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Research into the customs intermediaries sector

Wave 2 summary report

HM Revenue and Customs Research Report 610

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Glossary and abbreviations

Term	Definition
Automated software	Automated software reduces the need for human involvement in processing certain types of customs declarations, allowing customs intermediaries to process larger numbers of customs declarations.
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 were 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 focused on those who currently made declarations on behalf of traders (either in-house or outsourced) or those who intended to do so once full customs declarations were 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 focused 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 focused 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 focused 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/ukxic2007>

1 Introduction

Ipsos MORI were commissioned by HMRC to conduct research to understand the size and characteristics of the customs intermediary sector. This included helping HMRC to better understand how customs intermediaries had responded to, or planned to respond to, EU Exit and the end of the transition period. Specifically, the research aimed to:

1. 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 provided for their customers.
4. Conduct three research waves to measure change in capacity in response to EU Exit policies.

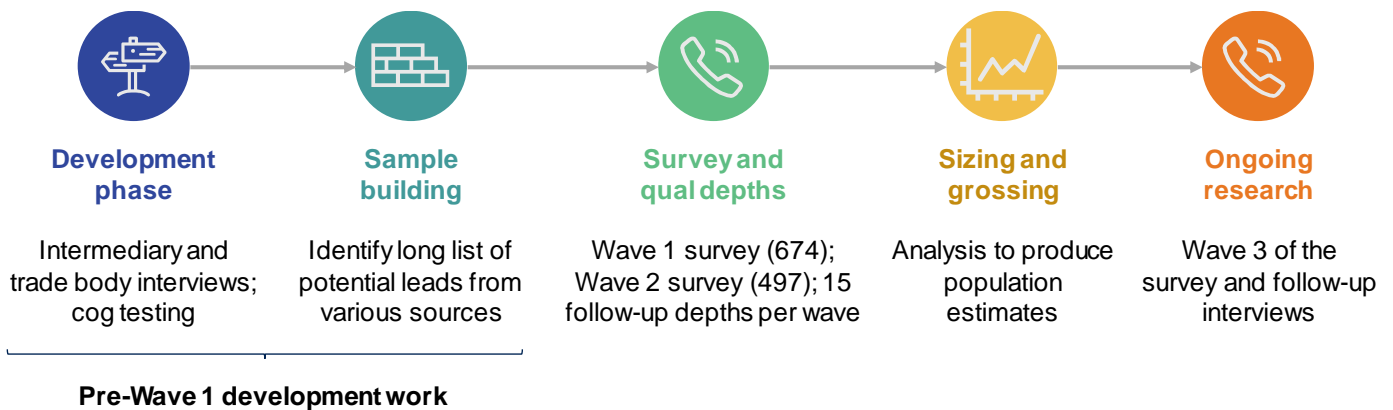
The research focused on customs intermediaries who currently made customs declarations on behalf of traders (either in-house, through outsourcing to another customs intermediary, or a mix of both), or those who said they intended to make declarations once full customs declarations were required on all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

This report presents summary findings from the Wave 2 survey and qualitative work, highlighting significant changes between the Wave 1 and Wave 2 survey findings where relevant throughout.

1.1 Method

Figure 1.1 below summarises the approach to the research, which included a **development phase** to build a sample of customs intermediaries and develop the Wave 1 questionnaire; **three waves of random probability telephone surveys** to measure change in capacity over time; **follow-up qualitative interviews** with a targeted sample of customs intermediaries; and a **sizing exercise** to estimate the total size, make-up and capacity of the sector as a whole.

Figure 1.1: Overview of research method



Wave 1 fieldwork 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. For more detail on the Wave 1 development and fieldwork phases, please refer to Section 1.1 in the Wave 1 summary report².

Wave 2 survey and qualitative work

The Wave 2 survey took place between 10 November and 16 December 2020 and consisted of 497 telephone interviews with customs intermediaries. 337 of these intermediaries also took part in the Wave 1 survey. In addition, 15 follow-up, qualitative in-depth interviews were conducted via telephone with customs intermediaries who had taken part in the Wave 2 survey.

Fieldwork took place before Operation Stack was implemented on 21 December 2020, following the closure of the Channel Tunnel and Port of Dover, and before the UK-EU trade deal was announced on 24 December 2020, and before the end of the transition period on 31 December 2020.

Sizing exercise: Grossing and estimation

Following the Wave 1 survey, Ipsos MORI provided Perspective Economics with a dataset outlining the 676³ survey responses, alongside the call outcomes⁴ 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 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 firms⁵), Perspective Economics analysed the survey responses by size of firm, and applied these estimates to the wider population.

Whilst we recognise this process may have omitted 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 provided a more reflective overview of the likely size and scale of the customs intermediary ‘sector’ in the UK.

