



BEYOND COMPLIANCE COST

Brexit Is Not a Compliance Project: The Portfolio Must Price the Value It Protects

Why regulated organisations must treat mandatory separation work as a first-order portfolio choice, not an overhead to be absorbed

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“The principal cost of mandatory change is often not the programme budget. It is the distortion of every competing commitment.”

1. The meeting where zero value consumed the portfolio

At 8:10 on a Monday morning, a programme steering group is looking at three apparently unrelated facts. The customer platform is green but has no spare business analysts. A core-system replacement is amber because two architects have been reassigned. The new regulatory work is not yet on the portfolio plan because nobody can state its final scope.

Then the compliance director adds a fourth fact: if market-access arrangements change, the organisation may need a different legal-entity structure, revised permissions, amended client contracts and new booking routes. The work could touch 42 systems and more than 180 contracts. The first credible estimate is £38 million, with a range extending beyond £60 million. It produces no new customer, no new product and no promised saving.

The finance director asks the natural question: where is the business benefit?

There is no satisfactory answer because it is the wrong question.

Following the Article 50 notification in March and the opening of formal negotiations this month, the two-year timetable is no longer a political abstraction for regulated organisations. Yet the eventual settlement remains uncertain. This combination—an approaching date and an unsettled destination—creates a form of programme that conventional transformation logic handles badly. Brexit-related change is not merely compliance work. It is continuity work under regulatory uncertainty, and it must be governed as a first-order portfolio choice.

2. The category error hidden in the business case

Transformation textbooks usually begin with a desired future state. They ask what value the change will create, compare that value with cost and risk, and then sequence investment accordingly. This is sound when management retains the option not to proceed.

A mandatory regulatory programme reverses the logic. The organisation is not buying an attractive future; it is buying the continued ability to operate across several plausible futures. Its value therefore appears as something that does not happen: no loss of authorisation, no interrupted service, no stranded contract, no disorderly transfer of activity.

That distinction matters because a programme with no positive benefit is easily treated as an overhead to be absorbed by the existing portfolio. In practice, it consumes the same scarce resources as strategic change:

- senior legal and compliance judgement;
- enterprise and solution architecture;
- experienced business analysts who understand end-to-end processes;
- finance, tax and treasury expertise;
- operational managers able to approve changes without weakening day-to-day control.

These are rarely elastic pools. They are the people already carrying the organisation's most important transformation commitments.

A mandatory programme may create no new revenue, but it can consume the same scarce judgement that strategic change depends upon.

Once that mechanism is visible, the central issue changes. The question is no longer whether Brexit work has a conventional return. It is whether the portfolio has honestly priced the capacity, delay and optionality required to preserve the organisation's right to operate.

Protected value is still value. The absence of an upside case does not make regulatory continuity discretionary; it changes the evidence required to govern it.

3. The cost that never appears in the estimate

Consider a composite regulated business planning its second half of 2017. Its approved portfolio assumes that 26 experienced analysts, nine architects and 16 legal or compliance specialists can cover all major change. The initial Brexit assessment is presented as a separate £38 million programme.

The resource picture tells a different story.

Scarce capability	Approved strategic demand	Brexit demand at peak	Available capacity	Real portfolio gap
Business analysis	18	11	26	3
Architecture	7	6	9	4

Scarce capability	Approved strategic demand	Brexit demand at peak	Available capacity	Real portfolio gap
Legal and compliance	8	14	16	6

The arithmetic is simple; the organisational response rarely is. The strategic programmes already have approved benefits and vocal sponsors. The regulatory programme has a deadline but an uncertain scope. Each sponsor therefore argues that the other demand should flex.

If the portfolio does not make the collision explicit, it is resolved informally. An architect attends the regulatory design forum on Wednesdays while remaining nominally allocated to the platform replacement. A legal specialist becomes the approval bottleneck for four workstreams. Business analysts defer process documentation to keep two plans moving. Both programmes continue to report progress, but decisions wait and rework accumulates.

Within twelve weeks, the customer-platform milestone has moved by six weeks. The core-system design is incomplete. The Brexit team has produced three scenarios but has not agreed which long-lead actions are common to all of them. The regulatory estimate still says £38 million because the delay imposed on the rest of the portfolio sits in somebody else's plan.

This is what the textbooks leave out. The principal cost of mandatory change is often not the programme budget. It is the distortion of every competing commitment.

4. The strongest case for keeping it small

There is a serious opposing view. Brexit outcomes are uncertain; premature action may waste money. A large programme can become a shelter for long-deferred improvements, with ordinary modernisation relabelled as regulatory necessity. The sensible response, on this argument, is to isolate the minimum compliance requirement, keep spending tightly controlled and protect strategic transformation from political volatility.

