



Department
for Exiting the
European Union

Department for Exiting the European Union

[Annual Report and Accounts 2017-18](#)

Department for Exiting the European Union

Annual Report and Accounts

2017-18

(For the year ended 31 March 2018)

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This is part of a series of departmental publications which, along with the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2017 present the Government's outturn for 2017-18 and planned expenditure for 2018-19.



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PERFORMANCE REPORT

Overview

1 Foreword to the Annual Report and Accounts 2017-18

Foreword from the Permanent Secretary

I joined the Department as Second Permanent Secretary in March 2017, subsequently taking on overall leadership of the Department in October 2017 following the creation of the Cabinet Office Europe Unit.



I am immensely proud of the work undertaken by teams within the Department over this year - the first full year of our existence. Together teams from across the Department have delivered significant progress across our objectives of: securing the best possible deal on the UK's departure from the EU, and building a deep and comprehensive future partnership between the UK and the EU; delivering and legislating for the UK's smooth and orderly exit from the EU; and informing, engaging and mobilising interested parties to help shape and secure a successful exit from the EU.

Rising to these challenges is undoubtedly a whole of Government task and the Department for Exiting the EU has been central to coordinating this process. We have well-established relationships across the whole of Whitehall, with colleagues in the devolved administrations and work in tandem with UKRep in Brussels and the Cabinet Office Europe Unit.

The Department itself has grown significantly over the course of the financial year, from 384 at 31 March 2017 to 644 at 31 March 2018. We continue to attract a significant number of people from inside and outside of the Civil Service and have kept our structures agile to ensure we operate effectively and efficiently as we move through the process of exit. Our People Survey was completed by 94% of staff and overall engagement score was 63%. We have used the results of our People Survey to continue to grow and develop our offer to staff including the 'DExEU Difference' which includes an impressive learning and development offer.

With a year until we exit the EU there remains much work for the Department to continue to deliver and I have great confidence in the plans and people we have in place to achieve this.

Philip Rycroft, Permanent Secretary and Accounting Officer

Non-Executive Board Members' Report

This last year has been both the Department's first full year of existence and our first year of working with the Department. The pace has been tremendous. The challenge posed by Brexit to the Department, and the wider Civil Service, is clearly huge. Beneath the surface – and the headlines – is a vast body of work on everything from negotiations on the international front to cross-Government engagement right across Whitehall.



Margaret Stephens



Susan Hooper

So finding our feet quickly in this environment – one of the smallest, youngest and most dynamic departments – has been essential to making a positive contribution. Whilst establishing our role in the Department we have sought to focus on the efficiency of decision-making, contributing to a streamlined governance structure and helping to shape agendas to ensure that decisions are being considered in the right fora at the right time. We have brought outside expertise and constructive challenge to the table by helping DExEU accelerate the maturity of its risk management arrangements. We are particularly proud of the progress made during the past year to use a risk based approach to prioritise some key actions including enhancing and expanding the Department's staff development offers.

We have also sought to act as envoys for the Department across Government; EU exit is a cross-Whitehall task and one which requires unparalleled engagement. We believe there has been great benefit to Government from the cross-Whitehall network of NEBMs and Audit and Risk Committee Chairs. We have been supported by focussed network briefings given by senior DExEU Officials. We have been able to provide an interface between the wider pool of Non-Executives and the Department itself.

These contributions have played their part in the Department becoming a much more established part of Whitehall over the last year, scaling up its governance functions to ensure robust decision making and continuing to rise to the challenges of our EU exit. These abilities will be essential and further put to the test in the coming year as we approach the March 2019 exit point.

Margaret Stephens, Non-Executive Board Member and Chair of the Audit and Risk Assurance Committee (ARAC)

Susan Hooper, Non-Executive Board Member

2 Purpose

2.1 The purpose of the overview is to provide a summary of the Department for Exiting the European Union (DExEU), its purpose and its objectives, its performance against its objectives, and the risks the Department faces.

3 About the Department for Exiting the European Union

3.1 The Department was established on 14 July 2016, after the 23 June Referendum, to coordinate the United Kingdom's withdrawal from the European Union (EU).

3.2 The Secretary of State for Exiting the EU is supported by Officials in Whitehall and by the UK Permanent Representation to the EU (UKRep) in Brussels, although UKRep continues to operate as part of the Foreign and Commonwealth Office (FCO).

3.3 Our objectives are to:

- Secure the best possible deal on the UK's departure from the EU; and build a deep and comprehensive future partnership between the UK and the EU.
- Deliver and legislate for the UK's smooth and orderly exit from the EU.
- Inform, engage and mobilise interested parties to help shape and secure a successful exit from the EU.
- Attract, develop and retain great people and organise ourselves flexibly to deliver our objectives efficiently and effectively.

3.4 The organisation chart is regularly updated on the Department's GOV.UK website¹.

Going concern

3.5 On 29 March 2019, the UK will leave the EU. The Prime Minister is responsible for the overall organisation of the Government and the allocation of functions between Ministers. At the reporting date, no decisions have been taken over the future structure of Government after the UK has left the EU.

3.6 The financing of DExEU's future liabilities and expenditure is to be met by future grants of Supply approved annually by Parliament. Royal Assent for amounts required for 2018-19 is due to be received early in the 2018-19 financial year, and HM Treasury has published the 2018-19 Vote on Account, which provides authority for spending on continuing services by DExEU until Royal Assent is received for the Main Estimates. In addition, in the 2016 Autumn Statement DExEU received a budget allocation up to and including the 2019-20 financial year. Therefore, it is considered appropriate to prepare these financial statements on a going concern basis.

¹ <https://www.gov.uk/government/organisations/department-for-exiting-the-european-union>

3.7 On 8 July 2018, the Secretary of State for Exiting the European Union resigned his position along with one junior Minister. A new Secretary of State was immediately appointed and, as at the date of publication, no further announcements or decisions have been made in relation to the structure of the Department and consequently there is no reason to believe that this should impact the going concern assessment of the Department. Therefore, it is considered appropriate to prepare these financial statements on a going concern basis.

4 Performance Summary

4.1 The Department was established by the Prime Minister in July 2016 to support the Cabinet in overseeing the development and delivery of the UK's negotiations to leave the EU. The Department delivered and coordinated a considerable amount across Government across the three deeply interconnected fronts of EU exit: the negotiations to leave the EU; the domestic implications and managing a smooth withdrawal; and engagement and communications in the UK and beyond.

4.2 Having completed its first full year of operation, the Department has continued to grow and develop its capability. The size of the Department has steadily increased and on 31 March 2018 was up to 644 staff from 384 on 31 March 2017.

4.3 Leaving the EU is a truly cross-Government exercise. The Department continues to draw on the wealth of expertise and experience across Whitehall in supporting the negotiations to make an orderly and successful exit from the EU. The Civil Service is equipping itself with the right capacity and capability to make this happen. New relationships have also been developed, with the addition of a strengthened unit in the Cabinet Office to support the Prime Minister, working with DExEU to develop the overarching approach to the UK's withdrawal from the EU.

4.4 The Department has also continued to lead on coordinating departments across Whitehall on ongoing European business.

Performance Analysis

5 Performance Reporting

Secure the best possible deal on the UK's departure from the EU; and build a deep and comprehensive future partnership between the UK and the EU

5.1 The Department has led and coordinated policy work across Government to help shape the 12 objectives for the negotiations set out by the Prime Minister in her Lancaster House speech on 17 January 2017. The White Paper on the UK's exit from and new partnership with the EU, published on 2 February 2017, provides a comprehensive articulation of our objectives and the rationale for our approach to the negotiations. The Prime Minister's Florence speech on 22 September 2017, Munich speech on 17 February 2018 and Mansion House speech on 2 March 2018 built on setting out that position.

5.2 From June to September 2017, the Department published seven detailed position papers and seven future partnership papers. These covered sectors from nuclear safeguards to civil judicial cooperation, setting out key issues that form part of the Government's wide ranging vision for the deep and special partnership between the UK and the EU. Further papers on the future security partnership and the future economic partnership were published in 2018.

5.3 Continued progress has been made in negotiations on the Withdrawal Agreement. On 19 June 2018 the UK and European Commission published a joint statement setting out the further progress made in finalising the Withdrawal Agreement since March European Council, including reaching agreement across the majority of separation issues. This built on the progress in March where we reached a balanced deal on matters like citizens' rights, a good financial settlement for British taxpayers, and no hard border in Northern Ireland. The joint statement also highlighted the outstanding areas to be resolved before finalisation of the Withdrawal Agreement in October 2018 alongside the framework for the future relationship with the EU.

5.4 In March 2018 the UK and the EU reached agreement on the terms of an implementation period that will start on 30 March 2019 and last until 31 December 2020. During this period, the UK and EU would continue to have access to one another's markets on current terms and common rules will remain in place. The agreement gives certainty to people and businesses across the UK and the EU.

Deliver and legislate for the UK's smooth and orderly exit from the EU

Negotiate as one UK, taking due account of specific interests of every nation and region of the UK, and of the Crown Dependencies and Overseas Territories

5.5 The Department has undertaken multilateral and bilateral engagement to ensure the devolved administrations of Scotland, Wales and Northern Ireland, the Crown Dependencies and the Overseas Territories are fully engaged in the UK's preparations to leave the EU.

5.6 Engagement with the Crown Dependencies this year has included three meetings of the Chief Ministers' Quarterly Meeting, chaired by DExEU Parliamentary Under Secretary of State Robin Walker MP. In this time, he has also chaired four meetings of the Joint Ministerial Council Gibraltar EU Negotiations (JMC G(EN)), and attended the two meetings of the Joint Ministerial Council Overseas Territories EU Negotiations (JMC OT (EN)).

5.7 Multilateral engagement with the devolved administrations has included ten meetings of the Joint Ministerial Committee on EU Negotiations (JMC (EN)), which is chaired by the Chancellor of the Duchy of Lancaster and which the Secretary of State for Exiting the EU attends. The UK, Scottish and Welsh Governments agreed at JMC (EN) on 16 October 2017 the principles that will guide how we approach common frameworks in future.

Coordinate a comprehensive legislative programme on EU exit that will provide certainty for businesses, workers and consumers

5.8 The Department introduced the EU (Withdrawal) Bill on 13 July 2017 to provide a functioning statute book on the day the UK leaves the EU, and to ensure that it is for our sovereign Parliament to make any future changes. Over the course of the Bill's passage; Parliament considered over 1,000 amendments; and more Peers spoke at Second Reading in the House of Lords than at any other Second Reading debate in history.

5.9 The Government announced its intention to bring forward a Withdrawal Agreement and Implementation Bill to give the Withdrawal Agreement domestic legal effect. This is over and above the commitment for a Parliamentary vote on the final deal as soon as possible after negotiations have concluded. As set out in the EU (Withdrawal) Act, the House of Commons must vote to approve, and the House of Lords must consider, the Withdrawal Agreement and future framework before the Withdrawal Agreement can be ratified.

Scrutinise policy and delivery planning; support, monitor and catalyse implementation; and develop policy positions on cross-Government policy priorities

5.10 The Department has led work to develop an integrated picture of the policy changes required across Government to ensure as smooth as possible an exit in a range of scenarios. We have scrutinised domestic policy solutions and delivery plans that departments develop, to ensure coherence between plans and with negotiating assumptions. We are working especially closely with those departments that lead the policy issues that are central to the negotiations.

5.11 The Department has analysed policy proposals to ensure cross-Government consensus can be secured through convening cross-Government task forces and working groups. We have monitored and supported departmental process toward delivering each exit plan and scrutinised priority programmes.

5.12 The Prime Minister established, and chaired, Cabinet Committees on European Union Exit and Trade and the Negotiations to oversee the exit and the negotiations at Cabinet level. The Department has also run a series of cross-Government governance arrangements to coordinate work across Whitehall.

Inform, engage and mobilise interested parties to help shape and secure a successful exit from the EU

Enable parliamentary scrutiny, whilst balancing the need to protect the Government's negotiating position

5.13 The Department's engagement with Parliament has been extensive and will continue to be so. As of April 2018, the Secretary of State had given ten oral statements, and there had been eight debates in Government time on issues ranging from workers' rights to security cooperation. Since the Department was created, DExEU Ministers have given evidence to a broad range of committees on 36 occasions, including, at

31 March 2018, five sessions by the Secretary of State at the Exiting the EU Select Committee and four sessions at the Lords EU Committee. Between 1 April 2017 and 31 March 2018, the Department answered 942 written parliamentary questions.

