



HM Revenue
& Customs

CHIEF Replacement Programme (CRP) Overview presentation to EGAD

13th November 2014

Steve Casey

Stakeholder Management &
Engagement Lead, CRP

HMRC Business Tax Directorate



What is CHIEF?

The **C**ustoms **H**andling of **I**mport and **E**xport **F**reight service - an electronic Declaration Management Service that:

- Processes all required declarations for goods entering and leaving the UK/EU.
- Calculates and collects duties and taxes.
- Applies risk profiles and controls at frontier and inland locations, working with other regulatory authorities (including Border Force, DEFRA and BIS).
- Subject to all checks being concluded satisfactorily, grants release of the goods.
- Provides data for Trade Statistics.
- Maintains an archive of transactions for targeting, control and management information purposes (Management Support Service).



Links with OGDs:

- CHIEF links to over 30 interfacing systems within HMRC plus several in OGDs.
- Interfaces in particular with Border Force, DEFRA and its agencies, BIS.
- Where goods require licences – eg export licences – before goods can be released at the border, CHIEF won't release the goods until there is necessary evidence.
- CHIEF links to and in part directs physical and documentary checks carried out e.g. physical checks at the border by Border Force.



UK Facts and figures:

- International Trade is worth > **£770bn p.a.** to the UK economy.
- Government target is to increase this to £1 trillion by 2020 – the UK's customs declaration processes will play a part in making this happen. **£34 billion** is collected through CHIEF annually of which:
 - **£24.8 billion** import VAT
 - **£6.3 billion** excise duties on imports
- Customer base = Over **170,000** registered traders
- Transaction volumes =
 - > **60 million declarations** processed (imports, exports, transit and safety and security)
 - **30 different regimes** covered- value of goods claiming relief/suspension from revenue - £272bn
 - **50+ different prohibition and restrictions** (e.g. controls on Animal and Plant products, forestry, drugs).



Why Replace CHIEF?

- Current CHIEF service is based on aged, complex and inflexible technology.
- Significant IT upgrades needed to enable over 20 EU legislative changes, including Customs Decisions, Automated Export system changes and Registered Exporters (REX) over the period 2016 to 2020.
- Existing CHIEF technology will be unable to implement the EU changes; unable to cope with the automated declarations of postal traffic and not be able to deliver some other features identified by HMRC and stakeholders.
- Workarounds on alternative platforms will only possible at very high cost.
- Potential degradation of current service delivery levels is an increasing risk.



Union Customs Code (UCC) – Background:

- 1992 Community Customs Code (CCC) provides the legal basis and mandate for all customs activities within the EU.
- UCC replaces CCC and modernises existing legislation, compelling Member States to change business processes and make significant IT changes.
- Although we expect the legislation to apply from May 2016, the UCC involves a major programme of change to be implemented in stages over a 5+ year period 2016 – 2020, Mandated IT changes start to bite in 2017 under the current timetable.
- UCC changes must be fully considered as part of current CHIEF operational requirements and our new Declaration Management Service development and delivery.



Summary of CRP to date:

- The programme was following HMRC Change Framework ('waterfall') project management and governance.
- HMRC was working with OGDs, trade users and potential suppliers to gather and understand requirements comprehensively.
- HMRC was already consulting with key trade user groups such as AFSS, CSPs, BIFA & AICES.
- Supplier 'Request For Information' event and 1-2-1 consultations took place at the end of 2013 as part of the procurement strategy.
- HMRC was working towards a formal supplier 'Boot Camp' to be followed by an Invitation To Tender later.
- Requirements catalogue and Solution Overview would be published via the 'sourcing@hmrc' portal in advance of the formal briefing pack for the Boot Camp.
- Consultations with trade groups were continuing and bi-laterals with certain trade groups had commenced.



November 2014 CRP Position:

- The Requirements Catalogue is now baselined and sets out the programme scope and requirements at a strategic level.
- The Government's Major Projects Authority examined our replacement programme to check how well the replacement for CHIEF is being managed. Their feedback was positive and recommendations useful in terms of how we could improve. The feedback was discussed with the Cabinet Office and together with feedback received from a wide range of suppliers, customers and stakeholders, now have a new programme plan to deliver the replacement service.
- The Programme team is working in partnership with IT delivery colleagues to ensure that the component parts are rapidly developed in accordance with the user needs. The delivery will be undertaken through in-house development in the initial stages, using third party suppliers if and where required through the most appropriate commercial routes.
- As a result of our change of delivery approach, HMRC has decided not to proceed with the 'Boot Camp' nor launch an Invitation to Tender (under the Cabinet Office Lean process) at this time.



