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Research into the customs intermediaries sector

Wave 1 summary report

HM Revenue and Customs Research Report 599

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Glossary and abbreviations

Term	Definition
Badge	Intermediaries must purchase badges to access the systems for each port, in order to submit a customs declaration and release goods into circulation.
Customs agent or broker	Customs brokers complete declaration forms for businesses importing and/or exporting goods in order to ensure that goods moving to and from the country are accurately declared for customs. They do not primarily deal with the physical movement of goods.
Customs declaration	A form listing the details of goods being imported or exported. It is a legal requirement, although some countries or trading areas (e.g. the EU) have agreements in place which means they are not required. Six different types of declaration are asked about in the survey, noted with (*) in this glossary.
Customs Freight Simplified Procedures (CFSP)	This is an electronic customs system for speeding up the importing of goods. When CFSP goods arrive at a border from outside the EU, an initial declaration known as a Simplified Frontier Declaration* is submitted, or an Entry in Declarants Records* is made to allow the release of the goods. The consignment details are sent to HMRC via a Supplementary Declaration*.
Customs intermediary	These are businesses that help traders to move goods across borders. They offer a range of different services including providing/arranging transportation of goods, completing customs declarations and paying tariffs/import duties. This research focuses on those who currently make declarations on behalf of traders (either in-house or outsourced) or those who intend to do so once full customs declarations are required on all EU trade (in-house or outsourced).
Entry in Declarants Records*	Entry in Declarants Records allow CFSP goods to be released into circulation. The customs intermediary or trader would record the goods' details at the time of import and provide a supplementary declaration* to HMRC at a later date.
Export(ing)	Selling goods or services to a customer in a different country. This research focuses purely on goods as customs declarations are not required for services.
Fast parcel operator (FPO)	FPOs are a type of customs intermediary. They specialise in moving goods very quickly (usually taking five to seven days to move goods across borders). The term FPO can also be used to describe a service provided by hauliers or freight forwarders, rather than describing a distinct business type.
Freight forwarder	Freight forwarders facilitate the movement of goods from between countries and can also be known as 'shipping agents'. They cover the movement of goods via all different mediums: road, rail, air, and sea. They help traders to move goods directly (where they have their own fleet of vehicles) or indirectly (where they contract haulage operators or shipping lines to move goods).
Full customs export declaration*	A full customs declaration contains all the information about an export. It consists of 54 data elements that must be completed and accepted by CHIEF or CDS before the goods leave the EU (after the 31 December 2020 this will be the UK). It is completed electronically.

Term	Definition
Full customs import declaration*	A full customs declaration contains all the information about an import. It consists of 54 data elements that must be completed and accepted by CHIEF or CDS before the goods are released from the border. It is completed electronically.
Haulier	Hauliers deal mainly with the physical transportation of goods.
Import(ing)	Purchasing goods or services from sellers in a different country. This research focuses purely on goods as customs declarations are not required for services.
In-house	When customs intermediaries complete declarations themselves.
Large	Firms with 250+ employees and/or turnover greater than €50 million.
Micro	Firms with one to nine employees and/or turnover less than €2 million.
Medium	Firms with 50-249 employees and/or turnover less than or equal to €50 million.
Outsourcing	When customs intermediaries pay other intermediaries to complete their customs declarations for them.
Safety and security entry summary declaration (ENS)*	ENS, or 'safety and security' declarations, must be lodged at the first port of entry into the UK for goods arriving outside the UK, according to EU safety and security regulations. The ENS contains advance cargo information, which is used to assess the risk of goods entering the UK.
Small	Firms with 10-49 employees and/or turnover less than or equal to €10 million.
Standard Industrial Classification (SIC)	SIC provides an established framework to classify businesses by the type of economic activity in which they are engaged ¹
Simplified frontier declaration (SFD)*	This is a shortened declaration that provides 15-20 data elements. SFDs must be completed electronically, accepted before goods are released, and then followed by a supplementary declaration* at a later date. SFDs can only be used by customs intermediaries or traders who are CFSP-authorised.
Supplementary declaration*	This is used following an SFD* or Entry in Declarants Records*. The declaration is collated by specialist software and provides the additional data needed to meet the same standard as a full declaration.
Tariffs	A tax or duty paid on goods that are imported or exported. Some countries have free trade agreements, which means they don't charge tariffs on goods.
Trader	Businesses who import goods or services to the UK or export to other countries. This research focuses purely on goods as customs declarations are not required for services.
Very large	We have marked firms with 5,000+ employees and/or turnover in excess of 250m as Very Large for analysis purposes'.

¹ For more information, please see:

<https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uk sic2007>

1 Introduction

Ipsos MORI has been commissioned by HMRC to conduct research to understand the size and characteristics of the customs intermediary sector. This includes helping HMRC to better understand how customs intermediaries have responded to, or plan to respond to, EU Exit and the end of the transition period. Specifically, the research aims to:

1. Accurately estimate the size and capacity of the customs intermediary population and the sub-groups within it.
2. Build upon previous research designs to create a more robust sample frame and method for conducting surveys with this population.
3. Better understand the population in terms of structure, characteristics, and the services that customs intermediaries provide for their customers.
4. Conduct three research waves to measure change in capacity in response to EU Exit policies.

The research focuses on customs intermediaries who currently make customs declarations on behalf of traders (either in-house, through outsourcing to another customs intermediary, or a mix of both), or those who say they intend to make declarations once full customs declarations are required on all EU trade (again, either in-house, through outsourcing to another customs intermediary, or a mix of both).

1.1 Method

The approach includes: a **development phase** to build a sample of customs intermediaries and develop the survey questionnaire with input from sector trade bodies and customs intermediaries; **three waves of random probability telephone surveys** of customs intermediaries to measure change in capacity over time; **follow-up qualitative interviews** with a targeted sample of customs intermediaries, for example, to explore sensitive issues such as costs and charges, or deliver more insight on customs intermediaries' preparations for the end of the transition period, and any barriers preventing them from preparing; and a **sizing exercise** to estimate the total size, make-up and capacity of the sector as a whole. Figure 1.1 summarises the overall approach. Each phase of the method is discussed briefly overleaf, with additional detail available in the Appendix (Sections 6.1 and 6.2).

Figure 1.1: Overview of research method



Development phase

The development phase consisted of 16 in-depth interviews with customs intermediaries and five in-depth interviews with industry trade bodies. The purpose of the development phase was to build on existing understanding of the sector; inform the design of the survey, questionnaire, and accompanying materials; and to help identify the search terms used for the sample building exercise.

Sample building

There is no current Standard Industrial Classification (SIC) that accurately captures customs intermediaries. The firms that undertake (or outsource) customs declarations can be classified under a wide range of SIC codes, and will be undertaking these declarations to a highly varied extent depending on the scale of their operations and trading locations. To overcome this, Perspective Economics reviewed a wide range of sources (including trade body membership lists, available SIC codes, Companies House data and HMRC lists of customs agents and fast parcel operators²) to develop a list of key terms and attributes to be included with the company search strategy.

In April 2020, Ipsos MORI and Perspective Economics developed an initial sample containing 109,759 UK-registered businesses that were anticipated as potentially relevant to this research. However, this total sample was too large to accurately reflect the number, size, and scale of businesses engaged in the customs process. This is because it drew upon a wide range of sources, from which some businesses that were included provided very little indication that they were actually involved within customs activity (e.g. a micro road transport firm with a potentially relevant SIC code, but no significant online trading presence or contact details, or indication that it would be involved in customs activities).

Next, the list was refined by 'scoring' companies based on the sources used to identify them. For example, leads sourced from HMRC, trade bodies' membership lists, or those who had previously been surveyed by Ipsos MORI and been identified as customs intermediaries were typically awarded higher scores than leads who were purely sourced from relevant SIC codes. Telephone numbers were available for 22,339 leads (20% of the sample) through automated telephone matching³, existing sample or web scraping. From this, a sample of 9,451 leads were randomly selected and loaded for the Wave 1 survey.

Survey and qualitative work

The Wave 1 survey took place between 29 June and 1 September 2020 (the survey was piloted with 97 customs intermediaries between 29 June and 13 July 2020) and consisted of 674 telephone interviews with customs intermediaries. Before the mainstage survey, Ipsos MORI undertook cognitive interviews and a pilot to test the questionnaire and sample quality⁴. In addition, 15 follow-up, qualitative in-depth interviews were conducted via telephone with customs intermediaries who had taken part in the survey.

Sizing exercise: Grossing and estimation

Ipsos MORI provided Perspective Economics with a dataset outlining the 676⁵ survey responses, alongside the call outcomes⁶ for those who were contacted but did not complete the survey. By analysing the call outcomes, we were able to substantiate an initial assumption that firms with a lower

² <https://www.gov.uk/guidance/list-of-customs-agents-and-fast-parcel-operators>

³ Ipsos MORI also undertook manual matching for leads with higher scores.

⁴ Please see the Appendix for further technical details on the survey methodology.

⁵ 676 customs intermediaries were interviewed, but two cases were removed from the final dataset during data cleaning and quality assurance.

⁶ In a random probability survey, each lead is called at least 7 times before recording the final 'call outcome'. Call outcomes describe the status of the lead, for example: completed interview, refusal, ineligible, or unusable.

score were less likely to be involved in customs activity, and therefore more likely to be ineligible for the survey. Perspective Economics reviewed all 109,759 firms to identify which leads should be included or excluded from the final list. This involved:

- **Including firms who:** completed the survey, were not available during the fieldwork period (these leads were reviewed to remove any anomalies such as recruitment firms or car customisation, etc.), or did not complete the survey but were considered relevant to the study (well-known customs intermediaries, those with higher scores, or those with sufficient data to model).
- **Removing firms who:** did not complete the survey and whose call outcomes indicated they should be removed (such as being ineligible), those with limited trading data (such as no website or accounts available online), those who had significant business activity but irrelevant SIC codes or trading descriptions, and removing any duplicates.

Following the development of the final list of proposed customs intermediaries in the UK (which derived a final estimated population of c. 8,400 firms), Perspective Economics analysed the survey responses by size of firm, and applied these estimates to the wider population.

Whilst we recognise this process may omit some firms potentially involved in customs intermediary activity (e.g. those not picked up by the search strategy, or potentially removed due to limited alignment to the study definition) – we perceive that this provides a more reflective overview of the likely size and scale of the customs intermediary ‘sector’ in the UK.

1.2 Reporting notes

This summary report provides a selection of the key findings from the Wave 1 survey. A more detailed report, combining all three waves, will be published after results from all three waves of this research have been completed and quality assured.

Analysis and interpretation of the data

Survey results are subject to margins of error, which vary with the sample size and the percentage figure concerned. The report only comments on subgroup differences where these differences are found to be statistically significant (at the 95 per cent level of confidence)⁷. Where figures in charts do not add to 100 per cent this is due to rounding of percentages or because the questions allow more than one response.

This report also contains qualitative findings from the 15 follow-up, in-depth interviews. Qualitative approaches are used to explore the nuances and diversity of views and are not designed to be statistically representative. Verbatim comments have been included in this report to illustrate key points. Where quotes are used, they have been anonymised and attributed with the participant type and key characteristics.

Grossed and survey findings

This report includes findings from both the **sizing exercise** and the **survey**. Wherever we refer to the ‘grossed’ findings in this report, where the overall base size is noted as around 8,400 intermediaries, or where raw numbers are reported, these findings relate to those from the sizing exercise. Wherever the overall base size is noted as 674 intermediaries, these findings are from the survey.

⁷ There is a further guide to statistical reliability in the Appendix (Section 6.5).

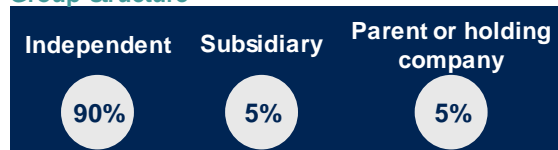
2 The make-up of the sector

The infographic below shows data from the **grossing estimates** in terms of the key characteristics of the customs intermediaries sector as a whole.

Estimated number of intermediaries

c. 8,400 intermediaries

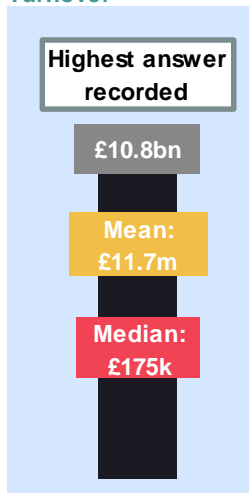
Group structure



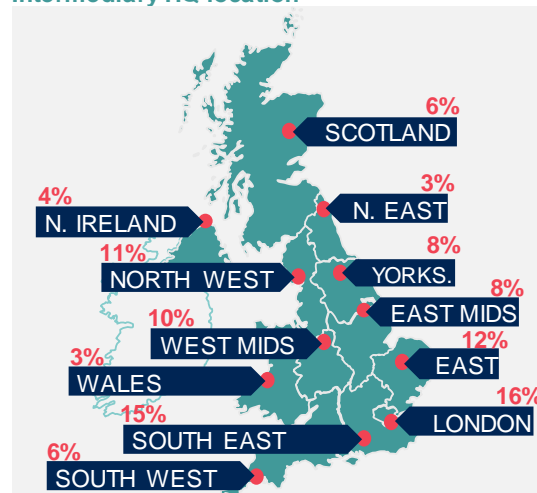
Size (turnover and number of employees)

Micro (Turnover <€2m, 1-9 employees)	62%
Small (Turnover <=€10m, 10-49)	24%
Medium (Turnover <= €50m, 50-249)	10%
Large (Turnover > €50m, 250+ employees)	3%
Very Large (*€250m+ turnover or >5000 FTEs)	1%

Turnover



Intermediary HQ location

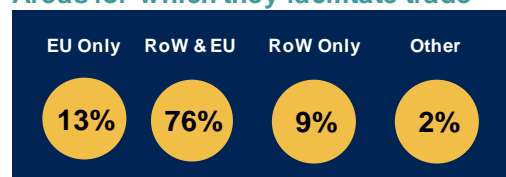


The following infographic shows data from the **survey**, including the areas in which intermediaries facilitate trade, how they describe themselves, and the goods they move between the UK and the EU.

Base (unweighted)

674 intermediaries

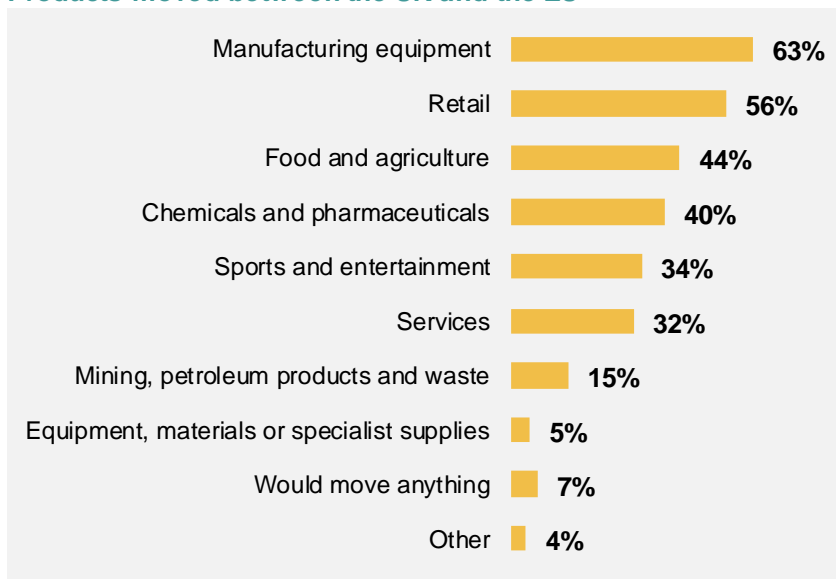
Areas for which they facilitate trade



Number of customers per month

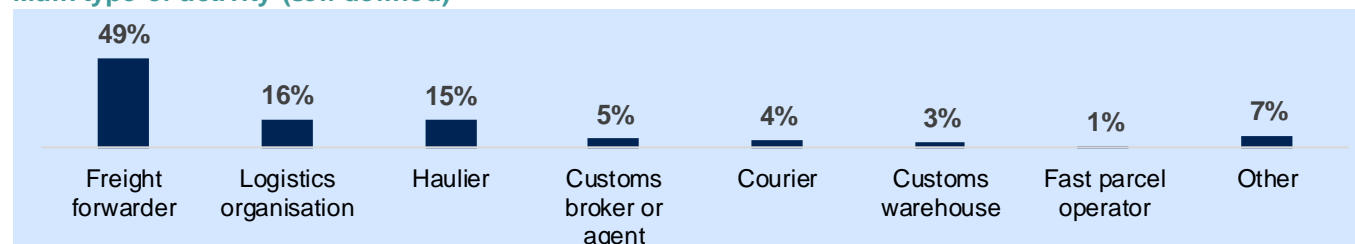
10 or fewer customers	17%
11 to 25 customers	18%
26 to 50 customers	20%
51 to 100 customers	17%
101 to 200 customers	13%
200+ customers	13%

Products moved between the UK and the EU



Base (unweighted): All intermediaries facilitating EU trade (593)

Main type of activity (self-defined)



