

## Safety and Security (EU Waiver and Dataset Provision)

<b>Lead department</b>	HM Revenue and Customs
<b>Summary of proposal</b>	The proposal is to use secondary legislation to end the temporary waiver for Entry Summary (ENS) declarations on imports from the EU into Great Britain from 31 January 2025 and reduce the minimum dataset required to complete an ENS declaration on imports into GB.
<b>Submission type</b>	Impact assessment (IA) – 13 November 2024
<b>Legislation type</b>	Secondary
<b>Implementation date</b>	31 January 2025
<b>Policy stage</b>	Final
<b>RPC reference</b>	RPC-HMRC-5363(1)
<b>Opinion type</b>	Formal
<b>Date of issue</b>	6 January 2025

### RPC opinion

<b>Rating<sup>1</sup></b>	<b>RPC opinion</b>
<b>Fit for purpose</b>	The IA provides sufficient evidence and analysis for the RPC to be able to validate the EANDCB. The assessment of impacts on small and microbusinesses is sufficient. The department has provided a satisfactory cost benefit analysis to support the EANDCB, however the discussion of wider impacts and monitoring and evaluation could be improved.

### Business impact target assessment

	<b>Department assessment</b>	<b>RPC validated</b>
<b>Classification</b>	Qualifying regulatory provision	Qualifying regulatory provision
<b>Equivalent annual net direct cost to business (EANDCB)</b>	£168.0 million	£162.0 million <i>(2019 prices, 2020 pv)</i>
<b>Business impact target (BIT) score</b>	Not provided	

<sup>1</sup> The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the [Better Regulation Framework](#). RPC ratings are fit for purpose or not fit for purpose.

<b>Business net present value</b>	-£1,446.2 million
<b>Overall net present value</b>	-£1,446.2 million

## RPC summary

<b>Category</b>	<b>Quality<sup>2</sup></b>	<b>RPC comments</b>
EANDCB	<b>Green</b>	The IA's evidence and analysis of direct impacts on business is sufficient and the RPC can validate the EANDCB figure presented. This is based on the department's monetised analysis of the increased cost to businesses that import from the EU that will have to make ENS declarations and the cost reduction to importing businesses from the reduced minimum dataset requirement.
Small and micro business assessment (SaMBA)	<b>Green</b>	The IA provides a breakdown of the number of small and micro businesses (SMBs) that will now be required to complete declarations. The department does not propose an exemption as this would fail to meet the intended policy objectives. The IA would be strengthened by providing further discussion of potential mitigation actions.
Rationale and options	<b>Satisfactory</b>	The IA clearly explains why regulatory intervention is required to add the requirement for these declarations and meet the policy objectives. The consideration of options also provides a justification why alternative options would not be sufficient however the department could have provided more detail on this.
Cost-benefit analysis	<b>Satisfactory</b>	The IA includes a satisfactory cost-benefit analysis. The department does well to clearly set out the evidence used to support the analytical assumptions however this could be improved by providing greater clarity on these assumptions and how they have been used to produce estimates.
Wider impacts	<b>Weak</b>	The IA includes a limited assessment of the potential impact of the proposal on trade, the environment and the public sector. The IA should provide a more detailed assessment of these, such as giving more consideration to the possible impact on trade arising from the increased costs of trade with the EU caused by this measure.
Monitoring and evaluation plan	<b>Weak</b>	The department has provided a very brief M&E section, which sets out a plan to engage with affected businesses but does not commit to formally review the policy. This should be improved by providing further detail on metrics that would be

<sup>2</sup> The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed [here](#).

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used to assess the policy, as well as discussing potential risks and unintended consequences.

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## Summary of proposal

Safety and Security (S&S) declarations provide intelligence which is used by HM Revenue and Customs (HMRC) and Border Force to prevent illicit goods such as drugs and firearms entering and leaving the UK, and to tackle serious and organised crime and national security threats. In August 2023, the government published a new model for importing goods into GB, and also announced that Entry Summary (ENS) declarations (a type of S&S declaration for imports) would be required for EU imports into Great Britain (GB) from 31 October 2024. This introduction of ENS declarations on EU imports has subsequently been delayed to 31 January 2025, to ensure businesses have enough time to prepare for the new requirements.