Opportunities and Challenges:

Following the market engagement events and feedback from potential suppliers, trade sectors, OGDs and HMRC business areas, a decision has been taken to revise the way in which CHIEF replacement is taken forward. This allows:

- Multiple components architecture to be considered;
- Mixture of in-house, COTS and bespoke development;
- Potential to reduce overall cost;
- The use of an '**Agile**' delivery processes which develops and tests individual components of the replacement service, ensuring they fit together and de-risking delivery.



Opportunities and Challenges contd.

- Move to Agile methodology enables broader user engagement, understanding of user needs and development of a system that meets them.
- Aligned to EU Customs Reference Architecture – agreed throughout EU.
- However, there will be no cross EU joint procurement.
- Creation of an open specification of shared standards for a common core declaration management service across EU, following work the UK led in early 2013 with 5 other Member States.
- Inclusion of Postal Processing within the scope of CRP.
- The current service will be brought in-house from January 2015. Programme to deliver this known as 'CHIEF 2015'.



Link to One Government at the Border proposal:

- CHIEF Replacement will be the primary delivery vehicle for HMRC's contribution to cross-Government One Government at the Border proposal and is part of wider economic growth agenda.
- Will enable each agency at the border to be aware that other agencies are actively interested in a consignment.
- Will lead to improved coordination action between agencies at the border including HMRC.
- Better quality data enabling more upstream interventions.
- 95 per cent of current traffic is cleared by CHIEF within 5 seconds. The remainder can take much longer – potentially up to 48 hours. These developments will enable faster and smoother processing of the 5 per cent of traffic speeding up trade processes too.
- Enables better resource planning by border agencies.
- Most processes already fully electronic but new CHIEF would for example enable all licences to be electronic (e.g. antiquities, works of art).



Programme Timescales:

- The overall timescales for replacement of CHIEF remain as previously planned and the earliest expectation for the replacement service to be in live operation is 2017.
- Under Agile delivery methodology, 'User Story' development will progress over late 2014 and early 2015 into prototypes known as 'Alphas' for further development and refinement over the following 12 months or so before delivery in 2017.

Getting stakeholders involved:

- We are looking for representatives from across the trade sectors to work alongside HMRC experts within the agile approach to development.
- The way forward was first announced at the JCCC (27th Oct).
- Various workshops are to be arranged over the next 2 – 3 months.



'sourcing@hmrc' announcement (for information)

(HMRC Sourcing message TE-2013-CHIEF : 17th October)

"We are continuing to define our requirements for the new CHIEF service, ensuring that we fully understand the needs of our users and customers, which we will test as we develop components of the new service, ensuring that the delivery options chosen represent the best value for money using the most appropriate commercial mechanisms available.

We would like to thank you for the support your organisation has provided to this Market Engagement. Further information will be soon be available on the CHIEF Replacement Programme web pages on www.gov.uk"



Key messages:

The scope, scale and complexity of the CRP programme is significant. A robust Declaration Management Service is critical to the UK's economy, so there is no margin for error in delivering the new services. We are looking for users to work in partnership with us to develop a new system and challenge where things can be done better to produce an innovative and modern system.

- HMRC will deliver a replacement service for CHIEF during 2017.
- The performance of the new service will be at least as good if not better than the current CHIEF service.
- The aims of the new service will be to:
 - reduce errors
 - offer enhanced service to customers, as well as to HMRC internal users
 - wherever possible, eliminate the use of paper.
 - continue to provide a world renowned service to the customs trade
- The current CHIEF service is moving in-house and will continue to be fully supported until replaced by the new service.



Questions?

Steve Casey

CRP Stakeholder Management & Engagement Lead.

Telephone: 03000 585158

CRP enquiries to:

replacementprogramme.chief@hmrc.gsi.gov.uk



HM Revenue
& Customs