² Ipsos MORI (2020) Research into the customs intermediaries sector, Wave 1 summary report. Available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936949/HMRC_Research_Report_599_Customs_Intermediaries_Wave_1.pdf

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

⁴ In a random probability survey, each lead was called at least 7 times before recording the final ‘call outcome’. Call outcomes described the status of the lead, for example: completed interview, refusal, ineligible, or unusable.

⁵ A further 43 customs intermediaries engaged with the survey in Wave 2 that were not shortlisted for the final population following Wave 1.

This process was updated following the completion of the Wave 2 survey, where Ipsos MORI provided Perspective Economics with a dataset outlining the 497 survey responses, alongside the call outcomes for those who were contacted, and considered eligible, but did not complete the survey.

1.2 Reporting notes

This summary report provides a selection of the key findings from the Wave 2 survey. A more detailed report, combining all survey waves, will be published after the results from all waves of this research have been completed and quality assured.

Analysis and interpretation of the Wave 2 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 were found to be statistically significant (at the 95 per cent level of confidence)⁶. Where figures in charts do not add to 100 per cent this is due to rounding of percentages or because the questions allowed 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 rather than percentages are reported, these findings were related to those from the sizing exercise. Wherever the overall base size is noted as 497 intermediaries, these findings were from the survey.

Comparability between the Wave 1 and Wave 2 survey findings

The Wave 2 survey consisted of 337 longitudinal respondents (who had also taken part in the Wave 1 survey) and 160 cross-sectional respondents (who were fresh leads for the Wave 2 survey). The benefits of this approach were in the analysis it enabled us to carry out, for example:

- The cross-sectional design provided us with a measure of aggregate change between waves for the sector as a whole (this forms the basis of the inter-wave analysis in this summary report).
- A longitudinal approach offered different analytical advantages, namely in allowing us to measure business-level change over time, within the longitudinal sample

Throughout the report, we highlight changes between Wave 1 and Wave 2 where these were statistically significant at the 95 per cent level of confidence.

⁶ There is a further guide to statistical reliability in the Appendix (Section 6.3).

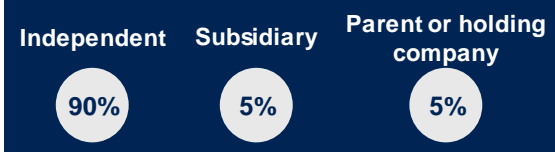
2 The make-up of the sector

The infographic below shows data from the **grossing estimates** in terms of the key characteristics of the customs intermediaries sector as a whole (these were unchanged from Wave 1).

Estimated number of intermediaries

c. 8,400 intermediaries

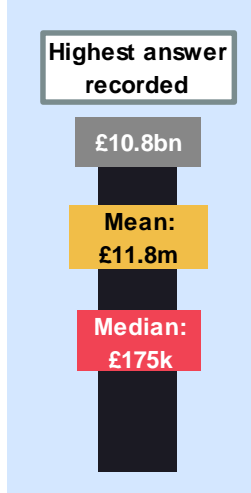
Group structure



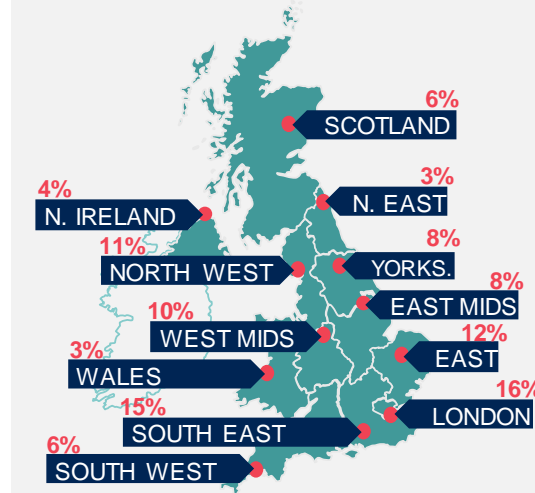
Size (turnover and number of employees)

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

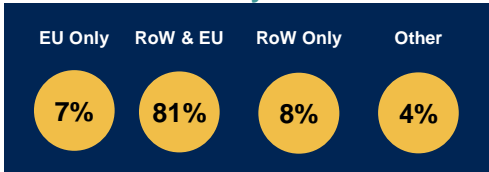


The following infographic shows data from the **survey**, including the areas in which intermediaries facilitated trade, how they described themselves, and the number of customers they had per month.