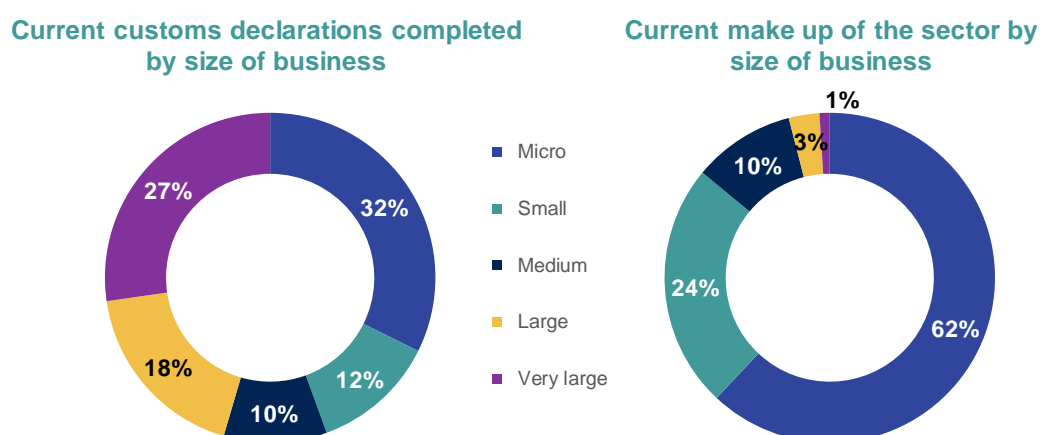
3 The current capacity of the sector

This section describes the capacity of the sector, including the total number of declarations completed, and the proportion of declarations completed in-house, outsourced to other intermediaries, or both.

3.1 Total customs declarations completed per year

The sector currently completes an estimated **29-39 million customs declarations** each year based on analysis from both the sizing exercise and survey responses. More than four in ten (45%) of all customs declarations are completed by the largest intermediaries⁸ (Figure 3.1, first chart), meaning that a large proportion of current capacity for making declarations lies with a small number of very large firms.

Figure 3.1: Total current customs declarations completed by size of business (grossed)



3.2 Completion of customs declarations forms

Customs intermediaries complete customs declaration forms themselves in-house, and / or they may choose to outsource some or all of their declarations to other intermediaries in the sector. Intermediaries outsource customs declarations when it is not financially viable to complete them in-house, either because they do not have access to a specific badge⁹, they do not receive significant volume of requests for declarations to justify hiring someone with customs expertise, or because they have less experience with certain types of declarations, or those that are more complex.

“You need access to customs systems and to justify that you have to have the volume ... That’s why you don’t buy a van if you want to move something once a week or once a month. You call someone who’s got a van. It’s just as simple as that.”

Trade body, development phase interview

Eight in ten of the intermediaries surveyed (81%) currently completed customs declarations. Of these, one in four (25%) completed all of their declarations in-house, three in ten (29%) outsourced all of their declarations to other customs intermediaries, and a further one in four (27%) did a mix of both. The remaining intermediaries (19%) did not currently complete customs declarations, but intended to or were considering doing so once customs declarations are required on all EU trade.

⁸ Please refer to the Glossary to see how size has been defined throughout this report.

⁹ Please refer to the Glossary for a definition.

4 Preparing for full customs declarations

This section covers the different actions that customs intermediaries have already taken and those that they plan to take in order to prepare for when full customs declarations are required on all EU trade.

4.1 Anticipated demand for customs declarations

Customs intermediaries were asked how they thought the demand for their services (as a whole, not just their customs declarations services) might change between the point at which they took the survey, and when full customs declarations are required on all EU trade. Four in ten customs intermediaries (43%) expected demand for their services to increase.

Table 4.1: Expected increase in demand for services (survey data)

	Total
An increase in demand	43%
No change in demand	22%
No change in demand overall, but more demand from some customers and less from others	12%
A decrease in demand	13%
Don't know	9%

Base (unweighted): All customs intermediaries (674).

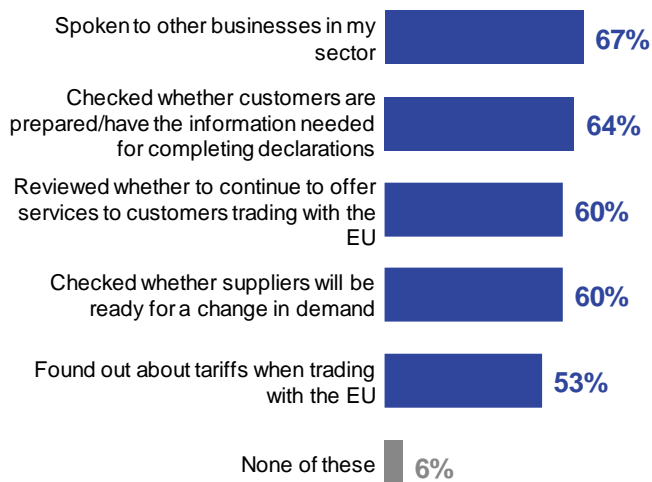
Q: How do you think the demand for your services might change between now and when full customs declarations are required on all EU trade?

Customs intermediaries were also asked whether they expected to make additional customs declarations once these were required on all EU trade. Eight in ten customs intermediaries (78%) expected to make additional declarations, and one in eight (13%) did not. The remaining customs intermediaries (9%) did not know.

4.2 Actions customs intermediaries have already taken

Customs intermediaries (both those who currently did and did not make customs declarations) were asked whether they expected to make additional declarations once these were required on all EU trade. Those who expected to make additional declarations were then asked about what steps, if any, they had taken to prepare for this, focusing on 'internal' (measures taken within the company) and 'external' (those involving parties outside of the organisation) actions.

Internally, the most common steps already taken were to increase efficiency and productivity, including IT changes or automation of processes (58%), and exploring training on completing customs declarations (57%). Externally, the most common steps taken were speaking to other logistics organisations (67%), followed by checking whether customers are prepared (64%). Nearly all customs intermediaries (94%) had taken at least one step to prepare (Figure 4.1).

Figure 4.1: Internal and external steps taken to prepare (survey data)**Steps taken internally****Steps taken externally**

Base (unweighted): **Internal actions** – all customs intermediaries who expect to make additional declarations, excluding those who do not intend to bring capacity in-house at all (416). *Only shown to those facilitating EU and RoW trade (337). **External actions** – all customs intermediaries who expect to make additional declarations (533). Top answers shown only for both charts. Full data tables are included in the Appendix (Section 6.6). Please note this was a multi-coded question.