5.14 The Department established a Parliamentary reading room for all Members and Peers to access DExEU analysis provided to the Exiting the EU Committee and the Lords EU Committee. Two secure reading rooms were made available, the first opening in December 2017 and the second in February 2018. Since the first opening, the reading rooms attracted 171 visits from members, as well as two further visits from members of the European Parliament.

Engage with Member States and Institutions on the UK's objectives for the future partnership

5.15 DExEU Ministers and Officials have carried out an extensive set of engagements and meetings with European counterparts overseas as well as hosting inward visits to the UK. DExEU Ministers have met with their opposite numbers from each Member State. They have made 56 visits to EU countries, visiting 26 of the 27 Member States. There has been a similar level of intensity of engagement with the EU Institutions. For example since DExEU's inception, Ministers have met nearly 200 MEPs representing 23 Member States.

Work with a wide range of other interested parties throughout the negotiations

5.16 Ministers from across Government have carried out extensive engagement on EU exit in the UK – with businesses and industry bodies from all sectors of the economy and all regions of the UK, and with civil society groups including consumer bodies, trade unions, charities and academia. Since the Department was created in July 2016, DExEU Ministers have undertaken more than 500 recorded DExEU-organised engagements with business and civil society stakeholders from every sector of the British economy, engaged with stakeholders over 100 times in fora outside of London and attended over 80 roundtable meetings on a wide range of topics.

5.17 The Secretaries of State for Exiting the EU and for Business, Energy and Industrial Strategy and the Chancellor of the Exchequer have created an EU Exit Business Advisory Group to ensure business is not only heard but is engaged throughout the negotiations. The meeting is co-chaired by the three cabinet Ministers. At April 2018, there have been four meetings of the Business Advisory Group.

Continue to meet the UK's obligations as a member of the EU and promote UK interests

5.18 The Department has worked closely with the Europe Unit and Economic and Domestic Affairs Secretariat in the Cabinet Office, across Whitehall and devolved administrations in respect of the coordination of collective ongoing European business. Our Ministers have represented the UK at the General Affairs Council since July 2016.

5.19 UKRep, which reports to DExEU and FCO Ministers, has continued to represent the UK's interests as a whole in the EU, on the basis of mandates agreed with Ministers through collective Government processes. UKRep sets out the UK's position as the Government continues to implement and apply EU legislation until we exit the EU.

Attract, develop and retain great people and organise ourselves flexibly to deliver our objectives efficiently and effectively

Recruit, develop and retain great people

5.20 The Department has grown from 384 staff as at 31 March 2017 to 644 at 31 March 2018, bringing together officials with a wide range of policy expertise from across Government and outside of the Civil Service. UK based staff are supported by over 150 UKRep staff, based in Brussels, who report jointly to FCO and DExEU Ministers. We continue to make good progress in recruitment through a variety of campaigns, and a number of talent pipelines such as the Fast Stream, Direct Appointments Scheme and fast-track apprentices. The majority of our demand is for policy professionals. We regularly undertake resourcing reviews across all areas of the Department to ensure future resourcing requirements, including the knowledge, skills and expertise required, are identified.

5.21 While our attrition rate remains higher than the average in Whitehall departments, it has remained largely stable and we have introduced a range of measures to seek to reduce turnover. In addition, the agile nature of the Department requires a flexible staffing model including fixed-term contracts, loans from other government departments and staff on the Civil Service fast stream programme, which requires them to rotate on a regular basis. While this allows us to flexibly meet the changing demands of the business, the retention of staff remains a priority for DExEU to ensure that we are able to retain key skills, knowledge and experience to continue to deliver our objectives.

5.22 In order to support retention and the ongoing development of our staff, we have developed ‘the DExEU Difference’, our Employee Value Proposition, which includes a strong learning & development offer, the possibility of conversion to a permanent contract, and guaranteed interviews and opportunities for promotion within the Department. A large part of this offer focuses on the development opportunities available to employees while they are at DExEU, for example access to a professional one-to-one coaching leadership and technical training such as EU Skills and Understanding Parliament as well as mentoring opportunities.

5.23 Staff engagement is a priority for DExEU, with the Department’s second People Survey launched in October 2017. The survey was completed by 94% of staff (the second highest completion rate across Whitehall) up from 85% the previous year. Our overall engagement score was 63%, whilst this is down by 1% on the previous year, this is still 2% higher than the Civil Service 2017 average, resulting in DExEU being 32nd out of 98 organisations. The survey results provided evidence allowing us to shape our People strategy and as a result of the survey, we are continuing our particular focus on improving wellbeing support and ensuring staff can take the time to benefit from our learning and development offer.

5.24 The Department continues to embed the departmental values, which were developed by staff, to help make the Department a great place to work that embraces its exceptional context, fosters collaboration and empowers its staff. In an internal “pulse” survey in March 2018, 69% of DExEU staff confirmed that their colleagues were promoting and living these values.

5.25 DExEU is also committed to supporting its workforce, and has achieved this through establishing staff networks, building relationships with the recognised trade unions and setting up a Shadow Board to provide opportunities for employees to become involved in how the Department is managed.

5.26 Diversity and inclusion is embedded in everything we do and we are committed to ensuring that employees are able to bring their whole self to work. Our Equalities network strives to make DExEU one of the most transparent and diverse departments in Government. The network is staff-led, with leads in each area who organise a range of activities and initiatives for their colleagues. Our networks have achieved a lot alongside HR colleagues including recently launching a BAME/Social Mobility Reverse Mentoring programme, training more Mental Health First Aiders and holding various training and speaker events to raise awareness of all the networks across the Department.

Operate efficiently

5.27 Where possible, the Department works with other Government departments to make use of shared services for a range of functions, including the provision of accommodation, IT, commercial, and HR and Finance systems to ensure its corporate activity runs as efficiently as possible. The Department is permanently headquartered at 9 Downing Street, with staff based across three other locations in Whitehall. London-based staff and UKRep staff in Brussels have ensured effective working arrangements are in place – and have taken action to improve these over time – across the Department’s locations. The Department’s use of the Ministry of Defence (MoD), Cabinet Office and HMRC estate means that it benefits from sustainability measures undertaken by these departments. Further information is provided in the sustainability reporting section on page 10.

5.28 The Department’s governance arrangements are discussed in the Governance Statement.

Departmental expenditure profile 2017-18

5.29 In 2017-18, the Department received a total budget of £101.6m comprising £101m Resource Departmental Expenditure Limit (RDEL), £0.1m Capital (CDEL) and £0.5m Annually Managed Expenditure (AME) as part of Main Estimates for the Financial Year. This budget was provided to DExEU to deliver its objectives as set out on page 3.

5.30 The Department undertakes regular resource reviews to ensure that its structure and funding provides sufficient cover for the Department to meet its objectives. As a result of these reviews, the Department revised its budgets for resource, capital and cash requirements as part of the Supplementary Estimate which resulted in a decrease of £25m RDEL, an increase of £1m CDEL with the related changes made to net cash requirement. The £25m decrease of RDEL includes the handing back of £20m of original 2017-18 provision to HM Treasury so that the budget could be redistributed to other Government departments to fund other activities. A further £3m was transferred to CDEL and AME budget lines, whilst the remaining £2m was transferred to support EU exit related activities in other Government departments.

5.31 During 2017-18, the Department incurred Resource expenditure totalling £56.9m, (2016-17 £24.2m) reflecting an underspend of £19.6m (2016-17 £24.7m) against the total Resource budget. DExEU’s budget was developed to ensure there was adequate resource to deliver its objectives, ensuring flexibility to address ongoing uncertainty arising from exiting the EU whilst returning funds to HMT where possible in order to utilise these funds elsewhere across Government. Further detail on DExEU’s variance against budgets can be found in the Financial Overview on page 43 and in the Notes to the Financial Statements on page 52.

5.32 The majority of the Department’s expenditure in 2017-18 related to staff costs: £33.9m (2016-17 £14m) including pay and allowances, reflecting the fact that DExEU’s main objectives are policy development and coordination.

5.33 On 1 October 2017 the Europe Unit was formed within Cabinet Office and the work undertaken by the unit, which was previously carried out within DExEU, was transferred under a Machinery of Government change. The impact on 2017-18 financial statements can be found on page 62.

6 Performance against Other Required Reporting

Other required reporting

Complaints to the Parliamentary Ombudsman

6.1 There have been no cases against the Department accepted for investigation by the Parliamentary Ombudsman.

Whistleblowing

6.2 DExEU has implemented a whistleblowing policy specifically designed by the Civil Service Employee Policy, it is a consistent approach to other Government departments. We have sought volunteers from across the Department to undertake the necessary training and act as nominated officers. We have procured an independent whistleblowing advice service from Public Concern at Work. All nominated officers have been invited to join a cross-Government network of nominated officers to share best practice and learning.

6.3 There have been no cases of whistleblowing raised within the Department in the reporting period.

Public correspondence

6.4 In 2017, the Department received 10,429 pieces of direct correspondence from parliamentarians, the public and other stakeholders. As is reported to Parliament for each calendar year by the Cabinet Office, in 2017 the Department managed 2,884 pieces of ministerial correspondence (from MPs and Peers) – of which 73% were responded to within 20 working days.²

Freedom of information requests

6.5 Freedom of Information Act 2000 (FoI) request volumes are collated annually (January to December) by the Cabinet Office. For the 2017 year, DExEU received 769 FOI requests, of which 90% were answered on time³ – in line with the Information Commissioner's Office's target set for FOI timeliness, and the same level of timeliness in response as in 2016 (against 172 cases⁴).

Health and safety

6.6 One accident was reported during the reporting period. This accident occurred on 26 March 2018, was a minor injury not reportable to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. A first aider treated the officer involved. The incident was investigated and closed with no further action being required.

Sustainability

6.7 In DExEU's first accounts (2016-17) the Department had agreed with HM Treasury and Department for Environment, Food & Rural Affairs (DEFRA) to provide a reduced narrative on its sustainability reporting requirements. This agreement has been extended to these accounts. The Department's policies continue to have a negligible direct impact upon sustainable development, climate change adaptation and rural proofing,

² <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-06-26/HCWS798/>

³ <https://www.gov.uk/government/statistics/freedom-of-information-statistics-annual-2017>

⁴ <https://www.gov.uk/government/statistics/freedom-of-information-statistics-annual-2016>

and implications on wider Government policy arising as a result of exiting the EU are managed by the department(s) owning the relevant policy.

6.8 DExEU occupies space within buildings owned by other Government departments; namely Cabinet Office, MoD and HMRC. Metrics relating to the Department's occupation of these premises, such as carbon emissions, waste and water consumption are captured in the respective Annual Reports of the landlord departments.

The number of flights made by DExEU staff is set out below:

	2017-18	2016-17
Domestic flights	79	82
Overseas short-haul flights	727	228
Overseas long-haul flights ¹	37	4
Total flights	843	314

[1] Long-haul flights are defined as any flight departing the UK where the destination is outside of Europe, or where the flight departs from somewhere outside the UK and the mileage is equal to or greater than 2,298 miles

[2] 2016-17 data is from the formation of DExEU on 14th July 2016

Philip Rycroft
Permanent Secretary and Accounting Officer
Department for Exiting the European Union

9 July 2018

ACCOUNTABILITY REPORT

Corporate Governance Report

7 Directors' Report

Our Board

7.1 To provide the necessary leadership, advice and constructive challenge, DExEU has established an Executive Board, chaired by the Permanent Secretary, which is attended by senior leaders from the Department and its Non-Executive Board Members (NEBMs). All of the Board's members during the year are listed below. Following a review of governance the Board membership was streamlined, as detailed in the Governance Statement.

7.2 The Board is supported by a series of Committees. Further information on DExEU's governance structure is provided in the Governance Statement on page 16.

7.3 Details of Ministers' areas of responsibility, the Department's Non-Executive Board Members and the Executive Team can all be found on DExEU's GOV.UK website ^[1].

7.4 Information on significant interests held by Board members which may conflict with their management responsibilities have been reported in Note 13 Related Party Transactions on page 62.

Our Ministers during the year:

Ministers



The Rt Hon David Davis MP
Secretary of State for Exiting the European Union



Lord Callanan
Minister of State
From 27 October 2017



Robin Walker MP
Parliamentary Under Secretary of State



Steve Baker MP
Parliamentary Under Secretary of State
From 13 June 2017



Suella Braverman MP
Parliamentary Under Secretary of State
From 10 January 2018

A number of ministerial changes took place on 9th July 2018 ¹

Ministers during the year



Lord Bridges of Headley MBE
Parliamentary Under Secretary of State
Until 9 June 2017



The Rt Hon David Jones MP
Minister of State
Until 12 June 2017

^[1] <https://www.gov.uk/government/organisations/department-for-exiting-the-european-union>



Baroness Anelay
Minister of State
From 12 June until 26 October 2017

Non-Executive Board Members

7.5 Margaret Stephens and Susan Hooper were appointed in April 2017. As part of their role they are members of the Executive Board and the ARAC, the latter of which Margaret chairs.



Margaret Stephens
Non-Executive Board Member



Susan Hooper
Non-Executive Board Member

Our Directors General and Executive Directors:



Philip Rycroft
Permanent Secretary and Accounting
Officer **



Sarah Healey
Director General



Alex Ellis
Director General



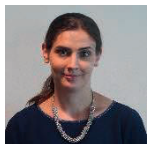
Simon Case
Director General
From 22 January 2018



Susannah Storey
Director General



Richard Ney
Director, Corporate Centre and Finance



Helen Mills
Director, Corporate Centre and HR



Matt Baugh
Director, Negotiation Coordination Unit & Senior
Information Risk Officer (SIRO)

Other Executive Directors during the year



Oliver Robbins CB
Permanent Secretary and Accounting Officer
Until 30 September 2017



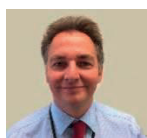
Antony Phillipson
Director, Trade and Partnerships
To 30 October 2017



Joanna Key
Director, Legislation and Constitution
To 31 August 2017*



Tom Shinner
Director, Policy and Delivery Coordination
To 31 August 2017*



Chris Jones
Director, Justice, Security and Migration
To 31 August 2017*



Catherine Webb
Director, Market Access and Budget
To 31 August 2017*

* Membership of the Executive Board was revised in August 2017.

**Philip Rycroft Permanent Secretary from 1 October 2017, second Permanent Secretary from 20 March to 30 September 2017

7.6 Prior to the governance review in August 2017, two directors from DExEU Legal Advisors within the Government Legal Department and a representative from UKRep were members of DExEU's Executive Board.

7.7 Following the review, and the decision to streamline board membership, it was agreed a representative from UKRep would continue to attend the Executive Board and the Operations Committee. This was to ensure UKRep have visibility of the Department's decision-making with a DExEU Non-Executive Board Member sitting on the UKRep Management Board.

7.8 In addition, Sir Tim Barrow (UK Permanent Representative to the EU) works closely alongside the Permanent Secretary to lead and coordinate the work undertaken by the Department in the UK and in Brussels. This includes ensuring a collective Government position on European business and exercising the UK's rights and obligations as a member of the EU until we exit. UKRep report jointly to the Foreign Secretary and the Secretary of State for Exiting the European Union.

Auditors

7.9 DExEU's accounts for the year ended 31 March 2018 have been audited by the Comptroller and Auditor General (C&AG). The total cost of the audit is £90,000 (2016-17 £80,000) and is recorded as a notional, non-cash charge through Taxpayers' Equity. During the reporting year, no payments were made to the auditors for non-audit work.

Personal data related incidents

7.10 There have been no personal data related incidents during the period from 1 April 2017 to 31 March 2018.

8 Statement of Accounting Officer's Responsibilities

8.1 Under the Government Resources and Accounts Act 2000, HM Treasury has directed DExEU to prepare for each financial year's resource accounts by detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of DExEU and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

8.2 In preparing the accounts, the Accounting Officer is required to comply with the requirements of the FReM and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

8.3 As Accounting Officer, I confirm that:

- as far as I am aware, there is no relevant audit information of which DExEU's auditors are unaware;
- I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that DExEU's auditors are aware of that information;
- the annual report and accounts as a whole is fair, balanced and understandable; and
- I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

8.4 HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of DExEU. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the DExEU's assets, are set out in Managing Public Money published by the HM Treasury.

9 Governance Statement

9.1 This statement sets out how Philip Rycroft has undertaken Accounting Officer responsibilities to manage and control the Department's resources. It covers the period starting from 1 April 2017 until 31 March 2018.

Governance framework

9.2 The governance structure for DExEU is outlined in the diagram below.



9.3 The arrangements in place for corporate governance, risk management and accountability have evolved as DExEU has matured. The Department remains simple in structure and, due to our priorities and delivery context, must maintain the ability to be agile and flexible.

9.4 The Permanent Secretary chairs an **Executive Board** with the senior leadership team, which oversees the strategic and operational management of the Department. The Board met six times during the reporting period (May, June, July, August, December and February). The membership of the Board has evolved over the course of the past year. At the start of the year, it was comprised of Directors upwards. However, following a comprehensive governance review in August 2017 it was streamlined. Executive Board is now attended by the Directors General, HR and Finance Directors, the Senior Information Risk Owner and Non-Executive Board Members.

9.5 The Executive Board has provided the forum in which the critical issues involved with leading and running the Department have been addressed, including setting our policies on people and performance management, our commercial strategy, our values and objectives, oversight of our approach to diversity and inclusion, regular reviews of resourcing, as well as departmental performance and risk management. The Board has ensured that effective decisions have been made on these matters (please see 'Risk Management' below) with progress on actions and decisions reported back to the Board on a regular basis.

9.6 The Executive Board is supported by four sub-committees. A review of governance completed in August 2017 strengthened the role of the Operations Committee to take a key role in operational decisions.

9.7 **The Operations Committee** is empowered by the Executive Board to make decisions on corporate activity and operational issues affecting the Department. It monitors corporate performance and operational risks with management information on the Department reported to each monthly meeting. It provides a

report of decisions made and actions taken to the Executive Board. It is chaired by a Director General and attended by all Directors General, Directors, one of DExEU's Non-Executive Board Members and DExEU's Shadow Board Chair. It met ten times during the reporting period.

- These arrangements have been augmented with an innovative approach to staff engagement. A group of staff representatives, chaired by a deputy director, is in place to review the papers considered by the Operations Committee in 'shadow' form. The chair of the **Shadow Board** is also a member of the Operations Committee. This has ensured an effective feedback loop for its advisory and consultative function within the Department's governance framework. Prior to August 2017 the Shadow Board reviewed items that were considered by the Executive Board and the Operations Committee but following the revision to the remit of the Boards, focuses now on the Operations Committee content.
- The **Operations Committee** is also supported by the **Talent (SCS1) and Workforce Committee** and the **Band A+ Talent Committee**, both of which are chaired by Directors General. The former is a forum for Directors to share their approaches towards talent management across the Department and provide constructive peer challenge. The latter focuses on talent management of the Band A+ community. Both consider succession planning for Senior Civil Service posts.

9.8 The **Security Committee** assures, examines and takes decisions on security issues within the Department. These include those relating to people, physical accommodation and information handling to ensure that the Department is operating proportionate and robust security arrangements. It is chaired by the Senior Information Risk Owner (SIRO) and met four times during the reporting period. The Security Committee also provides a report of decisions made and actions taken to each Executive Board.

9.9 The **Spending and Investments Committee** was established in November 2017. The Committee has oversight of financial decisions and the use of resources. It oversees the design and implementation of financial controls and the delegation framework on behalf of the Executive Board. Requests to commit resources or enter into new commercial contracts can be approved by the Committee or, where the value exceeds the delegated limit of the Committee, it can give recommendations for approval. It is chaired by the Finance Director and is attended by the HR Director, Finance Deputy Director, the commercial lead and independent Deputy Directors from across the Department and met three times during the reporting period.

9.10 The **Audit and Risk Assurance Committee** (ARAC) supports the Executive Board and the Accounting Officer on corporate matters relating to governance, risk management, the control environment and the integrity of financial statements. The findings of the ARAC are reported to the Executive Board and members of the Executive Board regularly attend the ARAC meetings.

9.11 The ARAC is chaired by Non-Executive Board Member Margaret Stephens. Other members are Non-Executive Board Member Susan Hooper, and a third Independent Member. The Committee is attended by a Director General, the Finance Director, the HR Director and representatives from the National Audit Office (NAO) and the Government Internal Audit Agency (GIAA). Other senior Officials from across the Department attend as required. It met five times during the reporting period.

9.12 To ensure the Department as a whole operates effectively, UKRep are represented at the Executive Board, Shadow Executive Board, the Operations Committee and the Security Committee.

9.13 These arrangements are also supported by a **Policy Board**, chaired by the Permanent Secretary on a weekly basis, which provides a forum for managing and coordinating policy issues across the Department at Director level and above.

9.14 During the reporting period, members of the Executive Board and the ministerial team came together on a number of occasions to discuss a range of strategy and policy issues.

Board attendance

9.15 Executive Board meetings held and attendance during the year is reflected in the table below:

Current Board Officials

Current Board	No of meetings attended of total meetings held during the year	No of meetings attended of total possible
Philip Rycroft Permanent Secretary from 1 October 2017 Second Permanent Secretary from 20 March 2017 to 30 September 2017	6/6	6/6
Sarah Healey, Director General From 14 July 2016	3/6	3/6
Alex Ellis, Director General From 16 January 2017	3/6	3/6
Richard Ney, Director, Corporate Centre and Finance From 14 July 2016	5/6	5/6
Helen Mills, Director, Corporate Centre and HR From 14 July 2016	5/6	5/6
Matthew Baugh, Director, Negotiation Coordination Unit From 1 February 2017	6/6	6/6
Susannah Storey, Director General From 14 November 2016	6/6	6/6
Simon Case, Director General From 22 January 2018	1/6	1/2
Margaret Stephens Non-Executive Board Member	6/6	6/6
Susan Hooper Non-Executive Board Member	6/6	6/6
UKREP	4/6	4/6

Officials who were Board members during the year

Officials who were Board members during the year ¹	No of meetings attended of total meetings held during the year	No of meetings attended of total possible
Oliver Robbins Permanent Secretary from 14 July 2016 To 30 September 2017	1/6	1/4
Antony Phillipson, from 14 July 2016 to 30 October 2017	2/6	2/4
Joanna Key, from 14 July 2016 to 31 August 2017	2/6	2/4
Tom Shinner, from 14 July 2016 to 31 August 2017	3/6	3/4
Chris Jones, from 14 July 2016 to 31 August 2017	4/6	4/4
Catherine Webb, from 14 July 2016 to 31 August 2017	3/6	3/4
DExEU Legal	3/6	3/4

[1] Membership of the Board was revised in August 2017.

Board effectiveness

9.16 A full review of DExEU's governance was undertaken in summer 2017. One of the conclusions of this review was to improve the distinction between the Executive Board, which is responsible for the strategic management of the Department, and the Operations Committee, which is a forum for decision-making on operational and corporate matters. In part, this was achieved through clarification of their respective roles and responsibilities through the Terms of Reference, and also by streamlining the membership of the Executive Board. In addition, it was recommended that a Talent Committee be established to focus on the

management of talent pools and succession plans, and to improve the visibility of information available to all staff on the activities of the boards and committees.

9.17 Reviews of the DExEU boards’ effectiveness continue to ensure they are able to meet the needs of our exceptional context, as well as full involvement from Non-Executive Board Members to maintain an independent and objective view of our Governance.

Cross-Whitehall governance

9.18 Exiting the EU and establishing a new partnership between the UK and the EU is a whole of Government effort. A series of cross-Government governance arrangements support this, which have continued to develop as the preparations for exiting the EU have evolved.

9.19 The Department has worked closely with other Government departments to prepare for the negotiations, establish legislative requirements and prepare for implementation domestically. The Department has also worked to support the Cabinet Office in their role of ensuring Whitehall has the skills required to meet this challenge.