Base (unweighted)

497 intermediaries

Areas for which they facilitated trade



Number of customers per month

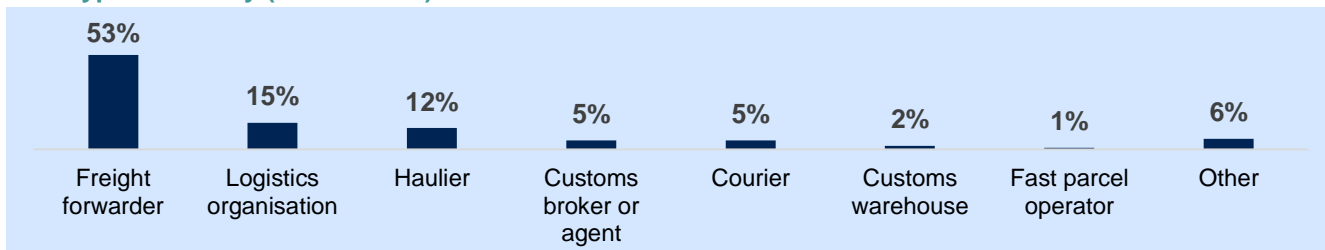
10 or fewer customers	16%
11 to 25 customers	19%
26 to 50 customers	21%
51 to 100 customers	15%
101 to 200 customers	13%
200+ customers	15%

Number of customers for whom intermediaries made customs declarations

5 customers or less	30%
6 to 10 customers	10%
11 to 25 customers	18%
26 to 50 customers	18%
51 to 100 customers	9%
101 to 200 customers	7%
More than 200 customers	8%

Base (unweighted): All who currently made customs declarations, and were able to provide the number of customers per month, and the percentage for whom they completed customs declarations (377). Please note, these findings are indicative as the proportion was derived rather than asked directly.

Main type of activity (self-defined)



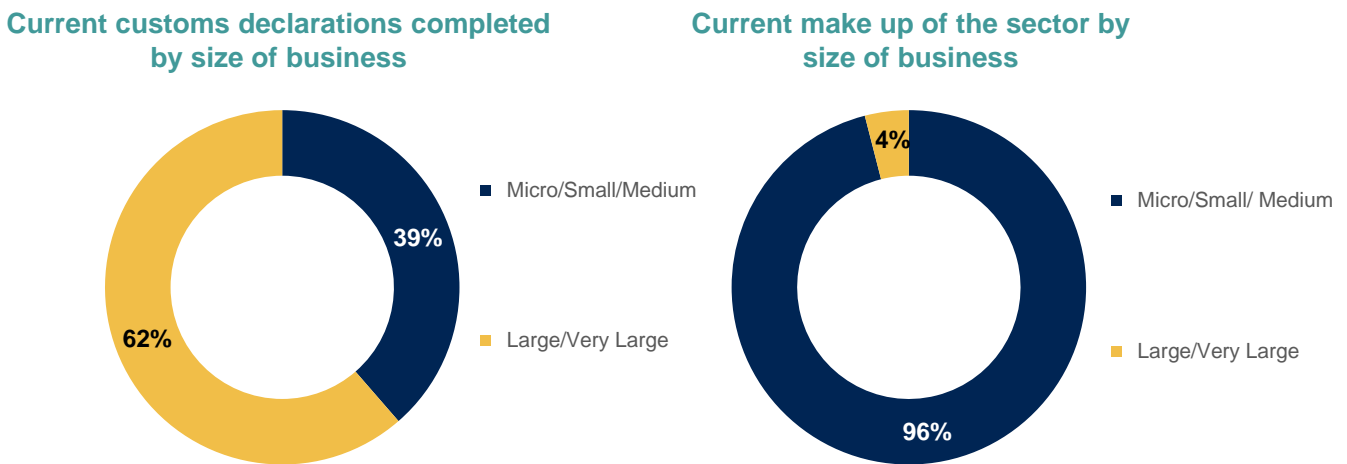
3 The current capacity of the sector

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. It also examines use of automated software used to process customs declarations.

3.1 Total customs declarations completed per year

At the time of the research, the sector completed an estimated **43-63 million customs declarations** each year based on analysis from both the sizing exercise and survey responses⁷. More than six in ten (62%) of all customs declarations were completed by the largest intermediaries⁸ (Figure 3.1, first chart), meaning that a large proportion of the current capacity for making declarations lay with a small number of very large firms.

Figure 3.1: Total current customs declarations completed by size of business (grossed)⁹



3.2 Completion of customs declarations forms

Eight in ten of the customs intermediaries surveyed (81%) currently completed customs declarations. Of these, one in four (26%) completed all of their declarations in-house, three in ten (30%) outsourced all of their declarations to other customs intermediaries, and a further one in four (26%) 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 were required on all EU trade.

In Wave 2, intermediaries who completed customs declarations in-house were asked whether they had any automated software to reduce the time taken to process customs declarations, and what proportion of their declarations were processed using that software. Six in ten intermediaries (61%) reported that

⁷ This covered Full customs import declarations, Simplified frontier declarations (SFD), Entry in Declarants Records, Supplementary declarations, Customs export declarations and Safety and security entry summary declarations (ENS). Please see Glossary for full definitions.

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

⁹ Findings for large and very large intermediaries have been combined due to the small percentage of very large intermediaries involved in the research.

they had automated software and, of those, seven in ten (72%) used this software for all of their customs declarations. This contrasts with nine per cent that used automated software for less than half of their customs declarations¹⁰.

¹⁰ Please refer to the Appendix (Table 6.3) for the full data table for this question.

4 Preparing for full customs declarations

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

4.1 Anticipated demand for customs declarations

Customs intermediaries were asked whether any existing or new customers had made enquiries about using their services for EU trade when full customs declarations were required on all EU trade. Seven in ten (71%) said that they had received enquiries from new and/or existing customers, which remained unchanged from Wave 1 of the survey. However, more customs intermediaries expected to make additional customs declarations once these were required on all EU trade compared to the previous wave (85% vs. 78%).

Seven in ten (72%) customs intermediaries had received enquiries from 25 or fewer customers regarding using their services for when full customs declarations were required on all EU trade, while around one in ten (8%) had fielded enquiries from more than one hundred customers. Of these new customers, the majority were from traders currently trading with the EU, with just eleven per cent of new enquiries coming from customers trading with the rest of the world.

To manage this demand, the customs intermediaries fielding the greatest number of enquiries explained in the qualitative research that they were being selective in taking on new business. For example, some intermediaries asked new customers to outline the volume and frequency of shipments to help them plan and decide on capacity, or were operating waiting lists.

“We ask them to give us at least a 12 month footprint, based on what they’ve done previously. We understand things might change, but we can then make some assumptions, based on their existing data.”

Large, completes declarations in-house, Scotland, Wave 2 qualitative interview

Deferring submission of customs declarations

Four in ten (40%) customs intermediaries did not plan to defer submission of any of their customs declarations until July 2021, where that was possible to do so. Just three per cent planned to defer all of their customs declarations until July 2021. On average, customs intermediaries expected to defer fourteen per cent of their customs declarations.

In the qualitative research, customs intermediaries reported that where they planned to defer this was usually at their customers’ request. Customs intermediaries tended to focus on getting larger customers ready from January but were delaying for smaller or more unprepared customers until July 2021. There was a sense that this was because smaller traders wanted to defer due to cash flow concerns in the early months of 2021.

“I think the idea of the deferral is a positive one for traders in terms of cash flow. A lot of the businesses aren’t particularly busy in January or February.”

Large, completes declarations in-house and outsource, South East, Wave 2 qualitative interview

Where customs intermediaries did not plan to defer submission of customs declarations, this was because they wanted to avoid a potential backlog of built-up customs declarations in July 2021. These customs intermediaries thought that there may be extra work in maintaining two separate processes for customers submitting full customs declarations in January while others deferred until July 2021. They therefore preferred to submit all customs declarations in January, particularly as there would be no duty to pay in the event of a trade deal. Other customs intermediaries thought that the period between January and July 2021 could act as a ‘grace period’, where there would be time to correct any initial mistakes and become more familiar with the new regulations.

“When clients are bringing in multiples every week, all of a sudden you’ve got this crunch after six months, all you are doing is pushing the debt down the line. So my advice has been you are better off entering it now.”

Very Large, in-house and outsources declarations, London, Wave 2 qualitative interview

4.2 Actions customs intermediaries have already taken and plan to take

Customs intermediaries who expected to make additional customs declarations were asked about what steps, if any, they had taken to prepare for this. The steps focused on ‘internal’ (measures taken within the company) and ‘external’ (those involving parties outside the organisation) actions.

Internally, the most common steps already taken were exploring training on completing customs declarations (70%) and measures to increase efficiency and productivity, including IT changes or automation of processes (69%). Externally, the most common step taken was checking whether customers are prepared (81%). In Wave 2, customs intermediaries were more likely to have taken all of the internal and external actions to prepare for making additional customs declarations when compared to Wave 1.

Figure 4.1: Internal and external steps taken to prepare (survey data)



Base (unweighted): **Internal actions** – all customs intermediaries who expected to make additional declarations, excluding those who did not intend to bring capacity in-house at all (357). *Only shown to those facilitating EU and RoW trade (308). **External actions** – all customs intermediaries who expected to make additional declarations (431). Top answers shown only for both charts. Full data tables are included in the Appendix (Section 6.4). 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. Planned preparations were at a similar level to Wave 1. Over four in ten customs intermediaries (44%) planned to take further action, most commonly communicating with external organisations such as customs agents, consultants, trade bodies or HMRC (92%), checking customers were prepared (89%), finding out about tariffs (87%) and speaking to other logistics businesses (86%) – full data tables are available in the Appendix (Section 6.4).

