



HM Revenue  
& Customs

**Jon Thompson**  
**Chief Executive**

The Rt Hon Nicky Morgan MP  
Chair of the Treasury Committee  
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Dear Ms Morgan,

Thank you for asking for an update on progress with the Customs Declaration Service (CDS).

HMRC regularly monitors and assesses CDS delivery progress and it currently has a RAG status of Amber<sup>1</sup>. While there are issues that are receiving attention, as would be expected at this point in the delivery lifecycle and with a programme of this scale and complexity, the programme remains on track for successful delivery in January 2019.

This assessment is in line with the critical friend review by the government's Infrastructure and Project Authority in May 2017, which also gave the CDS programme an Amber rating. The latest Government Major Project Portfolio report for the programme (completed in June 2017) also assessed the programme as Amber.

Significant progress has been made since we last updated the Committee. In particular:

- The programme continues to meet critical milestones for IT development, and we have built an environment that mirrors the live environment to support development activity. CDS has completed 43% of features/requirements, however not all features are the same size so we have actually completed more than 50% of the total development effort. Completed means built, tested and signed-off.
- We have delivered the first component of CDS into the live environment. The Authorised Economic Operator (AEO) CDS Case Management Solution is an internal service that was released into the live environment on 3 July. This case tool enables HMRC caseworkers to progress AEO applications and share cases electronically with wider teams.
- We have defined our approach to testing services with the trade, and have shared information about the first technical release to support that test approach (as part of our ongoing and extensive engagement with delivery partners and stakeholders).

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<sup>1</sup> The IPA defines an Amber status as "Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun".

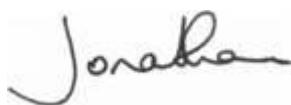
- We have continued to develop a detailed transition plan. We have completed analysis of our highest volume declarants, and are continuing with an extensive programme of engagement with delivery partners, stakeholders, and the trade to ensure that they will be ready to transition to CDS by January 2019.
- By the end of this October, we will have in place elements of the new CDS system in the live environment that we will be using when the system is fully operational, and we will have tested the ability of CSPs – Community Service Providers, the organisations that interact with ports, airports and HMRC – to send customs declarations to the new system.

The delivery timetable is tight, but we remain on track to complete delivery of the new CDS system in August 2018 and transition users onto the new system by January 2019. While there are always risks that the programme might encounter unforeseen problems later, there is currently nothing to suggest that this timetable will not be achieved. We are well prepared to deal with any problems, and understand how critical it is to keep UK trade flowing post exiting the EU. That is why we are putting as much emphasis on contingency as on delivery.

CHIEF will be able to operate alongside CDS, but as well as dual running we have work already underway to ensure that the CHIEF system can be scaled to deal with larger declaration volumes as a contingency in case CDS is not ready in time. We are confident in this approach as we know CHIEF is a reliable system that successfully collects £34 billion of revenue each year, and protects society by controlling the import and export of restricted goods and detecting the smuggling of prohibited goods.

Please let me know if you require any additional information.

Yours sincerely,



**JON THOMPSON**  
**CHIEF EXECUTIVE**