The department has proposed two options in this IA:

- ‘Do nothing’ (counterfactual): The temporary waiver for ENS declarations on imports from the EU into GB and the existing mandatory data requirements would remain in place.
- Legislative option: Ending the temporary waiver for ENS declarations on EU imports into GB and reducing the minimum dataset required to complete an ENS declaration for all imports into GB.

The department prefers the proposed legislative option, estimating that it has a Net Present Value (NPV) of -£1,446.2m (2019 prices, 2020 present value (pv) base year). This is based on costs incurred by businesses importing goods from the EU that did not previously have to make ENS declarations, offset by the reduced minimum dataset requirement, which applies to firms importing from the EU and non-EU countries. The EANDCB is based on the same costs and benefits, has been estimated as £168.0m (2019 prices, 2020 present value (pv) base year).

## EANDCB

The IA’s evidence and analysis of direct impacts on business is sufficient and the RPC can validate the EANDCB figure presented.

The department sets out the main business impacts from the policy as an increase in the volume of safety and security declarations for EU imports that will now be required and the associated costs of submitting these declarations. This is slightly offset by the reduced minimum dataset requirements that could lead to a decrease in the cost of declarations. This applies to both EU and non-EU imports, and so covers a larger range of declarations. The department has correctly identified these as direct impacts on business; however the IA could be improved by acknowledging that reducing the minimum dataset required for EU imports is an offset to the costs incurred by businesses as a result of the policy, rather than a benefit relative to the ‘Do Nothing’ scenario.

The department's EANDCB estimate is £168.0m (2019 prices, 2020 present value (pv) base year) over 10 years. This estimate is based on the assumption that businesses will see an increase in their internal administration costs, as well as facing greater costs making the declaration itself, either by paying to use an intermediary or requiring software to make a submission. The IA does well to clearly set out the evidence used to support the analytical assumptions however could be improved by providing greater clarity on these assumptions and how they have been used to produce estimates. The department's EANDCB estimate is based on the assumption that the policy will be implemented in 2024, however since the waiver is set to expire in January 2025. This would require discounting by a further year, resulting in an EANDCB estimate of £162m.

In addition to the quantified impacts, the department summarises the non-monetised impacts of the proposal. These include one-off systems and labour costs for businesses to become accustomed to submitting ENS declarations one-off systems and the reduced dataset requirements. The IA would benefit from either attempting to quantify these impacts or including further discussion of why they are expected to be small.

## **SaMBA**

The IA provides a satisfactory assessment of the impact on small and micro businesses (SMBs). The department uses the ONS's Interdepartmental Business Register to estimate that 46% of ENS declarations will be submitted by SMBs. The policy does not exempt SMBs from the new regulations, arguing that ENS declarations are necessary for all movements to achieve policy objectives such as identifying and stopping high harm goods being brought into the country. As SMBs comprise such a significant share of declarations, the justification that an exemption would limit the ability of the proposal to meet the policy objectives is sufficient. The assessment could be improved with additional discussions of potential mitigations for small and micro businesses, beyond the proposed reduction in dataset size. The IA should also include an assessment of the impact on medium sized businesses.

## **Rationale and options**

The IA sets out a brief rationale describing how only legislative action can achieve the department's policy objectives. These include improving HMRC and Border Force's ability to identify and stop high harm goods being brought into the country and reducing the administrative burden for businesses required to submit ENS declarations. The rationale for intervention describes the UK's ongoing compliance with the World Customs Organisation's (WCO) SAFE Framework of standards, however it is unclear whether the proposed intervention is necessary to continue to comply with the framework. The rationale could be improved by providing a justification for including all imports in the new requirements, as many will not have an impact on safety and security.

The department only proposes two options, using secondary legislation to end the ENS waiver and reduce the minimum dataset requirement for declarations, and a

'Do nothing' counterfactual. The assessment briefly comments that non-legislative options would not be able to achieve the department's policy objectives, however the IA could be improved by provided an expanded justification for this.