“It’s generally the smaller customers that are a bit behind. That’s probably due to being off with Covid, I think a lot of companies have put [EU Exit preparations] to the wayside and they’re suddenly realising they need to get something sorted.”

Medium, plans to complete in-house and outsource, Yorkshire and Humber, Wave 2 qualitative interview

In Wave 2, customs intermediaries were more likely to have hired staff to complete customs declarations when compared to Wave 1 (37% vs. 17%) and to plan to hire staff (47% vs. 36%). On average, they intended to hire five additional employees and eight in ten (78%) were planning for at least some of these employees to have previous experience in the customs sector.

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 expected to make additional declarations (431).

4.3 Awareness and use of grants

Of those customs intermediaries who had not taken part in the previous wave¹¹ just over half (54%) were aware of the customs intermediaries grants scheme. Customs intermediaries had the highest awareness of the funding for training grant (71%), followed by funding for IT improvements (57%) and had the lowest awareness of the funding available to hire new staff (37%). When looking at use of these grants,

¹¹ The cross-sectional findings for the grant schemes are only being reported on to minimise the conditioning effect, as the longitudinal group were already asked about their awareness in the Wave 1 survey.

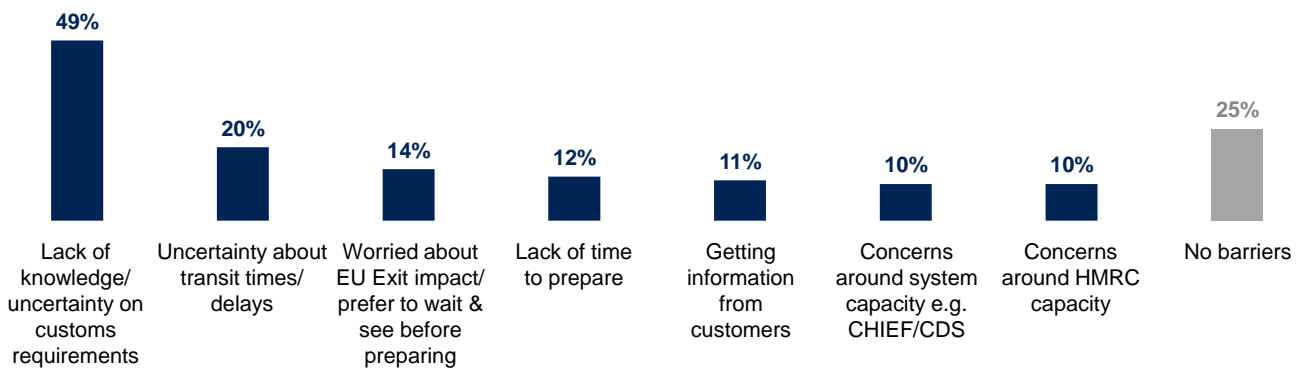
customs intermediaries were more likely to have accessed the funding to hire new staff in Wave 2 (27%) compared to Wave 1 (15%).

4.4 Barriers to preparing

Customs intermediaries were asked about the barriers to preparing for full customs declarations, when they would be required for all EU trade. The most common barrier, mentioned by around half of customs intermediaries (49%), was lacking knowledge or uncertainty about customs declarations requirements. While uncertainty remained the top barrier, the next most frequently mentioned barriers had shifted since Wave 1 to more practical concerns.

Most notably, two in ten (20%) mentioned uncertainty about transit times and delays which was not in the top mentions of Wave 1. One in four (25%) customs intermediaries in Wave 2 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 did not intend to bring declarations in-house or did not plan to facilitate EU trade (496). Please note this was a multi-coded question. Top answers shown only.

