HM Revenue & Customs

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Dame Meg Hillier
Chair, Public Accounts Committee

By email

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Dear Dame Meg Hillier,

I am writing to follow up on commitments that I made at the Public Accounts Committee Session on 24 November 2021.

Average length of delay for declarations using the Staged Customs Controls (SCC)

During 2021, completion of customs declarations for EU imports can be deferred through use of either the pre-existing, permanent Customs Freight Simplified Procedures (CFSP) or Simplified Customs Declaration Process (SCDP), subject to authorisation, or through use of the temporary SCC easement. A key difference between these is that declarations deferred using CFSP/SCDP must be submitted by the 4th working day following the month of goods movement, whereas traders using SCC can defer submitting their declarations by up to 175 days.

Only non-controlled goods are eligible to use SCC and we may exclude traders who we regard as posing a high risk of non-compliance.

The average number of days' delay using SCC cannot easily be calculated, as declarations delayed using SCC look the same on our systems as declarations made through CFSP/SCDP. However, we can estimate the number of days delayed by comparing the date on which declarations are received by HMRC and the date of import provided by the trader for certain declaration types.

For non-controlled goods imported between January 2021 and May 2021, for which declarations have been received, 85% of all types of deferred declarations were submitted before the CFSP/SCDP deadline, and 15% were submitted after. HMRC make the assumption that the 15% submitted after the deadline have been delayed under SCC.

For the declarations we assume to have been delayed under SCC (the 15%), the mean time between importing and submitting declarations was 81 days, and the median was 67 days. These times are both well within the 175 days limit.

This estimation method is imperfect - for example, of the 85% of deferred declarations that came in prior to the CFSP/SCDP deadline, some proportion of these may be SCC delayed declarations. For the reasons given above, we cannot separately identify them from CFSP/SCDP delayed declarations. In addition, some declarations that are submitted later than the CFSP/SCDP deadlines by traders who are not using SCC will be included in the 15%. The averages above do not capture any trends in the length of delay as the year has progressed.

HMRC and Fujitsu commercial agreement

The decision to enter into a 5 year fixed price contract was to ensure that HMRC was able to continue with a fully operational customs platform for future years while the replacement Customs Declaration Service (CDS) was being aligned to meet the expected increase in declarations following EU Exit and the future vision for the border. It should be noted that the CHIEF contract extension was part of a larger negotiation that covered another 12 applications that Fujitsu provide to HMRC on the same technology. Combining all applications into one contract and committing to a 5 year term provided the best Value for Money option when viewing the whole deal in aggregate. When we have certainty on the timetable for the retirement and decommissioning of CHIEF, we will work to ensure a timely and cost effective exit

Yours sincerely

JIM HARRA
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY