are broadly in the same place on the kind of relationship they want with the EU. But this should not mask the fact that the UK is still in a period of adjustment, which is more acute in some places than others.

Government has now more or less adapted to the shape it needs to be after Brexit, but it is still working out to how to move with finesse. Ministers still want to reverse some of the increase in civil service numbers over the last decade but have provided little clarity on what the right size is. Meanwhile limited resources for some new tasks creates a need to prioritise, with Brexit continuing to divert focus away from new workstreams. And in some important areas like chemicals, farm payments and digital markets, the UK is moving much more slowly than the EU, as it takes time to get its new regulatory regimes into gear. Taking back control, it transpires, is a long and iterative process, consuming significant time and effort, with some of those pressures being felt even more acutely by the devolved governments than in Whitehall.

The government seems to have underestimated what is involved in taking over the tasks and functions it has inherited from the EU. While it now seems more open to consider business concerns about the costs of duplication, the impact of delays and compromises has been to make the already asymmetric Trade and Cooperation Agreement even more asymmetric. EU businesses are only now beginning to experience the impact of border checks which GB businesses faced from day one. That is made clear to UK citizens every time they travel across an international border - while EU citizens can still use e-gates at UK points of entry, UK citizens are now shepherded into ‘other passport’ queues and must have their passports stamped on each visit. They face the prospect of significant hold-ups when the EU finally gets round to implementing its much-delayed plan for biometric checks on first crossing into the Schengen area.

On policy, political turbulence has taken a toll. The government has not pursued a consistent set of objectives but chopped and changed - both in response to external pressure and as the trade-offs which Brexit implied begin to bite. That has also been reflected in sometimes tricky relationships with oversight bodies which the government itself has established. Some changes in regulatory approach are deliberate - others are a consequence of the need to live within resource constraints. The UK has gained its regulatory freedom, but has yet to
develop a clear cross government vision of what it wants the UK to look like as a regulatory state. Instead, a picture is emerging bottom up from individual decisions which suggest the UK shares many objectives with the EU as it confronts common challenges but its regulatory approach may differ.

The UK has started, under Rishi Sunak, to rebuild relationships with the EU that were badly damaged through the Brexit negotiations and even more by the behaviour of Boris Johnson and David Frost when they sought to renege on the agreements they reached. But the machinery of the TCA is only getting going and it remains to be seen what willingness or scope there is to deepen cooperation. Even when relations were at their worst, the UK and the EU managed to work together to support Ukraine.

More widely, as a global actor, the UK needs to select issues where it can make a difference. It hosted the COP in 2021 relatively successfully and managed to deliver more than was expected at its recent AI summit. But on major global issues - from AI, to trade tariffs, to the net zero transition - the UK’s influence appears diminished from outside the EU.

It may take longer to repair internal relations damaged through Brexit. Intergovernmental relations soured badly with the imposition of the Internal Market Act. Even with government restored in Northern Ireland, the UK government will have to devote time and attention to ensuring the new arrangements work.

Whoever is in government after the next general election will find that, five years on from Boris Johnson’s ‘Get Brexit Done’ election, there is still a lot of unfinished business.
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