5 Future capacity of the sector

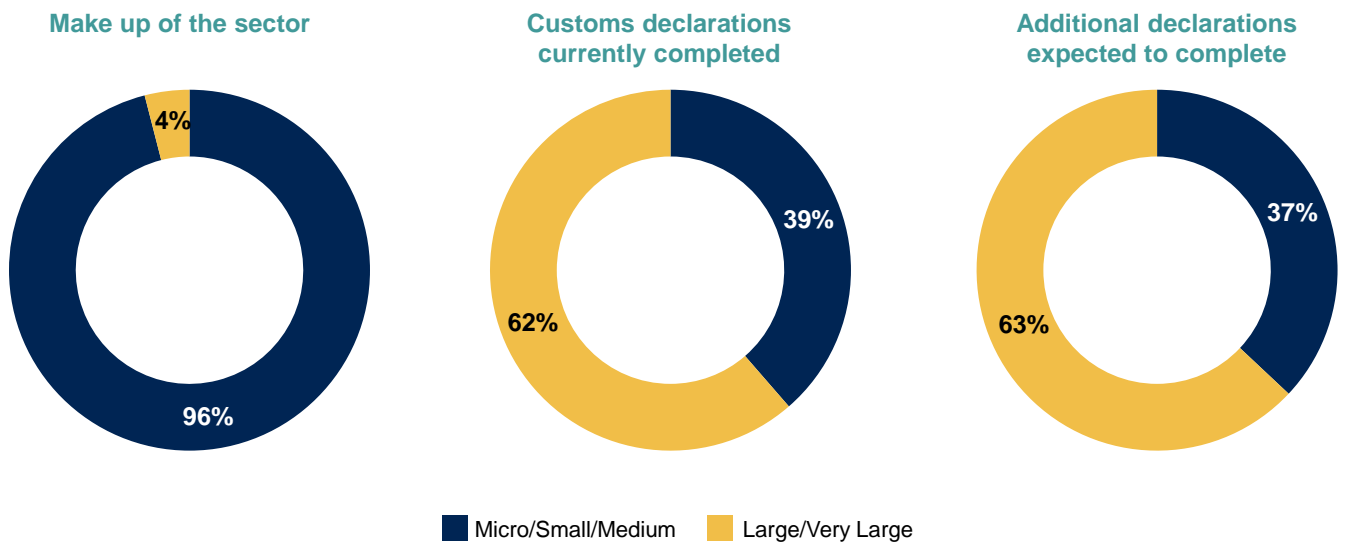
This section describes the sector’s future capacity, including the total number of additional declarations that the sector anticipated completing once full customs declarations were required for all EU trade.

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 would 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 declarations were required on all EU trade¹².

At the time of the research, it was estimated that the sector as a whole would complete **between 140 and 181 million additional declarations once full customs declarations were required on all EU trade** based on analysis from the sizing exercise. As with current capacity, the majority of these additional declarations were likely to be completed by a small number of very large firms. Large and very large firms made up just four per cent of the sector and the sizing exercise estimated they would complete 63% of all additional declarations.

Figure 5.1: Additional declarations completed once full declarations would be required (grossed data)¹³



The sizing exercise estimated the vast majority of additional declarations would be completed by customs intermediaries who had already taken **hard actions to prepare** (between 138 and 179 million), followed by those who had **taken exploratory actions and planned to take hard actions** (c.1 million). Customs intermediaries who had **taken exploratory actions and did not plan to take hard actions**

¹² Whilst some intermediaries may have included outsourced declarations in their estimates, we expected this to be a small proportion and unlikely to affect the estimated range of additional declarations.

¹³ Findings for large and very large intermediaries have been combined due to the small percentage of very large intermediaries involved in the research.

(c.0.8 million) and those who **had not taken actions and did not plan to** (c.0.05 million) were expected to complete a far smaller proportion of the total additional declarations.

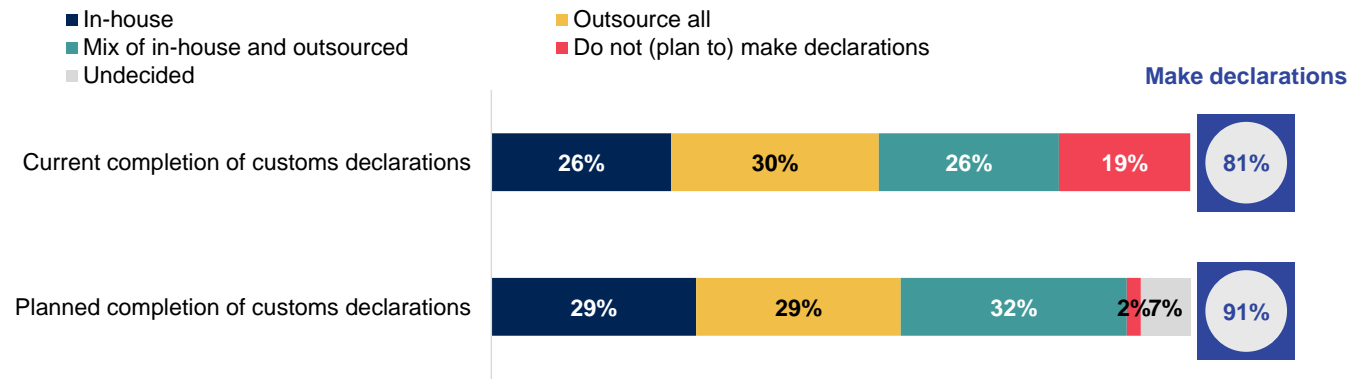
5.2 Who customs intermediaries expect to make additional declarations for

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 showed eight in ten (77%) expected to make additional declarations for existing customers, six in ten (58%) for new customers trading with the EU and half expected to make additional declarations for new customers trading with the rest of the world (51%). One in ten (12%) did not plan to make additional declarations (please note this was a multi-coded question).