Those who expected to make additional declarations were asked whether they intended to take further action to prepare. Seven in ten customs intermediaries (70%) planned to take further action, most commonly checking customers were prepared (85%), finding out about tariffs (83%) and speaking to other logistics businesses (82%) – full data tables are available in the Appendix (Section 6.6).

“The big challenge is customer education. There’s so many at the moment who are just convinced nothing’s happening, and they won’t do anything about it until the day before.”

Freight forwarder, 1-9 employees, Yorkshire and Humber, Wave 1 qualitative interview

Each type of action (taken or planned) was categorised as a **‘hard’ action** or **‘exploratory’ action**. Hard actions were concrete steps that customs intermediaries had taken to prepare for when full customs declarations would be required on all EU trade that involved committing financial resources, such as hiring staff, sending staff on training, taking measures to increase productivity, or adjusting prices or the services they offered. Exploratory actions, by contrast, included measures such as working out whether additional staff would be required, exploring training options, reviewing contracts, speaking to other customs intermediaries, and checking that suppliers and customers would be ready.

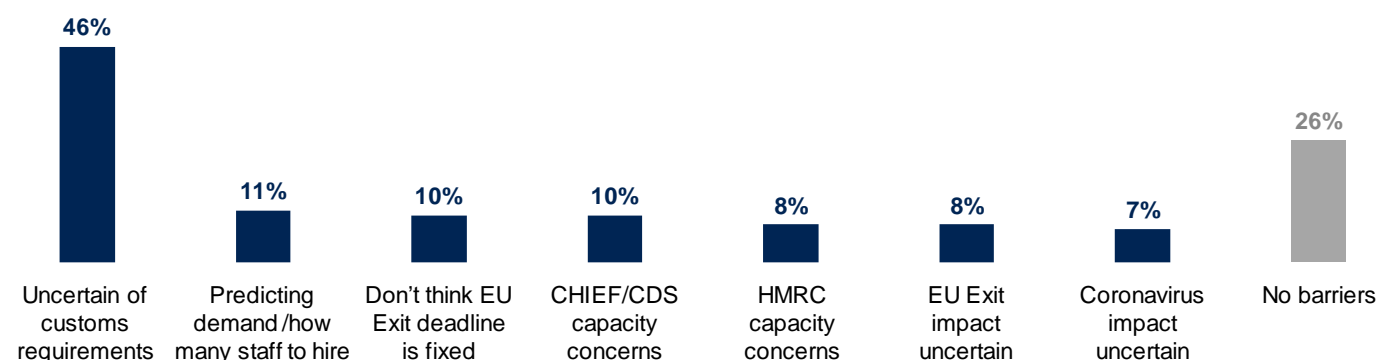
Figure 4.2: Actions taken or planned by customs intermediaries (survey data)

Base (unweighted): All customs intermediaries who expect to make additional declarations (533).

4.3 Barriers to preparing

Customs intermediaries were asked about the barriers to preparing for full customs declarations, when they were required for all EU trade. As the Wave 1 survey took place during the coronavirus pandemic, specific codes were added to the survey to reflect the uncertainty caused by the pandemic. The most common barrier, mentioned by around four in ten customs intermediaries (46%), was lacking knowledge or uncertainty about customs declarations requirements. One in four (26%) said they did not face any barriers (Figure 4.3).

Figure 4.3: Barriers to preparing for full customs declarations on all EU trade (survey data)



Base (unweighted): All customs intermediaries, excluding those who do not intend to bring declarations in-house or do not plan to facilitate EU trade (646). Please note this was a multi-coded question.

Almost all customs intermediaries (94%) had taken at least one action to prepare, and seven in ten (70%) planned to take (further) action, with just over half (54%)¹⁰ planning to do so before the end of the transition period on 31 December 2020. As above, an additional code was added to the survey to reflect the coronavirus pandemic – customs intermediaries could say they would prepare when they had more certainty on the impact of coronavirus.

One in five customs intermediaries (19%) who expected to make additional declarations said they would take (further) action to prepare when they had more certainty on the UK-EU relationship. The qualitative interviews highlighted the role of previous EU Exit deadlines in customs intermediaries' preparations, showing that they were waiting for a concrete go ahead before they invested any further time or money into preparing.

“There’s no point asking questions on things we don’t know about yet. We might as well wait until 1 January, then see what comes from the next [government] announcements.”

Freight forwarder, 10-49 employees, North West, Wave 1 qualitative interview

“I’ve been working in this sector for a long time, and I’ve tried my best to keep up to date with all the changes. I think a lot of the good stuff gets lost in the fog of all the updates. There are updates everywhere, and I think that has put a lot of people off.”

Customs broker, 250+ employees, East Midlands, Wave 1 qualitative interview

¹⁰ Please refer to the Appendix (Section 6.6) for full data tables for this question.