Risk management

9.20 Risk management forms a central part of DExEU’s corporate governance. Our aim is to ensure our processes for identifying, assessing and managing risk are simple, proportionate and effective. The level of risk will normally determine the review and reporting arrangements. All risks are classified into one of the following categories:

Risk Category	Description
Policy & negotiation	Risks that threaten to disrupt, delay or prevent DExEU from implementing and/or coordinating the legislation, policy and regulatory arrangements necessary for exiting the EU, and/or undermine DExEU’s ability to negotiate an effective exit from the EU.
Financial	Risks that threaten DExEU’s regularity, propriety, value for money, financial position or financial performance
People	Risks relating to DExEU’s ability to recruit, retain and support staff. This also includes risks that affect DExEU staff health and wellbeing.
Operational	Risks that affect DExEU’s performance, infrastructure (IT, assets, facilities, estates), reporting, compliance, internal processes and ways of working.
Security	Risks that compromise DExEU’s assets, information, personnel and ability to operate.
Reputational	Risks that undermine the reputation and image of DExEU in the eyes of its stakeholders.
External	Risks to DExEU resulting from changes in the external environment, such as economic, political, legal or environmental factors.

Directorate risks

9.21 Directorate risks are managed by the risk owners in each Directorate. Each Directorate has its own risk register and internal governance arrangements. Directorate Senior Management Teams are required to review their risks and issues regularly as a minimum, as part of the regular reporting process to the Executive Board.

Departmental risks

9.22 There is departmental guidance on the identification, assessment, mitigation and escalation of risk. DExEU maintains a risk register that covers the operational risks facing the Department. This is regularly reviewed and updated by senior Officials, and the top risks are discussed by the Operations Committee and subsequently the Executive Board on a regular basis.

9.23 Through this risk management process, a number of key operational risks have been identified and subsequently reported to Operations Committee, ARAC and Executive Board, and action taken to reduce risk likelihood and impact, where possible. Some of the key risks identified are recruitment and retention of staff, quality of data reported to DExEU's Governance Boards, the effectiveness of DExEU's financial and HR system processes and ensuring proper information management of our data.

9.24 Detail on the work to improve retention are contained in the Performance Report. Processes within DExEU's financial and HR systems have greatly been improved over the reporting period, having been identified as a risk during the year, as has the quality of management information data available for governance boards to effectively make decisions.

Accounting Officer System Statement

9.25 In fulfilling my responsibilities as Accounting Officer for DExEU, I am required to report on the accountability systems and relations that exist within my Department and how I am able to gain assurance that the resources that have been allocated to DExEU have been utilised in accordance with the expected standards on regularity, propriety, value for money and feasibility. My statement on these systems will be published alongside this Annual Report and Accounts on DExEU's Gov.uk website.

Accountability

9.26 As Permanent Secretary, I have been appointed by HM Treasury as the Department's Accounting Officer and may be called to account in Parliament for the stewardship of the resources within the Department's control.

9.27 I took on accountability of DExEU in October 2017. Through thorough communications with the Accounting Officer in place for the first half of the reporting year, the systems of internal control prior to my appointment were ensured to my satisfaction as DExEU's new Accounting Officer.

9.28 Alongside the governance arrangements set out above, Ministers and I have clearly defined responsibilities that support good governance within the Department through Parliamentary accountability.

9.29 The Secretary of State is responsible and answerable to Parliament for the exercise of the powers on which the administration of the Department depends. He has a duty to Parliament to account, and to be held to account, for the policies, decisions and actions of the Department. Ministers are also subject to the Ministerial Code which provides assurance as to their propriety of their conduct. Upon appointment, Ministers' attention is drawn to the requirements of the Ministerial Code. As Permanent Secretary, I am responsible for advising Ministers on compliance with the Code.

9.30 No ministerial directions were made during 2017-18.

Corporate Governance Code

9.31 The 'Corporate Governance in Central Government Departments: Code of Good Practice' (the Code) requires departments to put in place arrangements to handle conflicts of interest of Board Members, and to use the Governance Statement to explain how conflicts (and potential conflicts) of interest are resolved. As set out in their contracts, each Non-Executive Board Member is required to declare to the Secretary of State any personal or business interest which may (or may be perceived) to influence their judgement in performing their functions and obligations. They are also responsible for withdrawing from any discussions where any

conflict of interest could influence their judgement. A register of interests is maintained by the Board secretariat, which reports into the Director of Finance and Operations.

9.32 Departments are expected to apply the principles of the Code unless good governance can be achieved by other means. Departments are also required to identify and explain any areas where they have departed from the Code.

9.33 The role of a departmental board is to provide leadership for the Department's business and to advise on five key areas: strategic clarity; commercial sense; talented people; results focus; and management information. The Permanent Secretary has ensured that the functions of a departmental board are covered by the Executive Board, its underlying Committees and frequent strategic management meetings between Ministers and the Senior Leadership team.

9.34 The role of a Nominations and Governance Committee is to ensure there are satisfactory systems for identifying and developing leadership and high potential; to scrutinise the incentive structure and succession planning for the Board and senior leadership of the Department; and to scrutinise the governance arrangements of the Department. The functions of this Committee are covered via the Executive Board in respect of developing leadership and potential and scrutinising the incentive structure, via the ARAC in respect of the scrutiny of the governance arrangements that are in place within the Department. There are also two Talent and Workforce sub-committees, which report into the Operations Committee, which regularly review the approach being taken to develop leadership skills.

Security & Operations

9.35 The Security Committee considers the Security Risk Register, a subset of risks on the overall departmental Risk Register and regularly undertakes deep dives into particular areas. Education and awareness is crucial to risk mitigation and DExEU's Senior Management and Security teams have issued security guidance and training to all staff. The overall responsibility for the security of the Department's information sits with the SIRO, who chairs the Security Committee.

9.36 During the course of the reporting period, the Department has been unable to account for a total of four laptops, with a total cost of £2,193.29. As a consequence, the Department is improving its monitoring and controls around laptops. All devices that are lost or stolen have access to departmental systems removed remotely and the Department enforces the responsibility of staff to protect devices during the security inductions for all new starters. Additionally, DExEU operates a security breach policy that investigates losses and holds staff to account when appropriate to do so. One other laptop was written off due to it breaking.

Departmental Structure

9.37 Delivery of the Department's objectives has depended on it being organised in a manner that complements the need for flexibility, efficiency and resilience as we continue negotiations with the EU, whilst also ensuring that the Accounting Officer is able to effectively discharge his responsibilities.

9.38 It has been necessary for DExEU to rely on the HR, payroll and finance systems in place at the Cabinet Office and the Department continues to use the existing arrangements to ensure financial records are maintained and staff are remunerated. DExEU will continue to work with counterparts in the Cabinet Office to facilitate the ongoing effective operation of this arrangement.

9.39 To ensure the Department's ability to effectively manage its objectives, the DExEU leadership team adopted a flexible approach to operational arrangements. Regular reviews of the Departmental structure and resource requirements take place so that the Department is in a position to deliver its objectives in the most appropriate way, and regular recruitment campaigns are undertaken to ensure skill requirements are continuously met.

Parliamentary engagement

As set out in the Performance Section in paragraph 5.13 on page 6, the Department has continued to ensure that Parliament has been fully engaged on our progress to date.

Independent scrutiny

9.40 The Department's internal audit function is provided by GIAA, which operates to Public Sector Internal Audit Standards. The programme of work conducted by GIAA during the reporting period covered the operational activities of the organisation. The internal audit opinion for the 2017-18 financial year was "moderate". This represents an advance on the opinion given in the previous financial year (2016-17), and reflects the progress the Department has made to its governance, risk management and control environment. There remain some areas in which processes need to mature, which will be monitored in the next reporting period.

9.41 The Department's external audit function is provided on behalf of Parliament by the Comptroller and Auditor General, supported by staff from the National Audit Office (NAO). As part of the process, representatives from the NAO see all ARAC papers and attend their meetings.

9.42 The National Audit Office published a 'Short Guide to DExEU' and a report on the Department for Exiting the European Union and the Centre of Government in November 2017. Neither of these reports were intended to draw any conclusions or make any recommendations on the role or functions of the Department. The National Audit Office also published a number of other reports on individual departments and functions which provide information on the role of the Department.

9.43 The Permanent Secretary attended one hearing of the Committee of Public Accounts during the reporting period, in the process of their inquiry into 'Exiting the EU', alongside colleagues from the Cabinet Office and HM Treasury. The Committee questioned whether roles and responsibilities were clear across the centre of Government, whether progress was being made to bring in resources at the right time, and to deliver the work needed for EU Exit. Where necessary, we are addressing the recommendations the Committee made.

9.44 For more detail please see the websites of the Committee for Public Accounts and the National Audit Office (the NAO). We will continue to work closely with the NAO and PAC in respect of matters relating to EU exit, within DExEU and across Government.

Conclusions

9.45 After review of all information that has been presented over the course of the year, I am confident that DExEU has established and maintained a system of internal control that meets the unique requirements of the Department. The opinion that has been provided by GIAA based on the work that has been conducted has been noted and we will work to ensure that the system of internal control continues to improve and evolve with the Department.

10 Remuneration and Staff Report

Remuneration Report

Remuneration policy

10.1 The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

10.2 The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations⁵.

Service contracts

10.3 The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

10.4 Unless otherwise stated below, the Officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

10.5 Further information about the work of the Civil Service Commissioner can be found at: www.civilservicecommission.org.uk.

Remuneration (including salary) and pension entitlements (subject to audit)

10.6 The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the Department and are subject to audit.

⁵ Further information about the work of the Review Body can be found at: www.ome.uk.com

Single total figure of remuneration (subject to audit) Ministers

The following table reports the single figure of remuneration for current Ministers. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016.

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)		Total (to nearest £'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Current Ministers								
Rt Hon David Davis MP Secretary of State From 13 July 2016	67,505	48,270	-	-	30,000	13,000	98,000	61,000
Robin Walker MP From 17 July 2016	22,375	15,879	-	-	6,000	4,000	28,000	20,000
Steve Baker MP From 13 June 2017 ¹	17,890	-	-	-	5,000	-	23,000	-
Lord Callanan From 27 October 2017 ²	49,573	-	-	-	11,000	-	61,000	-
Suella Braverman MP From 10 January 2018 ³	5,052	-	-	-	1,000	-	6,000	-

[1] FTE £22,375

[2] FTE £115,257

[3] FTE £22,375

From 1 April 2017, the annual salary of a Member of Parliament was £76,011 (2016-17 £74,962)

Note: The appointment of the Rt Hon David Davis MP, as Secretary of State for Exiting the EU, was announced by the Prime Minister on 13 July 2016. The first day of operation for the Department and hence the date from which DExEU is deemed to have existed was 14 July 2016.

The following table reports the single figure of remuneration for other Ministers during the year. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016.

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)		Total (to nearest £'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Other Ministers during the year								
Baroness Anelay From 12 June 2017 To 26 October 2017 ⁴	35,998	-	-	-	6,000	-	42,000	-
Lord Bridges of Headley MBE From 17 July 2016 To 9 June 2017 ⁵	32,274	48,762	-	-	2,000	11,000	34,000	60,000
Rt Hon David Jones MP From 17 July 2016 To 12 June 2017 ⁶	14,256	22,568	-	-	1,000	6,000	15,000	29,000

[4] FTE £115,257

[5] FTE £68,710

[6] FTE £31,680

From 1 April 2017, the annual salary of a Member of Parliament was £76,011 (2016-17 £74,962)

Department for Exiting the European Union
Accountability Report - Remuneration and Staff Report

Single total figure of remuneration (subject to audit) Officials

The following table reports the single figure of remuneration for current board Officials. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016.

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ¹		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Current Board										
Philip Rycroft Permanent Secretary from 1 October 2017 Second Permanent Secretary from 20 March 2017 to 30 September 2017 ¹	160-165	0-5	-	-	15,300	1,100	38,000	1,000 ²	210-215	0-5
Sarah Healey Director General From 14 July 2016	115-120	75-80	10-15	-	-	-	36,000	32,000	160-165	105-110
Alex Ellis Director General From 16 January 2017	120-125	20-25	-	-	-	-	73,000	23,000 ³	190-195	45-50
Richard Ney Director, Corporate Centre and Finance From 14 July 2016	100-105 ⁷	45-50	5-10	-	-	0 ⁴	79,000	22,000 ³	185-190	65-70
Helen Mills Director, Corporate Centre and HR From 14 July 2016 ⁴	95-100 ⁷	50-55	5-10	-	-	0 ⁴	62,000	22,000	165-170	70-75
Matthew Baugh Director, Negotiation Coordination Unit From 1 February 2017 ⁵	90-95	10-15	-	-	-	-	24,000	5,000	110-115	15-20
Susannah Storey Director General From 14 November 2016 ⁶	95-100	30-35	-	-	-	-	39,000	13,000	130-135	45-50
Simon Case Director General From 22 January 2018 ⁸	20-25	-	-	-	-	-	6,000	-	25-30	-

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights

[1] Cabinet Office contribution toward salary costs £22k

[2] Restatement of 2016-17 benefit in kind not included within 2016-17 disclosure

[3] 2016-17 Single total figure of remuneration changed due to retrospective update to earnings

[4] 2016-17 figure restated as none received in 2016-17

[5] 2017-18 pension benefit has been calculated including back dated temporary duties allowance from 2016-17

[6] FTE is £120-£125k

[7] During the course of 2017-18, the responsibilities for these roles were expanded and regraded to Senior Civil Service pay band 2

[8] FTE £120-125k

Bonus payments made in 2017-18 relate to performance in 2016-17.