5.3 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 (91%) customs intermediaries planned to complete customs declarations when full declarations were required on all EU trade, with similar proportions intending to do this either in-house, outsourced or a mix of both.

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



Base (unweighted): All customs intermediaries (497). For customs intermediaries’ planned completion of customs declarations, ‘undecided’ figure consisted of ‘We are considering doing so but are currently undecided (6%) and ‘Don’t know’ (1%).

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 Fieldwork outcomes and response rates

A telephone survey, based on a random probability sampling design, was undertaken with 497 customs intermediaries between 10 November and 16 December 2020. 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 51%. A breakdown of the sample outcomes is presented in Table 6.1, below.

Table 6.1: Wave 2 fieldwork outcomes and response rate calculation

Outcome	Cross-sectional	Longitudinal	Total
Total sample loaded	2,607	573	3,180
Completed interviews	160	337	497
Ineligible leads ¹⁴ , including established pre-screener	584	20	604
Refusals ¹⁵	339	63	402
Unusable leads with working numbers ¹⁶	409	13	421
Unusable numbers ¹⁷	582	10	592
Working numbers with unknown eligibility ¹⁸	534	130	664
Eligibility of screened respondents¹⁹	22%	94%	45%
Unadjusted response rate²⁰	6%	59%	16%
Adjusted response rate²¹	45%	65%	51%
Cooperation rate²²	68%	85%	73%

¹⁴ Ineligible leads were those found to have permanently stopped trading (due to coronavirus or another reason), who made customs declarations on behalf of non-UK businesses only, did not currently make declarations and did not plan to when they were required on all EU trade or were currently decided about whether to make declarations.

¹⁵ This excludes "soft" refusals, where respondents were hesitant about taking part, so interviewers backed away and avoided a definitive refusal.

¹⁶ 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.

¹⁷ 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.

¹⁸ 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.

¹⁹ Eligibility has been calculated as: (completed interviews) / (completed interviews + leads established as ineligible during screener).

²⁰ The unadjusted response rate has been calculated as completed interviews / total sample loaded.

²¹ The adjusted response rate has been calculated as completed interviews / (completed interviews + incomplete interviews + [refusals x eligibility] + [working numbers with unknown eligibility x eligibility])

²² The cooperation rate has been calculated as: (completed interviews) / (completed interviews + refusals). Refusals have been based on expected eligibility (45%).

6.2 Data cleaning, processing and weighting

A total of 503 customs intermediaries completed the survey. Six 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.

Wave 1 weighting scheme

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 was equivalent to the size of their group, however, there were a small number of outliers with large groups whose weights were capped at four.

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 was equal to one 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.

Wave 2 weighting scheme

The weights for the Wave 2 data were generated in two main steps. The first step was to create a set of longitudinal weights for the cases that responded at both the Wave 1 and Wave 2 surveys. These weights were generated using information from the Wave 1 questionnaire; a logistic regression model was used to model the response behaviour of customs intermediaries. Using a regression model in this way has two main benefits:

1. It allows us to identify the characteristics that are most strongly related to non-response. Identifying these means we can ensure these characteristics are included in the weighting scheme.
2. It is a good means of summarising the different patterns of non-response and allows us to identify how likely different types of customs intermediaries are to take part in the interview.

The model was used to generate, for each customs intermediary, the predicted probability that an intermediary would take part at Wave 2, given their characteristics (e.g. size, sector, region). A weight was created directly from these predicted probabilities and the weight was calculated as the inverse of the predicted probability (i.e. one divided by the predicted probability). This means that customs intermediaries with characteristics associated with a low probability of taking part were weighted up, and those with characteristics related to a higher probability of taking part were weighted down.

The weights produced by the model corrected for the effects of non-response bias on the sample profile between the two waves. This model-generated weight was then combined with the Wave 1 weights, which corrected for unequal selection probabilities and the number of firms in the company group. The combined longitudinal weight therefore corrects for the initial unequal selection, group membership, and non-response to Wave 2.

The second step was to generate weights for the fresh sample members (the cross-sectional sample). These weights were a combination of their selection probabilities and an adjustment for group

membership (this was calculated in the same way as the Wave 1 weights). These weights corrected the fresh sample for any unequal chances of selection and their group membership.

The final stage was to combine the longitudinal and cross-sectional sample weights into a single weight.

6.3 Margin of error

Final data from the survey were 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 497 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 4.3 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 6.2²³.

Table 6.2: Margins of error

Outcome	10% or 90%	30% or 70%	50%
497 customs intermediaries	± 2.6	± 3.9	± 4.4

6.4 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: Customs declarations completed using automated software – see Section 3.2

	Total
All of them	72%
75% to less than 100%	11%
50% to less than 75%	7%
25% to less than 50%	6%
10% to less than 25%	1%
Less than 10%	2%

Base (unweighted): All customs intermediaries who have automated software (175).