## Cost benefit analysis

The IA includes a cost-benefit analysis which sets out the potential impact of the proposed policy assessed against a 'Do nothing' counterfactual scenario. The only monetised impacts are the aforementioned direct impacts to business, which are new costs incurred by businesses who now have to make an ENS declaration, offset by a reduction in the minimum dataset required to make a declaration. This has resulted in a NPV of -£1,446.2 (2019 prices, 2020 present value (pv) base year) over a 10-year appraisal period.

### *Evidence and methodology*

The IA makes use of a variety of data sources, including internal HMRC data, the Customs Declaration Service (CDS), direct engagement with affected parties and publicly available data to inform the analysis. A list of these sources has been usefully included in Annex A. The department has acknowledged the limitations of the available evidence on ENS declarations and the implications for the estimates. The department has used a reasonable methodological approach to estimate the relevant impacts, however the IA could be improved by providing a clearer narrative explaining how these estimates have been reached.

The IA could also be improved with a clearer description of the baseline. The counterfactual scenario assumes that the waiver of declarations will remain in the place indefinitely, however the IA describes the waiver as 'temporary'. In this case, there would be no costs above the baseline for the preferred option as this would come into place regardless, if the waiver were to expire. The department could therefore improve its analysis by being clearer that the waiver would remain in place without intervention.

### *Assumptions and risks*

The IA includes a range of assumptions which have been well informed by the evidence that the department has collected and considered some of these assumptions, such as the treatment of external costs, could be communicated more clearly. The IA would also be improved by providing further detail on the assumptions used, such as how many declarations are likely to be made by firms making low, medium and high volumes of declarations, and what share of declarations will be made through an intermediary. The department describes how it has used a Monte Carlo analysis to understand the factors most likely to affect the costs of the policy, such as level of discount for high frequency submitters and whether there are calculable ENS costs for fast parcel operators. The IA would be strengthened by providing more details on this sensitivity analysis. The department could also have considered other sensitivities such as the impact of changing import levels in the future.

The IA does not consider the enforcement impacts of the policy. The IA should consider the potential impact on the enforcement capability of Border Force, and whether it is sufficiently resourced, given the expected increase in declarations for them to monitor.

## Wider impacts

The assessment includes a limited discussion of potential wider impacts. One area considered is the trade implications of the measure. The department states that the policy is not expected to have a significant impact on trade, as ENS and Exit Summary (EXS) declarations are already required for trade with non-EU countries, however given the relatively high cost of declarations and the fact that many businesses will be making declarations for the first time, it seems likely that the new requirements could lead to a reduction in the number of declarations made. The IA should be improved by giving more consideration to the possible impact on trade arising from the increased costs of trading with the EU caused by this measure. This assessment also should have considered the extent to which UK-EU trade was affected by the requirement for EXS declarations introduced in 2021 to help illustrate the potential consequences of the new ENS requirement.

The department also briefly considers the impact on competition, the environment and border enforcement. This includes a discussion of the potential positive impacts such as a reduction in harmful goods being brought into the UK and minimised disruption at the border.

## Monitoring and evaluation plan

The IA provides a brief monitoring and evaluation plan. Although the IA does not include a formal commitment to review the policy, it does state that the department will monitor the proposal's impact through regular engagement with affected businesses, involving discussions of how they have been affected by the new requirements. In particular, the department intends to monitor the number of ENS declarations received, with the expectation that there will be a notable increase in volume following implementation. The IA should be strengthened by explaining what other metrics will be used to determine the extent to which the policy objectives have been met. In addition, the IA would benefit from setting out how potential risks and unintended consequences will be identified and monitored. The department could also consider in addition to the planned M&E activity the possibility of committing to a Post-Implementation Review.

### Regulatory Policy Committee

For further information, please contact [regulatoryenquiries@rpc.gov.uk](mailto:regulatoryenquiries@rpc.gov.uk). Follow us on Twitter [@RPC\\_Gov\\_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc). To keep informed and hear our views on live regulatory issues, subscribe to our [blog](#).