Single total figure of remuneration (subject to audit) Officials

The following table reports the single figure of remuneration for other officials who were on the board during the course of the year. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016. The 2017-18 data reflects the fact that the official was on the board for part of the year only.

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) ¹		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Officials who were Board members during the year										
Oliver Robbins Permanent Secretary from 14 July 2016 To 30 September 2017 ⁹	80-85	105-110	15-20	-	-	-	28,000	93,000	125-130	200-205
Antony Phillipson From 14 July 2016 To 30 October 2017 ¹⁰	55-60	65-70	10-15	-	-	-	10,000	30,000	75-80	95-100
Joanna Key From 14 July 2016 To 31 August 2017 ¹¹	30-35	45-50	0-5	-	-	-	39,000	60,000	70-75	105-110
Catherine Webb From 14 July 2016 To 31 August 2017 ¹²	35-40	60-65	10-15	-	-	-	10,000	52,000	55-60	115-120
Chris Jones From 14 July 2016 To 31 August 2017 ¹³	35-40	60-65	-	-	-	-	66,000	90,000	100-105	150-155
Tom Shinner From 14 July 2016 To 31 August 2017 ¹⁴	50-55	90-95	-	-	-	-	21,000	25,000	70-75	115-120
Jo Shanmugalingam From 14 November 2016 ¹⁵		20-25		-		-		9,000		30-35

[9] FTE £160-£165k

[10] FTE £95-£100k

[11] FTE £85-£90k,

[12] FTE £85-£90k, 2016-17 Single total figure of remuneration changed due to retrospective update to earnings

[13] FTE £85-£90k

[14] FTE £130-£135k

[15] Jo Shanmugalingam went on Maternity Leave in December 2016 and did not subsequently return to the Department or attend Board meetings. In 2017-18

Bonus payments made in 2017-18 relate to performance in 2016-17.

10.7 Prior to the governance review in August 2017, two directors from DExEU Legal Advisors within the Government Legal Department and a representative from UKRep were members of DExEU's Executive Board with a representative from UKRep continuing to attend following the review.

Non-Executive Board Members (subject to audit)

10.8 Margaret Stephens, Chair of the Audit and Risk Assurance Committee and Non-Executive Director received remuneration of £19k (£15k as Non-Executive Board Member and £5k as Chair of the Audit and Risk Assurance Committee) (2016-17 nil).

Susan Hooper, Non-Executive Board Member, received remuneration of £14k (2016-17 £nil).

Salary

10.9 Salary includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

10.10 This report is based on accrued payments made by the Department and thus recorded in these accounts.

10.11 In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£76,011 from 1 April 2017, £74,962 from 1 April 2016) and various allowances to which they are entitled are borne centrally.

10.12 However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind (subject to audit)

10.13 The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument.

10.14 The Permanent Secretary home to work travel costs were paid as a benefit in kind and the Department met the costs of the additional tax in this respect. The total amount of grossed up benefit in kind payable was £15,273.56 (2016-17: £17,716.91 of which £1,080 relates to time in DExEU, the remainder relates to time in Cabinet Office).

Bonuses

10.15 Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to prior year performance and are agreed as part of the following year's pay remit. The bonuses reported in 2017-18 relate to performance in 2016-17. As the Department did not exist in 2015-16, no bonuses were due in relation to that year and there is therefore, no comparative data for the 2016-17 reporting year.

Fair pay disclosure (subject to audit)

10.16 Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	Ratio of top to median staff pay as at 31 March 2018	Ratio of top to median staff pay as at 31 March 2017
Remuneration band of highest paid Director	£175,000 - £180,000	£160,000 - £165,000
Median total remuneration	£36,202	£48,000
Ratio	4.9	3.4

10.17 The reason for the move in ratio is due to the increase in the percentage ratio of bands B and C in 2017-18 (54%) from 2016-17 (49%). The highest paid Director is the Permanent Secretary who in 2017-18, received benefit in kind of £15,273.56, the inclusion of this increases the ratio by 0.4.

10.18 Remuneration includes all permanent staff, secondees and faststreamers employed as at 31 March 2018. Contractors are not included.

10.19 Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Ministerial pension benefits (subject to audit)

The following table reports the value of pension benefits for current Ministers. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016.

	Accrued pension at age 65 as at 31/3/18	Real increase in pension at age 65	CETV at 31.03.18	CETV at 31.03.17	Real increase in CETV
Ministers					
Current Ministers	£'000	£'000	£'000	£'000	£'000
Rt Hon David Davis MP Secretary of State From 13 July 2016	5-10	0-2.5	137	106	23
Robin Walker MP From 17 July 2016	0-5	0-2.5	6	3	1
Steve Baker MP From 13 June 2017	0-5	0-2.5	4	-	2
Lord Callanan From 27 October 2017	0-5	0-2.5	16	6	6
Suella Braverman MP From 10 January 2018	0-5	0-2.5	1	-	-

The following table reports the value of pension benefits for other Ministers during the year. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016. The 2017-18 data reflects the fact that the Minister was in post for part of the year only.

	Accrued pension at age 65 as at 31/3/18	Real increase in pension at age 65	CETV at 31.03.18	CETV at 31.03.17	Real increase in CETV
Ministers					
Other Ministers during the year	£'000	£'000	£'000	£'000	£'000
Baroness Anelay From 12 June 2017 To 26 October 2017	20-25	0-2.5	354	354	4
Lord Bridges of Headley MBE From 17 July 2016 To 9 June 2017	0-5	0-2.5	27	25	-
Rt Hon David Jones MP From 17 July 2016 To 12 June 2017	5-10	0-2.5	117	115	1

10.20 Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' Pension Scheme 2015, available at <https://www.mypcpfpension.co.uk/docs/librariesprovider4/care-docs/Ministers/pcpf-Ministerial-scheme-final-rules-2014-12-17.pdf?sfvrsn=6>.

10.21 Those Ministers who are MPs may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1 April 2013 have transitional protection to remain in the previous final salary pension scheme.

10.22 Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

10.23 The figure shown for pension value includes the total pension payable to the member under both the pre and post 2015 Ministerial pension schemes.

The Cash Equivalent Transfer Value (CETV) for Ministers

10.24 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

10.25 This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Civil Service pensions

10.26 Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced - the Civil Service and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

10.27 These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the Official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

10.28 Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is updated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

10.29 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

10.30 The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the highest of 65 or State Pension Age for members of alpha. (The pension figures quoted for Officials show pension earned in PCSPS or alpha – as appropriate. Where the Official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

10.31 Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Officials' pension benefits (subject to audit)

The following table reports the value of pension benefits for current board Officials. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016.

	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31.03.18	CETV at 31.03.17	Real increase in CETV
Officials					
Current Board	£'000	£'000	£'000	£'000	£'000
Philip Rycroft Permanent Secretary from 1 October 2017 Second Permanent Secretary from 20 March 2017 to 30 September 2017	15-20	0-2.5	275	217	33
Sarah Healey Director General From 14 July 2016 ¹	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	312	278	10
Alex Ellis Director General From 16 January 2017 ²	55-60	2.5-5	839	745	43
Richard Ney Director, Corporate Centre and Finance From 14 July 2016 ²	15-20	2.5-5	190	141	34
Helen Mills Director, Corporate Centre and HR From 14 July 2016	15-20	2.5-5	166	130	22
Matthew Baugh Director, Negotiation Coordination Unit From 1 February 2017	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	301	273	6
Susannah Storey Director General From 14 November 2016	20-25	0-2.5	226	196	16
Simon Case Director General From 22 January 2018	25-30	0-2.5	310	306	1

[1] CETV at 31.03.17 - updated due to retrospective update to scheme (transition to Alpha)

[2] CETV at 31.03.17 - updated due to retrospective update to earnings

[3] Jo Sanmugalingam went on Maternity Leave in December 2016 and did not subsequently return to the Department, therefore, there is no disclosure for 2017-18 as she did not attend any Board meetings in that year

Officials' pension benefits (subject to audit)

The following table reports the value of pension benefits for other Officials who were on the board during the year. Data for 2016-17 reflects the fact that DExEU did not exist until 14th July 2016:

	Accrued pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31.03.18	CETV at 31.03.17	Real increase in CETV
Officials					
Officials who were Board members during the year	£'000	£'000	£'000	£'000	£'000
Oliver Robbins Permanent Secretary from 14 July 2016 To 30 September 2017	40-45 plus a lump sum of 105-110	0-2.5 plus a lump sum of 0	602	564	9
Antony Phillipson Director, Trade and Partnerships From 14 July 2016 To 30 October 2017	35-40 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0	506	493	0
Joanna Key Director, Engagement and Corporate Strategy From 14 July 2016 To 31 August 2017	20-25 plus a lump sum of 55-60	0-2.5 plus a lump sum of 2.5-5	321	293	23
Catherine Webb Director, Market Access and Budget From 14 July 2016 To 31 August 2017 ²	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	246	233	1
Chris Jones Director, Justice, Security From 14 July 2016 To 31 August 2017	25-30 plus a lump sum of 65-70	2.5-5 plus a lump sum of 5-7.5	419	370	43
Tom Shinner Director, Cross-Government Policy Co-ordination From 14 July 2016 To 31 August 2017	10-15	0-2.5	88	81	4
Jo Shanmugalingam Joint Director, Planning and Analysis From 14 November 2016 ³				204	

The Cash Equivalent Transfer Value (CETV) for Officials

10.32 A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

10.33 The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment)

Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in the value of the CETV

10.34 This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration and Staff Report

Staff numbers and related costs (subject to audit)

Staff costs

	Permanently employed staff £'000	Others £'000	Ministers £'000	Special Advisors £'000	2017-18 £'000	2016-17 £'000
Wages and salaries	23,354	-	245	205	23,804	10,629
Social security costs	2,772	-	25	26	2,823	1,092
Other pension costs	4,849	-	-	39	4,888	1,918
Agency staff costs	-	1,447	-	-	1,447	89
Sub total	30,975	1,447	270	270	32,962	13,728
Inward secondments	910	-	-	-	910	235
Total staff costs	31,885	1,447	270	270	33,872	13,963

Note: that there are no outward secondees.

Average number of full-time equivalent (FTE) persons employed

	Permanently employed staff	Others	Ministers	Special Advisors	2017-18 Total	2016-17 Total
Total full time equivalent (FTE)	512	20	4	3	539	209
Total	512	20	4	3	539	209

The FTE is calculated based on the average headcount in each month from April 2017 to March 2018, and apportioned for staff who work part-time. At 31 March 2018, there were five Ministers in the Department although, on average across the year, this number was four as reported above.

The Department's headcount of 644 as at 31 March 2018 (384 at 31 March 2017) reflects the total number of staff in post at that date. This excludes 10 members of staff who left the Department at the reporting date. There were five Ministers and three Special Advisors.

Employer Contributions

10.35 The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but DEXEU is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation⁶.

10.36 For 2017-18, employers' contributions of £4,852,211.72 (2016-17 £1,910,402.55) were payable to PCSPS at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

⁶ <https://www.civilservicepensionscheme.org.uk/media/266204/pcsp-s-resource-accounts.pdf>

10.37 Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £33,540.10 (2016-17 £7,146.79) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

10.38 Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,370.19 (2016-17 £375.45), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

10.39 Contributions due to the partnership pension providers at the accounting date were £3,231.05. Contributions prepaid at that date were £nil.

10.40 No members of staff retired early on ill-health grounds.

Reporting of Civil Service and other compensation schemes – exit packages (subject to audit)

Officials

10.41 The Department did not incur any early departure costs in respect of Officials in 2017-18 (2016-17 £nil).

Ministers

10.42 Lord Bridges left under severance terms on 9 June 2017. He received a compensation payment of £17,178.00.

10.43 David Jones left under severance terms on 12 June 2017. He received a compensation payment of £7,920.00

Senior Civil Servants

The table below shows the number of senior civil servants employed by DExEU as at 31 March.

Grade	2017-18	2016-17
SCS Pay Band 4	1	2
SCS Pay Band 3	4	2
SCS Pay Band 2	12	8
SCS Pay Band 1	39	32
Total	56	44

Analysis of staff by gender and sickness absence

During 2017-18, DExEU's headcount grew from 384 as at 31 March 2017 to 644 as at 31 March 2018. Of this number, 531 staff were recorded on the Department's HR and payroll systems comprised as follows:

Contract Type	Headcount
Secondment	2
Faststreamers	13
OGD loans	331
Fixed-term appt	185
Total (without Ministers & SpAds)	531

10.44 The remaining staff are recorded by other means associated with the type of contract held. Secondees are paid by their employer and for whom DExEU will reimburse the associated costs. Fast-streamers are paid centrally by the Cabinet Office and recharged to DExEU. Staff who are on loan from other Government departments and will continue to be paid by their home department until brought onto DExEU's payroll. Fixed term appointments are permanent staff on fixed term agreements.

The FReM requires specific disclosure in the Remuneration and Staff Report on sickness absence data and gender breakdown. Out of the 531 staff who are recorded on the Department's HR and payroll systems, the split of gender is as follows:

Gender Split	Female		Male	
	Actuals	%	Actuals	%
SCS	16	31%	36	69%
Delegated	249	52%	230	48%
Total (excluding Ministers)	265	50%	266	50%
Ministers	1	20%	4	80%
Total (including Ministers)	266	49%	270	51%

10.45 The Department had a sickness absence figure of 1.03 working days lost on average, per member of staff on HR and payroll systems for period 1 April 2017-31 March 2018.

Employment, training and advancement of disabled persons

10.46 Upon creation, the Department adopted the policies of the Cabinet Office as an interim measure. Since then, DExEU has derived its policies from the Civil Service Employee Policy core suite of policies, which have been equality impact assessed. All policies that have been implemented by the Department have undergone consultation with the recognised trade unions.

10.47 DExEU applies the Recruitment Principles of the Civil Service Commission, appointing candidates based on merit through fair and open competition. DExEU has mandated the unconscious bias training for all staff, which recruiting managers are reminded of. The Department takes part in the guaranteed interview scheme, which encourages candidates with a disability to apply for the jobs it advertises. If a candidate declares a disability and meets the minimum standards required for a job, they are offered an interview.

10.48 DExEU has launched its diversity and inclusion strategy with the aim of creating an inclusive environment with a diverse workforce reflective of the community we serve and where everyone feels valued as an individual.

10.49 DExEU has an active equality network championed by a Director and a specific Disability strand with the aims of:

- adopting a welcoming and supportive environment for all those staff and visitors with disabilities, and actively encourage the recruitment of staff with disabilities, as a Level 3 Disability Confident employer;
- working with management, unions and staff to implement the best ideas from around (and outside) Government, learning from what's worked well and what's not worked so well, and getting insight from the many organisations (such as the Business Disability Forum) that are available to help organisations; and
- arranging sessions (such as guest speakers) to help raise understanding and awareness in an engaging format, help set up group events on request, and continue to engage staff to make sure the Network is working for them.

10.50 DExEU's Equality Network and HR teams have also been proactive in raising awareness of mental health, as well as physical disabilities. DExEU have developed a mental health action plan which was produced as part of the Department's activity in signing the Time to Change pledge. The Department has 28 trained Mental Health First Champions and 10 Mental Health First Aiders and the Mental Health network has run a number of sessions such as bringing in a mental health nurse for drop-in discussions for anyone who would like one. To continue to build line managers skills and confidence a number of in-house and external training packages are made available (e.g MINDs 'managing mental health at work').

10.51 DExEU take due consideration for any requests for reasonable adjustments and makes every effort to ensure identified needs are met.

10.52 DExEU promotes a number of cross-Government talent schemes to disabled staff. This includes Civil Service-wide talent schemes such as the Future Leaders Scheme (aimed at staff in grades 6 and 7) and the Senior Leaders Scheme (aimed at staff in senior Civil Service pay band 1). It also promotes development schemes aimed specifically at disabled staff, including the Accelerate talent programme (for senior civil servants) and the Positive Action Pathway (for staff below the senior Civil Service).

Expenditure on consultancy and temporary staff

10.53 The table below sets out the Department's expenditure on temporary staff and consultancy. The Department utilises contingent labour to fill vacancies on a temporary basis. Consultancy services have also been used from a number of firms. Consultancy services are used to source flexible labour to support particularly short term roles and projects that demand speciality knowledge and skills. Whilst costs for both contingent labour and consultancy have increased since 2016-17, as detailed in the SoPS variances against Estimate review, the Department is reporting an under-spend against budget.

	£'000	
	2017-18	2016-17
Cost of consultancy	3,377	-
Cost of contingent labour	1,447	89

Reporting of off-payroll appointments

10.54 As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments must publish information on their highly paid and/or senior off-payroll engagements.

10.55 DExEU uses off-payroll arrangements for specialist or technical contractors and consultants to address urgent scarce skills gaps. Contractual controls, including the right to request assurance on tax obligations, means there is no opportunity of any tax avoidance arrangements. During 2017-18, there were no off-payroll appointments that exceeded six months in duration and there were no off-payroll engagements of Board members and/or senior Officials with significant financial responsibility.

Board members and those with significant financial responsibility	2017-18
Total no. of individuals both on and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year.	24
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year.	
Details of the exceptional circumstances that led to each of the engagements above.	n/a
Details of the length of time and dates each of these exceptional off-payroll engagements lasted.	n/a
Has the Accounting Officer approved these exceptional circumstances?	n/a
Has the individual provided assurance? (if not please give reasons)	n/a

Trade union facility time

10.56 Facility Time Publication Requirements: Under new regulations, departments with in excess of 49 employees are required to report on trade union facility time, this is reflected below

Number of employees who were relevant union officials during the relevant period	Number of full-time equivalent employees
1	1
Percentage of time spent on trade union activities	Number of employees
0%	0
1-50%	1
51-99%	0
100%	0
Percentage of pay bill spent on facility time	
Total cost of facility time (£)	1,891
Total pay bill (£)	33,893,000
Percentage of the total pay bill	0.01%
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.00%

Parliamentary Accountability and Audit Report

Accountability and Audit Report

11 Statement of Parliamentary Supply (subject to audit)

Summary of Resource and Capital Outturn 2017-18

£'000									
		2017-18						2016-17	
Note		Estimate			Outturn			Voted Outturn compared with Estimate: saving/ (excess)	Outturn Net Total
		Voted	Non-Voted	Total	Voted	Non-Voted	Total		
Spending in Departmental Expenditure Limit (DEL)									
Resource	SoPS 1.1	76,447	-	76,447	56,860	-	56,860	19,587	24,246
Capital	SoPS 1.2	750	-	750	555	-	555	195	502
Spending in Annually Managed Expenditure (AME)									
Resource	SoPS 1.1	3,000	-	3,000	114	-	114	2,886	-
Total		80,197	-	80,197	57,529	-	57,529	22,668	24,748
Total resource	SoPS 1.1	79,447	-	79,447	56,974	-	56,974	22,473	24,246
Total capital	SoPS 1.2	750	-	750	555	-	555	195	502
Total		80,197	-	80,197	57,529	-	57,529	22,668	24,748

Net Cash Requirement 2017-18

£'000						
					2017-18	2016-17
	Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn	
Net cash requirement	SoPS 3	76,837	39,764	37,073	10,987	

Administration Costs 2017-18

£'000				
			2017-18	2016-17
	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
Administration costs	76,447	56,860	19,587	24,246

Notes to the Statement of Parliamentary Supply

SoPs 1 Net outturn

SoPS 1.1. Analysis of net resource outturn by section

£'000						
	2017-18			2016-17		
	Outturn			Estimate		Outturn
	Gross	Income	Net Total	Net Total	Net total compared to Estimate	Net Total
Spending in Departmental Expenditure Limit (DEL)						
Voted expenditure						
A - Exiting the European Union	56,860	-	56,860	76,447	19,587	24,246
Total voted expenditure in DEL	56,860	-	56,860	76,447	19,587	24,246
Spending in Annually Managed Expenditure (AME)						
A - Exiting the European Union	114	-	114	3,000	2,886	-
Total voted expenditure in AME	114	-	114	3,000	2,886	-
Total resource	56,974	-	56,974	79,447	22,473	24,246

Note that all Resource DEL Expenditure is defined as Administration Expenditure.

SoPS 1.2. Analysis of net capital outturn by section

£'000						
					2017-18	2016-17
	Outturn			Estimate		Outturn
	Gross	Income	Net Total	Net Total	Outturn compared with Estimate: saving/ (excess)	Net Total
Spending in Departmental Expenditure Limit (DEL)						
Voted Expenditure						
A - Exiting the European Union	555	-	555	750	195	502
Total capital	555	-	555	750	195	502

SoPS 2 Reconciliation of net resource outturn to net operating expenditure

The Department's net resource outturn matches net operating expenditure.

SoPS 3. Reconciliation of Net Resource and Capital Outturn to Net Cash Requirement

£'000			
2017-18			
	Estimate	Outturn	Net total outturn compared with Estimate: saving/ (excess)
Resource outturn	79,447	56,974	22,473
Capital outturn	750	555	195
Accruals to cash adjustments	(3,360)	(17,765)	14,405
<i>of which:</i>			
Depreciation	(360)	(130)	(230)
Notional auditors' fee	-	(90)	90
New provisions and adjustments to previous provisions	(3,000)	(114)	(2,886)
Prior year supply	-	-	-
Other non-cash adjustments	-	(6)	6
<i>Adjustments to reflect movements in working balances:</i>			
Increase/(Decrease) in receivables	-	3,369	(3,369)
(Increase)/Decrease in payables	-	(17,930)	17,930
Movement in amounts drawn down but not used from Consolidated Fund	-	(2,864)	2,864
Net cash requirement	76,837	39,764	37,073

SoPS 4. Income payable to the Consolidated Fund

The Department has no income that is payable to the Consolidated Fund, nor does the Department collect any amounts as an agent of the Consolidated Fund.

12 Other Notes on Parliamentary Accountability

Regularity of Expenditure (subject to audit)

Losses and special payments

When the cumulative value exceeds £300,000, HM Treasury's Managing Public Money and the FReM require (both available on www.gov.uk) a statement showing losses and special payments by value and by type. Where cases individually exceed £300,000, details of those cases must be disclosed. DExEU did not incur any losses or special payments during the period which required reporting under the current disclosure requirements.

Gifts

Managing Public Money states that annual accounts should include a note on gifts made by departments if their total value exceeds £300,000. Gifts with a value of more than £300,000 should be noted individually. During 2017-18, the Department did not give, nor did it receive, any reportable gifts.

Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes (subject to audit)

On 29 March 2017, the UK Government submitted notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. Any subsequent changes in legislation, regulation and funding arrangements will be subject to the outcome of the negotiations. DExEU is responsible for coordinating the process of exiting the EU. As such, any financial and policy consequences arising as a result of the UK's exit from the EU will continue to be the responsibility of the individual lead departments, and not DExEU. As such, DExEU does not hold any such contingent liabilities in this respect.

During the second year of this two-year period, the UK remains a full member of the EU with all the rights and obligations arising from membership.

Financial Overview

Significant variances against Estimate

The Department is reporting an under-spend of £19.6m against its £76.4m Resource DEL budget. The under-spend was driven by the budget being set at a level that provided flexibility for the Department to ensure it had the required capability to deliver our objectives. The most significant budget variances are as follows:

Staffing & associated costs (underspend £15.9m) - in planning the budget for 2017-18, a series of assumptions were made on both the profile and total number of staff that may be required to deliver against our objectives. Although the headcount of the Department has almost doubled since the prior year, the total staff-related expenditure during the financial year was still lower than the respective budget provision. This resulted in reduced expenditure on both pay but also other goods and services that are linked to headcount.

Professional services (underspend £3m) - the Department made budget provision to utilise paid-for professional services. Such services provide a flexible resource of expertise. The Department underspent against this budget through sourcing the required skills with well-planned recruitment and secondments.