Q: What proportion of the declarations you complete in-house are processed using this software?

²³ 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.

Table 6.4: Number of enquiries received from customers – see Section 4.1

	Total
Less than 10 customers	36%
10 to 25 customers	36%
26 to 50 customers	14%
51 to 100 customers	6%
More than 100 customers	8%
Don't know	*

Base (unweighted): All who had received enquiries from new or prospective customers (260).

Q: Roughly how many new or prospective customers have enquired about using your services for when full customs declarations are required on all EU trade?

Please note, ** indicates a response greater than zero, but less than one.

Table 6.5: Customs declarations expected to defer – see Section 4.1

	Total
Zero	40%
Less than 10%	14%
10% to less than 25%	7%
25% to less than 50%	5%
50% to less than 75%	4%
75% to less than 100%	2%
100%	3%
Mean proportion	14%
Not applicable	10%
Don't know	15%

Base (unweighted): All customs intermediaries (497). 'Not applicable' included those who only dealt with declarations on exported goods, or imported controlled goods.

Q: Of the customs declarations where it is possible to delay submission, what proportion do you expect will be delayed until July 2021?

Please note, ** indicates a response greater than zero, but less than one.

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

	Total
Explored training on completing customs declarations	70%
Took measures to increase efficiency and productivity, including IT changes or automation of processes	69%
Worked out whether any additional staff are required	66%
Spoken to teams responsible for EU trade within the business	63%
Staff have completed training on customs declarations	56%
Hired staff to complete customs declarations	37%
Researched or purchased software needed to complete customs declarations	11%
General preparations / discussions / conversations	8%
Appointed a Brexit team / task force	4%
Communication / engagement with internal managers / directors / staff	3%
Meetings	3%
Other ²⁴	16%
None of these	9%
Don't know	*

Base (unweighted): All customs intermediaries who expected to make additional declarations, excluding those who did not intend to bring capacity in-house (357). Please note, "*" indicates a response greater than zero, but less than one.

Q: I'm now going to ask about 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...?

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

	Total
Checked customers are prepared / have information needed for completing declarations	81%
Checked whether suppliers will be ready for a change in demand	78%
Spoke to other businesses involved in my sector	77%
Reviewed whether to continue to offer services to customers trading with the EU	77%
Communication with external organisations ²⁵	76%
Found out about tariffs when trading with the EU	67%
Attended external talks or events (e.g. HMRC, Chamber of Commerce)	53%
Reviewed contracts with suppliers or customers	48%
Adjusted prices or services your business offers	36%
Sought legal advice, about establishing the business in both UK and EU	26%
Attended webinars	3%
Other ²⁶	3%
None of these	4%
Don't know	*

Base (unweighted): All customs intermediaries who expected to make additional declarations (431). Please note, "*" indicates a response greater than zero, but less than one.

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...?

²⁴ Includes all answers given by 2% or fewer of respondents.

²⁵ Such as customs agents, consultants, trade bodies, HMRC.

²⁶ Includes all answers given by 2% or fewer of respondents.

Table 6.8: 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	81%
Explore training on completing customs declarations	78%
Send staff on customs declarations training	71%
Work out whether any additional staff are required	70%
Speak to teams responsible for EU trade within the business	63%
Hire staff to complete customs declarations	47%
Research or purchase software needed to complete customs declarations	8%
Meetings / discussions / updates on what is required / the way forward	6%
Other ²⁷	5%
None of these	5%
Don't know	-

Base (unweighted): All customs intermediaries who planned to take steps to prepare (207).

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

Please note, '-' indicates a response of zero.

Table 6.9: Measures planned to prepare for full customs declarations (external) – see Section 4.2

	Total
Communication with external organisations (e.g. customs agents, consultants, trade bodies, HMRC)	92%
Check whether customers are prepared / have the information needed for completing customs declarations	89%
Find out about tariffs when trading with the EU	87%
Speak to other businesses involved in my sector	86%
Check whether suppliers will be ready for a change in demand	82%
Attend external talks or events (e.g. HMRC, Chamber of Commerce)	78%
Review whether to continue to offer services to customers trading with the EU	75%
Adjust prices or services you offer	74%
Review contracts with suppliers or customers	72%
Seek legal advice, about establishing the business in both UK and EU	37%
Other ²⁸	3%
None of these	2%
Don't know	-

Base (unweighted): All customs intermediaries who planned to take steps to prepare (207).

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...?

Please note, '-' indicates a response of zero.

²⁷ Includes all answers given by 2% or fewer of respondents.

²⁸ Includes all answers given by 2% or fewer of respondents.

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