5 Future capacity of the sector

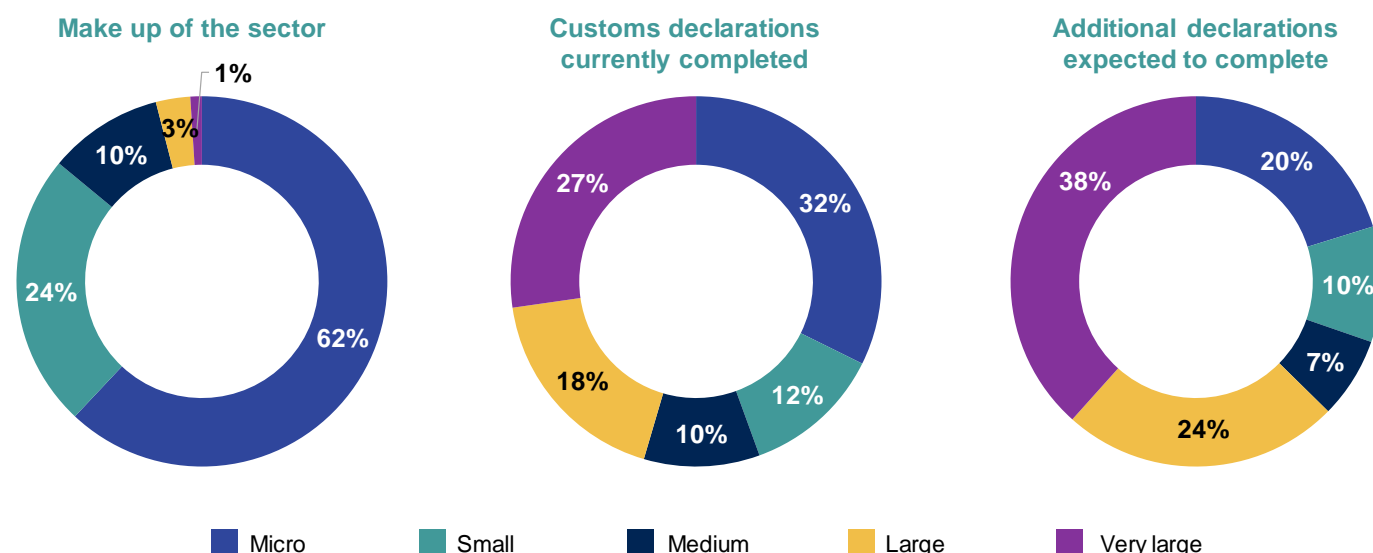
This section describes sector's future capacity, including the total number of additional declarations that the sector anticipates completing once full customs declarations are required for all EU trade.

5.1 Total additional declarations expected next year

In line with government policy, customs intermediaries were told in the survey that the transition period would end on 31 December 2020. From then, border controls will be introduced in stages, with full customs declarations being required on all EU trade by July 2021. Customs intermediaries who expected to make additional declarations were asked to estimate how many additional declarations they would make each month once these were required on all EU trade¹¹.

It is estimated that the sector as a whole will complete **between 90 and 135 million additional declarations once full customs declarations are required on all EU trade** based on analysis from the sizing exercise. As with current capacity, the majority of these additional declarations are likely to be completed by a small number of very large firms; whilst large and very large firms make up just four per cent of the sector, the sizing exercise estimates they will complete 62% of all additional declarations.

Figure 5.1: Additional declarations completed once full declarations are required (grossed data)



The sizing exercise estimates the vast majority of additional declarations will be completed by customs intermediaries who have already taken **hard actions to prepare** (between 83 and 125 million), followed by those who have **taken exploratory actions and plan to take hard actions** (between 4.6 and 8.5 million). Customs intermediaries who have **taken exploratory actions and do not plan to take hard actions** (c.1.1 million) and those who **have not taken actions and do not plan to** (c.0.8 million) are expected to complete a far smaller proportion of the total additional declarations.

¹¹ Whilst some intermediaries may have included outsourced declarations in their estimates, we expect this to be a small proportion and unlikely to affect the estimated range of additional declarations.

5.2 When customs intermediaries will be ready to make additional declarations

In the survey, customs intermediaries who expected to make additional declarations were asked how soon they thought they would be ready to complete these customs declarations. The vast majority expected to be ready before the end of the transition period (31 December 2020). The figures below show the additional customs declarations by when customs intermediaries expected to be in a position to complete them based on the sizing exercise:

- **Before the end of the transition period:** 76-119 million
- **Before full customs declarations are required:** 3.5-5.4 million
- **After full customs declarations are required:** 2.1-2.8 million
- **When customs intermediaries have more clarity on the UK-EU relationship:** c.7.3 million
- **When customs intermediaries have more clarity on the impact of coronavirus:** c.0.8 million

Customs intermediaries expect to be doing 105-158 million customs declarations in total after the end of the transition period. Of these, 76-119m are additional to the estimated current capacity of 29-39m declarations. When adding these together and accounting for the ranges in these estimates, this represents a near four-fold (3.6-4) increase in declaration processing capacity from January 2021.

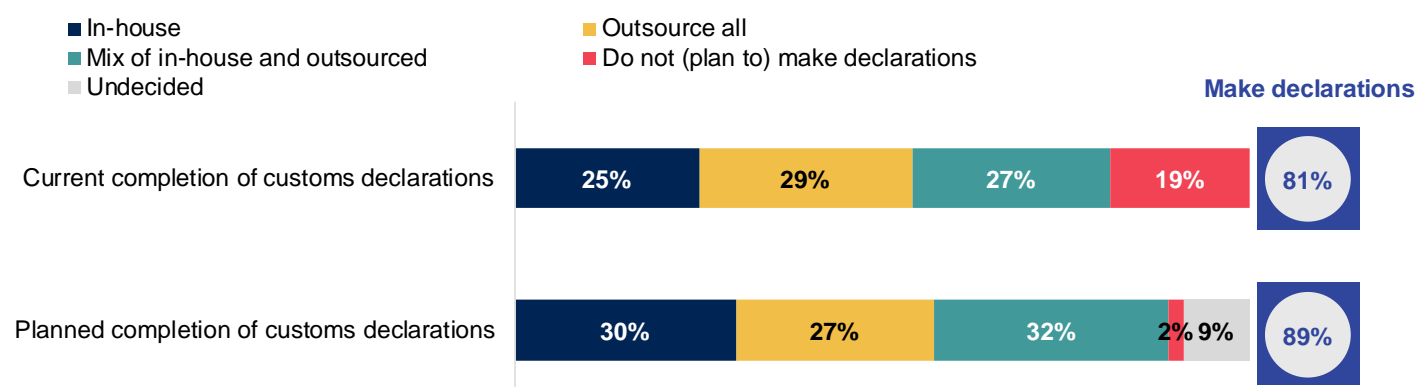
5.3 Who customs intermediaries expect to make additional declarations for

Customs intermediaries were asked for their views on the source of additional demand for customs declarations, once required on all EU trade. The survey findings show seven in ten (68%) expected to make additional declarations for existing customers, and similar proportions expected to make additional declarations for new customers trading with the rest of the world (47%) and the EU (48%). One in eight (13%) did not plan to make additional declarations (please note this was a multi-coded question).