Shared services (underspend £2m) - the Department makes use of shared services for a range of functions including commercial, HR and Finance. Regular review is undertaken of the services provided to ensure the Department obtains value-for-money, this included a review and challenge of costs charged which then resulted in reduced expenditure in this area.

These underspends were then offset by a reduction in income recorded.

Income (reduction £5m) - in planning for 2017-18, an amount was budgeted for income. Following a change in the way recoveries from other Government departments are accounted for; no income (or associated expenditure) has been recognised in the 2017-18 accounts.

In addition to the under-spend on the Department’s Resource DEL budget, DExEU incurred an underspend of £2.9m on the Department’s Resource AME budget. Cover was sought and provided in the event the Department incurred provisions for dilapidation and legal costs. These have not crystallised in 2017-18.

Common Core Tables – Departmental Expenditure Outturn and Plans

The tables below show the Department’s outturn for 2017-18, along with the planned expenditure for the next three years. The outturn and plans expenditure data is recorded in accordance with HM Treasury’s budgeting system as set out each year in HM Treasury’s Consolidated Budgeting Guidance. Departments have separate budgets for the following:

Resource – current expenditure such as pay, procurement and current grants.

Capital – expenditure on assets, investment and capital grants.

Additional information on the Department’s Estimates is available on the GOV.UK website⁷.

Current and future departmental spending

	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Plans	Plans
A - Exiting the European Union	24,246	56,860	92,235	94,180
Total spending in resource DEL	24,246	56,860	92,235	94,180
A - Exiting the European Union	-	114	3,000	500
Total spending in AME	-	114	3,000	500
Total resource expenditure	24,246	56,974	95,235	94,680
A - Exiting the European Union	502	555	750	100
Total capital expenditure	502	555	750	100
Total expenditure - Outturn/Plans	24,748	57,529	95,985	94,780

Note that all Resource Expenditure is defined as Administration Expenditure.

Philip Rycroft
Permanent Secretary and Accounting Officer
Department for Exiting the European Union

9 July 2018

⁷https://www.gov.uk/Government/uploads/system/uploads/attachment_data/file/591926/PU2028_Supplementary_Estimates_2016-17_correction_slip_web.pdf

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Exiting the European Union for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise the Department's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2018 and of the Department's net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2018 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Department for Exiting the European Union in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department for Exiting the European Union's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department for Exiting the European Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- in the light of the knowledge and understanding of the Department for Exiting the European Union and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

12 July 2018

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Staff costs	2	33,872	13,963
Other operating expenditure	3	22,972	11,125
Depreciation	3	130	167
Total operating expenditure for the year ended 31 March		56,974	25,255
Income	4	-	(1,009)
Net operating expenditure for the year ended 31 March		56,974	24,246
Other Comprehensive Net Expenditure	TpEq	-	-
Total comprehensive net expenditure for the year ended 31 March		56,974	24,246

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments, which are not yet recognised as income or expenditure.

Income in 2016-17 was offset by an increase in expenditure. For 2017-18 the Department has changed the way it accounts for interpreter's fees. These are no longer reflected as income therefore associated expenditure has also reduced.

The Notes on pages 52 to 64 form part of these accounts.

Statement of Financial Position
as at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Non-current assets			
Property, plant and equipment	5	655	335
Total non-current assets		655	335
Current assets			
Trade and other receivables	6	3,802	433
Cash and cash equivalents	7	10,649	13,513
Total current assets		14,451	13,946
Total assets		15,106	14,281
Current liabilities			
Trade and other payables	8	(45,057)	(27,226)
Provisions	11	(114)	-
Total current liabilities		(45,171)	(27,226)
Total assets less total liabilities		(30,065)	(12,945)
Taxpayers' equity			
General fund		(30,065)	(12,945)
Total taxpayers' equity		(30,065)	(12,945)

This statement presents the financial position of the Department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the Department.

The Notes on pages 52 to 64 form part of these accounts.

Philip Rycroft
Permanent Secretary and Accounting Officer
Department for Exiting the European Union

9 July 2018

Statement of Cash Flows
for the year ended 31 March 2018

	Note	2017-18 £'000	2016-17 £'000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(56,974)	(24,246)
Adjustment for non-cash transactions	3	229	247
(Increase)/Decrease in trade and other receivables	6	(3,369)	471
Less movements in trade and other receivables relating to items not passing through the SoCNE		8	-
Increase/(Decrease) in trade payables	8	17,831	26,895
Less movements in trade and other payables relating to items not passing through the SoCNE		474	(502)
Increase/(Decrease) in provisions	11	114	-
Movement in amounts drawn down but not used from Consolidated Fund	8	2,864	(13,513)
Machinery of Government adjustments	TpEq	-	(339)
Net cash outflow from operating activities		(38,823)	(10,987)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(566)	(502)
Movements in capital accruals	8	(375)	502
Net cash outflow from investing activities		(941)	-
Cash flows from financing activities			
From the Consolidated Fund (Supply) current year	TpEq	36,900	24,500
Net cash inflow from financing activities		36,900	24,500
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		(2,864)	13,513
Payments of amounts due to the Consolidated Fund		-	-
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(2,864)	13,513
Cash and cash equivalents at the beginning of the period	7	13,513	-
Cash and cash equivalents at the end of the period	7	10,649	13,513

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources, which are intended to contribute to the Department's future public service delivery.

The Notes on pages 52 to 64 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2018

	Note	General Fund £'000	Total Taxpayer's equity £'000
Balance at 31 March 2016		573	573
Machinery of Government - transfer of function in		(339)	(339)
Net Parliamentary funding		24,500	24,500
Consolidated Fund Payable		(13,513)	(13,513)
Comprehensive net expenditure for the year	SoCNE	(24,246)	(24,246)
Non-cash adjustments: Auditors' remuneration		80	80
Balance at 31 March 2017		(12,945)	(12,945)
Net parliamentary funding		36,900	36,900
Net parliamentary funding - deemed		13,513	13,513
Consolidated Fund Payable		(10,649)	(10,649)
Comprehensive net expenditure for the year	SoCNE	(56,974)	(56,974)
Non-cash adjustments: Auditors' remuneration		90	90
Balance at 31 March 2018		(30,065)	(30,065)

This statement shows the movement in the year on the reserves held by the Department. All reserves held by DExEU are 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The General Fund represents the total assets less liabilities of a department.

The Notes on pages 52 to 64 form part of these accounts.

Notes to the Departmental Accounts

Note 1. Statement of Accounting Policies

1.1 *Statement of Compliance*

These financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury under section 5 (2) of the Government Resources and Accounts Act 2000. The accounting policies adopted are in accordance with the 2017-18 Financial Reporting Manual (FRM) issued by HM Treasury and apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected.

1.2 *Basis of Preparation*

The accounts are prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of property, plant and equipment to current value as determined by the relevant accounting standards. Figures are presented in pounds sterling, which is the functional currency of DExEU, and are rounded to the nearest £1,000. Transactions in foreign currencies are translated into sterling at the exchange rate at the date of the transaction, or at the reporting date if they remain outstanding.

1.3 *Going Concern*

The financing of DExEU's future liabilities and expenditure is to be met by future grants of Supply approved annually by Parliament. Royal Assent for amounts required for 2018-19 is due to be received early in the 2018-19 financial year, and HM Treasury has published the 2018-19 Vote on Account, which provides authority for spending on continuing services by DExEU until Royal Assent is received for the Main Estimates. In addition, in the 2016 Autumn Statement DExEU received a budget allocation up to and including the 2019-20 financial year. Therefore, it is considered appropriate to prepare these financial statements on a going concern basis.

1.4 *Machinery of Government*

On 1 October 2017 the Europe Unit was created in Cabinet Office and the work of the Unit which was previously carried out by DExEU was transferred under a Machinery of Government change. In accordance with the FRM, all income, expenditure, assets and liabilities relating to the transferred function are not included within DExEU figures for 2017-18. As prior year comparatives are immaterial, these have not been restated by DExEU or Cabinet Office.

1.5 *Impending application of newly issued accounting standards not yet effective*

Certain IFRS have been issued or revised, but are not yet effective. Those issues or revisions that are expected to be relevant in subsequent reporting periods are:

IFRS 9 Financial Instruments: IFRS 9 includes a number of improvements to the previous IAS 39. The FRM adopts this standard from 1 April 2018. As DExEU's exposure to financial instruments would be limited to long term payables and receivables from which we would expect limited credit risk, no significant impact would be expected.

IAS 7 Cash flow statements: Additional disclosure requirements were added to IAS 7 to enable users to identify changes in liabilities. The FRM adopts this prospectively from 1 April 2018 with minimal impact for

DExEU.

IFRS 16 Leases: Significant leases will be recognised as a financing lease and therefore eliminate “off-balance sheet” leasing arrangements, and require recognition of a single right-of use asset, measured at the present value of lease payments. As DExEU currently occupies properties from other Government departments, this is likely to have an effect on the Statement of Financial Position the value of which is evident in Note 10.

Although the update to the standard is effective 2019-20, the full impact of the revisions will be unknown until adoption of the standard with any associated adaptations as applied by the FreM.

Other changes to standards include changes to IFRS 15 (Revenue from Contracts), IAS 12 (taxes), IFRS 4 (insurance contracts), IFRIC 22 (foreign exchange), IFRS 2 (share based payments) and others all of which are not anticipated to have an effect on departmental accounts.

1.6 *Income*

Interpreters fees

In 2016-17, fee income relating to charges levied against other Government departments was treated as income with the full amount of the fees being charged as DExEU expenditure. In 2017-18, DExEU recognises neither fee income or expenditure in respect of other Government departments.

As there is no overall impact on the SoCNE from this change in recognition, which is therefore considered immaterial, the Department has not restated prior year balances. The impact in 2016-17 would have been a reduction in income and associated expenditure of £652k.

Other income

Other income is in relation to costs awarded to DExEU in legal cases.

Any income recognised is measured at the fair value of the consideration received or receivable.

1.7 *Employee benefits*

Pensions

The majority of, past and present, employees within DExEU are covered by the provisions of the Civil Service pension arrangements. The defined benefit schemes are unfunded.

The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees’ services by payment to the Civil Service pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Service pension arrangements. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

Outstanding employee holiday entitlement

In accordance with IAS19, the cost of paid outstanding holiday entitlement is recognised in the Accounts calculated against pay, pension and employers national insurance contributions.

1.8 *Property, Plant and Equipment and Intangible Non-Current Assets*

Property, plant, equipment and purchased software licences are capitalised if they are intended for use on a continuous basis for more than one year. The threshold for capitalising non-current assets is £5,000 on an

individual or grouped basis. Individual items are not grouped, except where it is appropriate to do so. Useful lives are calculated in accordance with the expected use of individual types of assets, for IT, this is 3 years. For leasehold improvements, this is to the next lease break or end of the lease as appropriate.

1.9 Information Technology

DExEU's IT equipment is provided by the Cabinet Office. At the Department's inception, as a reasonable materially accurate estimate, the capital value of these assets was determined by the Department's headcount at year end, adjusted for additional laptops that had been provided to staff who were not included in DExEU's headcount. In 2017-18, a verification exercise has been undertaken and assets have been recognised on a verified cost basis with an associated impairment review. As the estimated cost of the laptops had been accrued for in 2016-17, the write back of the excess accrual has been offset against the impairment charge applied to the assets following verification with a nil effect being recorded against the Statement of Comprehensive Net Expenditure. The other impact of this verification exercise is reflected as a write-off of £3k in Note 3 of these 2017-18 Accounts.

1.10 Depreciation

Non-current operational assets are held at current value in existing use in accordance with the FReM. The Department considers that the reported depreciated value (after impairments) gives the best approximation of current value in existing use.

In 2016-17 the Department applied the following calculation of depreciation to provide a materially accurate estimate of depreciation for that year in consideration of the newly created Department:

A full year of depreciation was recognised in the year of acquisition and no depreciation was recognised in the year of disposal.

Now that the Department is in its second year and in order to reflect the use of assets over their expected useful lives, the calculation for depreciation is carried out as detailed below:

Depreciation is applied on a straight line basis over the useful life of the underlying asset. Depreciation is not charged in the first month of acquisition and use but is charged in the final month of useful life.

Information Technology is depreciated on a straight-line basis over its useful life of 3 years. Leasehold improvements are depreciated, where appropriate, to the next break clause.

1.11 Trade and other receivables

Prepayments

The EU estimate and charge to DExEU amounts due in respect of Interpreters fees and these are treated as prepayments until the expenditure is incurred. Where the expenditure incurred relates to other Government departments, the amounts prepaid are then charged to the relevant other Government department and treated as a receivable balance until settlement. Expenditure applicable to DExEU is charged as the expenditure is incurred.

1.12 Financial Instruments

Financial Assets

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. A provision is made for balances when there is objective evidence that the Department will

not be able to recover these in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial liabilities

Trade and other payables are initially recognised at cost, where the time value of money is material, payables are subsequently measured at amortised cost.

1.13 Cash and Cash Equivalents

Cash and cash equivalents comprise only of current balances held in Government Banking Service accounts.

1.14 Estimation Techniques

The preparation of financial statements requires management to make appropriate judgements and assumptions that affect the amounts reported for assets and liabilities for the year ending 31 March 2018, and for amounts reported for income and expenses during the relevant period. Estimation techniques have been used for the calculation of depreciation and in assessment of any significant provision and contingent liabilities.

1.15 Provisions

DExEU accounts for provisions in accordance with IAS 37 and where the conditions are in place to do so. Where DExEU recognises provisions, these are discounted to reflect the timing of expected outflows.

Note 2. Staff Costs and numbers

	Permanently employed staff £'000	Others £'000	Ministers £'000	Special Advisers £'000	2017-18 £'000	2016-17 £'000
Wages and salaries	23,354	-	245	205	23,804	10,629
Social security costs	2,772	-	25	26	2,823	1,092
Other pension costs	4,849	-	-	39	4,888	1,918
Agency staff costs	-	1,447	-	-	1,447	89
Sub total	30,975	1,447	270	270	32,962	13,728
Inward secondments	910	-	-	-	910	235
Total staff costs	31,885	1,447	270	270	33,872	13,963

	Permanently employed staff	Others	Ministers	Special Advisers	2017-18 Total	2016-17 Total
Total full time equivalent (FTE)	512	20	4	3	539	209
Total	512	20	4	3	539	209

The FTE is calculated based on the average headcount in each month from April 2017 to March 2018, and apportioned for staff who work part-time. At 31 March 2018, there were five Ministers in the Department although, on average across the year, this number was four as reported above.

The accountability report, page 34, contains a full breakdown of staff costs.

Note 3. Operating Expenditure

	2017-18 £'000	2016-17 £'000
Other operating expenditure		
Supplies and services	668	993
Professional services	3,363	1,083
IT costs	3,152	1,174
Rentals under operating leases	4,118	1,877
Facilities management	2,742	1,515
Travel, subsistence and hospitality	1,319	344
Legal costs	5,205	3,680
Other staff related costs	2,192	379
	22,759	11,045
Non-cash items		
Auditors remuneration	90	80
Depreciation	130	167
Provisions	114	-
Capital grants to other government bodies	6	-
Written off assets	3	-
	343	247
Total	23,102	11,292

The external auditors' fees (all notional) for all statutory audit work totalled £90k (2016-17 £80k). Charges for work carried out by Government Internal Audit Agency are included within professional services costs and were £111.5k (2016-17 £50k).

In 2016-17, facilities management expenditure and rentals under operating leases was reported as rent and accommodation expenditure.

Capital grants to other Government departments refers to the transfer of assets to Cabinet Office as part of the transfer of the Europe Unit under absorption accounting for which there is no cash movement.

Note 4. Operating Income

	2017-18 £'000	2016-17 £'000
EU Secondments	-	357
Interpreter Fees	-	652
Total	-	1,009

In 2017-18, in accordance with the substance of the transaction, amounts previously recognised as income and expenditure in respect of recoveries of interpreters fees are now held on the Statement of Financial Position as prepayments or receivables until settled in cash.

Note 5. Property, Plant and Equipment

	Information Technology £'000	Property, Plant and Equipment £'000	2017-18 Total £'000
Cost or valuation			
At 1 April 2017	502	-	502
Additions	523	43	566
Disposals	(5)	-	(5)
Disposals - Machinery of Government	(7)	-	(7)
Disposals - Transfers to other government departments	(14)	-	(14)
Impairments	(99)	-	(99)
At 31 March 2018	900	43	943
Depreciation			
At 1 April 2017	(167)	-	(167)
Charged in year	(129)	(1)	(130)
Disposals	2	-	2
Disposals - Machinery of Government	1	-	1
Disposals - Transfers to other government departments	6	-	6
At 31 March 2018	(287)	(1)	(288)
Carrying amount at 31 March 2018	613	42	655
Carrying amount at 31 March 2017	335	-	335
Total owned at 31 March 2018	613		
Total leased at 31 March 2018		42	

	Information Technology £'000	Property, Plant and Equipment £'000	2016-17 Total £'000
Cost or valuation			
At 1 April 2016	-	-	-
Additions	502	-	502
At 31 March 2017	502	-	502
Depreciation			
At 1 April 2016	-	-	-
Charged in year	(167)	-	(167)
At 31 March 2017	(167)	-	(167)
Carrying amount at 31 March 2017	335	-	335
Carrying amount at 31 March 2016	-	-	-
Total owned at 31 March 2017	335		335
Total leased at 31 March 2017	-	-	-

Note 6. Trade and Other Receivables

	2017-18 £'000	2016-17 £'000
Amounts falling due within one year:		
Trade receivables	-	419
Deposits and advances	915	-
Other receivables	2,805	-
Prepayments	82	14
Balance at 31 March	3,802	433

Note 7. Cash and cash equivalents

	2017-18 £'000	2016-17 £'000
Cash at bank at 1 April	13,513	-
Net change in cash and cash equivalent balances	(2,864)	13,513
Cash at bank and held at 31 March	10,649	13,513

All balances are held within the Government Banking Service.

The Department for Exiting the European Union is funded through the Consolidated Fund and holds no long term borrowings. There are therefore no changes in liabilities arising from financing activities to disclose.

Note 8. Trade and Other Payables

	2017-18 £'000	2016-17 £'000
Amounts falling due within one year:		
Other payables	469	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	10,649	13,513
Accruals	16,800	9,725
Capital Accruals	127	502
Amounts due to other government departments	17,012	3,486
Balance at 31 March	45,057	27,226

Note 9. Financial Instruments

The cash requirements of the Department are met through the Estimates process. The only financial instruments held by DExEU are those which relate to DExEU's day-to-day operational activities and include trade and other receivables, cash and cash equivalents, and trade and other payables. The carrying value of these instruments approximates to their fair value. The Department is exposed to limited credit, liquidity or market risk.

Liquidity risk

The Estimates process provides an opportunity during the year via the Supplementary Estimate cycle to amend funding levels, changing circumstances and unforeseen events. DExEU's exposure therefore to liquidity risk, is minimal.

Credit risk

DExEU is not exposed to any material credit risk. Receivables held are with other Government departments so any credit risk associated with these balances is minimal.

Currency risk

The Department has material transactions with the European Commission. The Department pays the European Commission in Euros in respect of the UK Government's use of Interpreters at various events. DExEU then recharges the costs to the other Government departments according to usage by the respective department. The Department's exposure to currency risk is immaterial as any exchange losses or gains realised are offset by amounts recharged to other Government departments.

Note 10. Commitments under Operating Leases

As at 31 March 2018, DExEU held the following commitments under operating leases.

Obligations under operating leases for the following periods comprise:	2017-18 £'000	2016-17 £'000
Buildings		
Not later than one year	5,500	1,430
Later than one year and not later than 5 years	4,070	-
Later than 5 years	-	-
	9,570	1,430
Other		
Not later than one year	186	-
Later than one year and not later than 5 years	9	-
Later than 5 years	-	-
	195	-
Total	9,765	1,430

Note 11. Provisions

	2017-18 £'000	2016-17 £'000
Balance at 1 April	-	
Provided in the year	114	
Utilised in year	-	
Balance at 31 March	114	-

Analysis of expected timing of discounted flows:	2017-18 £'000	2016-17 £'000
Not later than one year	114	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March	114	-

Note 12. Contingent Liabilities disclosed under IAS 37

Description	Quantifiable Yes/No	2017-18 £'000	2016-17 £'000
Contingent liability in respect of legal cases currently under discussion but which are contingent on future hearings taking place	Yes	<£50	nil

Note 13. Related Party Transactions

The Department has made a number of transactions with other Government departments. The most significant of these transactions are the payments by the Cabinet Office on behalf of the Department to pay for expenditure incurred and subsequently reimbursed to Cabinet Office. At the reporting date, the Department held payables balances to Cabinet Office of £17m and receivable balances of £1.78m.

Rent payments incurred during the period were £2.86m to Ministry of Defence, with £0.7m outstanding at the year-end and £1.4m to HMRC all of which is outstanding at year end. We incurred expenditure of £0.4m to the Foreign and Commonwealth Office with £0.045m outstanding at year end. Other balances outstanding with other Government departments relate to the reimbursement of costs for staff who are on loan to DExEU, and the recovery of sums owed in relation to EU Interpretation Fees.

Non-Executive and Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a Board member. Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct.

The names and titles of all the Ministers who had responsibilities for the Department during the year are provided in the Performance Report. No Minister, Board member, key manager or other related party has undertaken any material transactions with DExEU during the year. Compensation due to key management personnel in year has been disclosed in the Remuneration report. Please see paragraph 7.4 page 12 for details of Ministers and Board members.

Note 14. Machinery of Government Change

On 1 October 2017 the Europe Unit was created in Cabinet Office and the work of the Unit which was previously carried out by DExEU was transferred under a Machinery of Government change. In agreement with HM Treasury, prior year comparatives have not been restated.

The impact of this change is shown below:

Statement of Comprehensive Net expenditure

	Note	Before the MoG £'000	MoG impact £'000	2017-18 £'000
Staff costs	2	34,456	(584)	33,872
Other operating expenditure	3	23,146	(174)	22,972
Depreciation	3	130	-	130
Total operating expenditure for the year ended 31 March		57,732	(758)	56,974
Income	4	-	-	-
Net operating expenditure for the year ended 31 March		57,732	(758)	56,974
Other Comprehensive Net Expenditure	TpEq	-	-	-
Total comprehensive net expenditure for the year ended 31 March		57,732	(758)	56,974

Statement of Financial Position

	Note	Before the MoG £'000	MoG impact £'000	31 March 2018 £'000
Non-current assets				
Property, plant and equipment	5	661	(6)	655
Total non-current assets		661	(6)	655
Current assets				
Trade and other receivables	6	3,078	724	3,802
Cash and cash equivalents	7	10,649		10,649
Total current assets		13,727	724	14,451
Total assets		14,388	718	15,106
Current liabilities				
Trade and other payables	8	(45,097)	40	(45,057)
Provisions	11	(114)		(114)
Total current liabilities		(45,211)	40	(45,171)
Total assets less total liabilities		(30,823)	758	(30,065)
Taxpayers' equity				
General fund		(30,823)	758	(30,065)
Total taxpayers' equity		(30,823)	758	(30,065)

Statement of Changes in Taxpayers' Equity

	Note	Before the MoG £'000	MoG impact £'000	General Fund £'000
Balance at 31 March 2016		573	-	573
Machinery of Government - transfer of function in		(339)	-	(339)
Net Parliamentary funding		24,500	-	24,500
Supply payable adjustment		(13,513)	-	(13,513)
Comprehensive net expenditure for the year	SoCNE	(24,246)	-	(24,246)
Non-cash adjustments: Auditors' remuneration		80	-	80
Balance at 31 March 2017		(12,945)	-	(12,945)
Net parliamentary funding		36,900	-	36,900
Net parliamentary funding - deemed		13,513	-	13,513
Supply payable adjustment		(10,649)	-	(10,649)
Comprehensive net expenditure for the year	SoCNE	(57,732)	758	(56,974)
Non-cash adjustments: Auditors' remuneration		90	-	90
Balance at 31 March 2018		(30,823)	758	(30,065)

Note 15. Events after the reporting period

The Department's financial statements are laid before the House of Commons by HM Treasury. In accordance with the requirements of IAS 10 *Events After the Reporting Period*, post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is 12 July 2018.

On 8 July 2018, the Secretary of State for Exiting the European Union resigned his position. As at the date of publication, no events have taken place which impact upon the financial statements for the year ended 31 March 2018, and no decisions or announcements have been made in relation to the structure of the Department which impacts our going concern assessment and the future operation of the Department.