Much of this is right. Gold-plating is a real danger. Uncertainty is not a licence for speculative redesign. A regulated organisation should not rebuild every process simply because its legal structure may change.

But “minimum compliance” is not a fixed scope waiting to be discovered. It is a decision that depends on the scenario, the time needed to implement it and the organisation's tolerance for operational concentration. Waiting can preserve cash, but it also closes options. A legal-entity approval, contract transfer or system change with a twelve-month lead time cannot be postponed until every negotiation point is settled. Conversely, committing early to a single end-state can create expensive reversal.

The answer is neither maximal preparation nor passive delay. It is to separate three kinds of work:

- No-regret work: facts, inventories, decision rights, contract identification, system dependencies and control baselines needed under almost any plausible outcome.
- Option-preserving work: designs, applications, provisional capacity and staged contractual steps that keep more than one route open.
- Outcome-dependent work: irreversible implementation that should wait for a defined trigger or the last responsible decision date.

This separation does not remove uncertainty. It converts uncertainty from an excuse for weak governance into an explicit set of choices.

5. Govern the collision, not merely the workstreams

The usual programme machinery—workstreams, milestones, risks and steering committees—is necessary but insufficient. Brexit change crosses the boundary between compliance and strategy, so the decisive forum is the portfolio, not the programme board.

Three decisions belong there.

1. Set the protected outcome. State precisely what must remain true: which customers can still be served, which activities can still be booked, which permissions must be in place and which controls cannot be weakened. “Be Brexit-ready” is not an outcome; it is a slogan.
2. Expose the common bottlenecks. Capacity plans should identify scarce named roles and decision queues, not merely full-time-equivalent totals. Ten interchangeable analysts on paper do not replace the two people who understand a particular booking process and its regulatory controls.
3. Trade strategic delay openly. If mandatory work takes six architects for four months, show which approved milestones move, which benefits are deferred and which risks increase. Do not allow the strategic portfolio to remain green by pretending the capacity came from nowhere.

The practical instrument is not a more elaborate business case. It is a rolling decision ledger linking each scenario to its trigger, latest decision date, resource demand and consequence of waiting. A useful entry might read: “Prepare alternative booking design now; commit build when market-access assumption changes or by 30 September, whichever comes first.” The date is not a forecast. It is the point after which delay itself becomes a decision.

This creates a disciplined rhythm. The programme board manages delivery against the current assumptions. The portfolio forum decides when assumptions have changed enough to redirect money and people. The executive committee owns the consequences for strategy. Without that separation, every forum discusses uncertainty and none of them decides.

6. The leadership discomfort

Mandatory regulatory programmes reveal a weakness that ordinary transformation can conceal: leaders prefer to sponsor visible improvement rather than protected continuity. A new customer proposition can be narrated as ambition. A contract repapering exercise cannot. Yet both compete for the same people, funding and attention.

The temptation is to present the regulatory programme as unavoidable and therefore beyond debate. That is as dangerous as treating it as mere compliance. The obligation may be unavoidable; the response is full of choices:

- how much optionality to purchase;
- which activities to relocate or restructure first;
- where temporary manual controls are tolerable;
- which strategic milestones to defer;
- when to commit before certainty arrives.

Those are strategic judgements. They deserve the same quality of sponsorship as revenue-generating change, perhaps more, because weak decisions can remain invisible until the timetable can no longer absorb them.

The pattern that recurs in externally imposed change is that organisations debate the size of the regulatory budget while leaving the strategic sacrifice implicit. This produces the worst of both worlds: a compliance programme accused of overspending and a transformation portfolio quietly stripped of the capability needed to deliver.

Brexit makes that pattern unusually stark. The destination is contested, the timetable is real, and many implementation choices have longer lead times than the political process will comfortably allow. The responsible stance is neither panic nor denial. It is to govern protected value, optionality and displaced ambition together.

7. What the portfolio must admit

Brexit-related regulatory work is the transformation nobody wanted because its success may look like nothing happened. Customers continue to be served. Permissions are in place. Contracts remain enforceable. Systems route activity correctly. The organisation absorbs the cost and carries on.

That apparent absence of benefit is precisely why the programme requires stronger portfolio discipline. Its value is continuity; its price includes the strategic work it displaces; and its central management task is to make timely commitments without pretending uncertainty has disappeared.

The executive question should therefore be sharper than “What is the minimum we must spend?” It should be: What value are we protecting, which options are we buying, and what strategic ambition are we willing to defer to do so?

Until those three answers sit in the same decision, the portfolio is not governing Brexit. It is merely recording its consequences.