5.4 Completion of customs declarations in the future

As noted in Section 3.2, eight in ten (81%) customs intermediaries currently completed customs declarations, either in-house, through outsourcing to another customs intermediary, or a mix of both. Nine in ten (89%) customs intermediaries planned to complete customs declarations when full declarations are required on all EU trade, with a greater proportion planning to bring capacity in-house.

Figure 5.2: Completing customs declarations – current and future (survey data)



Base (unweighted): All customs intermediaries (674). For customs intermediaries' planned completion of customs declarations, 'undecided' figure consists of 'We are considering doing so but are currently undecided' (7%) and 'Don't know' (2%).

6 Appendix

The Appendix provides further technical details on the survey design and overall methodology, as well as supporting data not shown in the main body of the report.

6.1 Development phase

The development phase consisted of 16 in-depth interviews with customs intermediaries (recruited using existing survey recontact sample¹²) and five in-depth interviews with industry trade bodies. The purpose of the development phase was to explore:

- The types of businesses involved in facilitating overseas trade;
- The products and services offered by customs intermediaries;
- Perceptions of the impact of EU Exit on demand for customs services once the transition period ends on 31 December 2020;
- The barriers and challenges to responding to a change in demand; and
- The enablers of expansion, and examples of where customs intermediaries had changed their capacity.

The interviews were also undertaken to inform the design of the survey, questionnaire and materials to be used during fieldwork, as well as to help identify the search terms for the sample building exercise.

6.2 Questionnaire development

In addition to the development phase, Ipsos MORI carried out 10 cognitive testing interviews, undertaken in two phases. The initial interviews were planned for March 2020 but were put on hold due to the first nation-wide lockdown on 23 March 2020, as a result of the coronavirus pandemic. The remaining interviews took place between 21 and 28 May 2020. Interviews lasted around 45 minutes and conducted by telephone. They were recruited using the existing survey recontact sample noted above.

A pilot survey consisting of 97 interviews with customs intermediaries (sourced from the sample built for this project), was then conducted between 29 June and 13 July 2020. The pilot was carried out to assess the impact of the coronavirus pandemic on customs intermediaries' willingness to take part in the survey, and ability to comment on EU Exit preparations and capacity in light of the pandemic. Minor changes to the questionnaire were made based on feedback from the cognitive testing and pilot survey.

6.3 Fieldwork outcomes and response rates

A telephone survey, based on a random probability sampling design, was undertaken with 674 customs intermediaries between 29 June and 1 September 2020 (with mainstage fieldwork starting on 23 July). With the probability sample nature of the survey, each lead was called a minimum of 7 times unless it had already achieved a final outcome, and an outcome was sought for every lead in the sample.

The survey achieved an adjusted response rate of 40%. A breakdown of the sample outcomes is presented in Table 6.1, below.

¹² The sample was comprised of customs intermediaries who had taken part in the EU Exit Intermediaries Readiness survey with Ipsos MORI in either January 2020 or August 2019 and who had agreed to be recontacted to take part in similar research.

Table 6.1: Wave 1 fieldwork outcomes and response rate calculation

Outcome	Total
Total sample loaded	9,451
Completed interviews	674
Ineligible leads ¹³	1,388
Ineligible leads – established pre-screener	625
Refusals ¹⁴	1,203
Unusable leads with working numbers ¹⁵	680
Unusable numbers ¹⁶	1,980
Working numbers with unknown eligibility ¹⁷	2,901
Eligibility of screened respondents¹⁸	25%
Unadjusted response rate¹⁹	7%
Adjusted response rate²⁰	40%
Cooperation rate²¹	69%

6.4 Data cleaning, processing and weighting

A total of 676 customs intermediaries completed the survey. Two responses were removed from the final dataset during the data cleaning and quality assurance process, as they gave answers that HMRC and Ipsos MORI agreed made them ineligible for this survey.

Weights were generated in two steps. The first step was to adjust for different sampling fractions applied during the sample selection. Leads with higher scores were over-sampled relative to those with lower scores. The second step was to adjust for customs intermediaries who were subsidiaries and unable to answer on behalf of all businesses in their group. Their weight is equivalent to the size of their group, however, there were a small number of outliers with large groups whose weights were capped at 4.

The final weight was the product of the two weighting steps. This was checked for large weights – there were a small number of large weights, some trimming was carried out (the top 1% were capped). The capped weight was then scaled so that the mean weight = 1 and the weighted sample size was equal to the unweighted sample size. There was no additional stage for non-response since we did not have robust population estimates to use for weighting.

¹³ Ineligible leads were those found to have permanently stopped trading (due to coronavirus or another reason), who make customs declarations on behalf of non-UK businesses only, do not currently make declarations and don't plan to when they are required on all EU trade or are currently decided about whether to make declarations.

¹⁴ This excludes "soft" refusals, where respondents are hesitant about taking part, so interviewers back away and avoid a definitive refusal.

¹⁵ This includes sample where there was communication difficulty making it impossible to carry out the survey (either a bad line, or language difficulty), as well as numbers called 7 or more times over fieldwork without ever being picked up.

¹⁶ This is sample where the number was in a valid format, so was loaded into the main survey sample batches, but which turned out to be wrong numbers, fax numbers or disconnected.

¹⁷ This includes sample that had a working telephone number but where the respondent was unreachable or unavailable for an interview during the fieldwork period, so eligibility could not be assessed.

¹⁸ Eligibility has been calculated as: (completed interviews) / (completed interviews + leads established as ineligible during screener).

¹⁹ The unadjusted response rate has been calculated as completed interviews / total sample loaded.

²⁰ The adjusted response rate has been calculated as completed interviews / (completed interviews + incomplete interviews + [refusals x eligibility] + [working numbers with unknown eligibility x eligibility])

²¹ The cooperation rate has been calculated as: (completed interviews) / (completed interviews + refusals). Refusals have been based on expected eligibility (25%).

6.5 Margin of error

Final data from the survey are based on a weighted sample, rather than the entire population of customs intermediaries. Percentage results are therefore subject to margins of error, which vary with the size of the sample and the percentage figure concerned. For example, for a question where 50 per cent of the 674 customs intermediaries sampled in the survey give a particular answer, the chances are 95 in 100 that this result would not vary more or less than 3.6 percentage points from the true figure – the figure that would have been obtained had the entire UK customs intermediary population responded to the survey. The margins of error that are assumed to apply in this report are given in Table 6.2²².

Table 6.2: Margins of error

Outcome	10% or 90%	30% or 70%	50%
674 customs intermediaries	± 2.2	± 3.3	± 3.6

6.6 Supporting data tables

The following data tables show the full list of responses from the survey where only the most commonly reported figures were shown in the main body of the report.

Table 6.3: Measures taken to prepare for full customs declarations (internal) – see Section 4.2

	Total
Took measures to increase efficiency and productivity, including IT changes or automation of processes	58%
Explored training on completing customs declarations	57%
Spoken to teams responsible for EU trade within the business	49%
Worked out whether any additional staff are required	49%
Staff have completed training on customs declarations	41%
Hired staff to complete customs declarations	17%
Researched or purchased software needed to complete customs declarations	6%
Communication / engagement with internal managers / directors / staff	6%
Drafted a strategy / contingency plan	4%
Appointed a Brexit team / task force	2%
Communication / engagement with government / HMRC	2%
Applied for necessary Customs status	2%
Meetings	2%
Other ²³	15%
None of these	12%
Don't know	1%

Base (unweighted): All customs intermediaries who expect to make additional declarations, excluding those who do not intend to bring capacity in-house (416).

Q: I'm now going to ask about any steps your business has taken to prepare for making additional customs declarations. Firstly, I'm interested in measures you have taken, or conversations you have had within your business to prepare. Has your business...?

²² In calculating the margins of error shown in these tables, a design effect of 1.2 has been assumed for the sample as a whole, and all sub-groups, due to minor post-survey weighting.

²³ Includes all answers given by 1% or fewer of respondents.

Table 6.4: Measures taken to prepare for full customs declarations (external) – see Section 4.2

	Total
Spoke to other businesses involved in my sector	67%
Checked whether customers are prepared / have the information needed for completing declarations	64%
Reviewed whether to continue to offer services to customers trading with the EU	60%
Checked whether suppliers will be ready for a change in demand	60%
Found out about tariffs when trading with the EU	53%
Attended external talks or events (e.g. HMRC, Chamber of Commerce)	42%
Reviewed contracts with suppliers or customers	27%
Sought legal advice, about establishing the business in both UK and EU	16%
Adjusted prices or services your business offers	14%
Communicated / engaged with customs agents / consultants	5%
Communicated / engaged with - trade associations	4%
Other ²⁴	11%
None of these	6%
Don't know	2%

Base (unweighted): All customs intermediaries who expect to make additional declarations (533).

Q: And I'm now going to ask about any steps you have taken to prepare that have involved talking to parties outside of your business. Has your business...?

Table 6.5: Customs intermediaries' plans to take (further) action to prepare – see Section 4.2

	Total
Yes – within the next three months	33%
Yes – before the end of the transition period	21%
Yes – before full customs declarations are required on all EU trade, but after the end of the transition period	5%
Yes – after full customs declarations are required on all EU trade	4%
Yes - when we have greater certainty on the UK's relationship with the EU	19%
Yes - when we have greater certainty on the impact of coronavirus	5%
Do not plan to take any (further) action	12%
No - We plan to continue how we currently operate	14%
Don't know	4%

Base (unweighted): All customs intermediaries who expect to make additional declarations (533). Please note this question was multi-coded so that respondents could select greater certainty on the UK-EU relationship and/or coronavirus in conjunction with one of the other (single coded) response options.

Q: Do you intend to take any (further) action to prepare for making additional customs declarations?

²⁴ Includes all answers given by 1% or fewer of respondents.

Table 6.6: Measures planned to prepare for full customs declarations (internal) – see Section 4.2

	Total
Take measures to increase efficiency and productivity, including IT changes or automation of processes	80%
Explore training on completing customs declarations	75%
Work out whether any additional staff are required	67%
Send staff on customs declarations training	64%
Speak to teams responsible for EU trade within the business	62%
Hire staff to complete customs declarations	36%
Research or purchase software needed to complete customs declarations	9%
Meetings / discussions / updates on what is required / the way forward	4%
Preparations are in progress / ongoing / under constant review	3%
Communication / engagement with staff / workforce	2%
Other ²⁵	3%
None of these	8%
Don't know	1%

Base (unweighted): All customs intermediaries who plan to take steps to prepare (370).

Q: What (further) steps do you plan to take to prepare for making additional customs declarations? Will your business...?

Table 6.7: Measures planned to prepare for full customs declarations (external) – see Section 4.2

	Total
Check whether customers are prepared / have the information needed for completing customs declarations	85%
Find out about tariffs when trading with the EU	83%
Speak to other businesses involved in my sector	82%
Check whether suppliers will be ready for a change in demand	81%
Attend external talks or events (e.g. HMRC, Chamber of Commerce)	74%
Adjust prices or services you offer	70%
Review whether to continue to offer services to customers trading with the EU	67%
Review contracts with suppliers or customers	66%
Seek legal advice, about establishing the business in both UK and EU	37%
Communications / engagement with trade associations	5%
Gathering / digesting information / reviewing	3%
Communications / engagement with suppliers / service providers	3%
Communications / engagement with customs agent	2%
Other ²⁶	3%
None of these	2%
Don't know	1%

Base (unweighted): All customs intermediaries who plan to take steps to prepare (370).

Q: And I'm now going to ask about any steps you plan to take to prepare that will involve talking to parties outside of your business. Will your business...?

²⁵ Includes all answers given by 1% or fewer of respondents.

²⁶ Includes all answers given by 1% or fewer of respondents.

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