



HOUSE OF LORDS

European Union Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 3616
Fax: 020 7219 6715
euclords@parliament.uk
www.parliament.uk/lords

Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
London
SW1A 2AS

10 December 2020

Dear Michael,

House of Lords inquiry into end-of-transition preparedness

I am writing to you on behalf of the EU Goods Sub-Committee of the House of Lords. In November, we held five evidence sessions on preparedness for the end of transition, and the arrangements for the import and export of goods after the transition period. These sessions focussed on customs IT systems and the readiness of the sector generally, traffic management in and around Kent, the operations of ports and the Channel Tunnel, and the readiness of physical infrastructure.

We are not confident that all the necessary technological, physical and welfare arrangements will be in place in time to avoid or mitigate significant disruption following the end of the transition period. Key customs IT systems, some of them going live at the end of this month, are still in development and testing. Similarly, construction of port and inland customs facilities is still ongoing and, in some locations, yet to begin.

The degree to which those involved in UK-EU trade are aware of what they need to do differently is a critical unknown element and the plans to protect the welfare of drivers stuck in what could be extremely long queues are insufficient. Amid this widespread uncertainty, the guidance provided by the Government has been complicated and unclear, and we cannot assess how well targeted it has been.

The Committee is seriously concerned that the Government is so far behind in its preparations. Negotiations aside, the Government's lack of preparation in the years since the referendum will lead to unnecessary disruption in UK-EU trade following the end of the transition period. To give two examples: firstly, some important customs IT systems are still in testing; and secondly, funding for new customs infrastructure had not, by December 2020, been released. Contingency plans, where they have been made, are weak and undeveloped. The Committee would have expected that full preparations (and significantly more progress) would have been made much further ahead of time.

We have found that:

- There is insufficient capacity in the customs intermediary sector to handle additional post-transition customs checks. Transition vouchers should be provided to smaller businesses to help them access the services of this crucial sector.



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- The Government should be prepared to adopt a pragmatic approach to border inspections, particularly of goods with a limited shelf life, to ensure the uninterrupted and timely flow of goods into the UK. The decision to take this approach should be confirmed and widely communicated.
- The sector is sceptical that the necessary physical infrastructure will be fully in place in time for the introduction of new import controls on 1 January, 1 April and 1 July. The port infrastructure fund is likely to be too little to build the necessary infrastructure and too late to do so in time for the complete introduction of full customs checks on 1 July. The Government must urgently release further infrastructure funding and should take every available step to ensure that such work begins as soon as possible.
- The smooth management of traffic in and around Kent will rely upon a network of inland border sites to process customs checks. The detail available on these sites is, at present, extremely limited. We urge the Government to publish a directory of inland border sites. This should provide detail on how they will function and be staffed, as well as which types of cargo and how many vehicles each site will be able to facilitate.
- Efforts should be focussed on developing the Customs Handling of Import and Export Freight (CHIEF) system, rather than the Customs Declaration Service (CDS), so that CHIEF can facilitate the additional traffic of post-transition declarations. Contingency arrangements should be in place in case CHIEF is unable to cope. These, along with effective support services, should be widely publicised.
- The Committee agrees with witnesses that the delivery of the Check an HGV system has been left too late, and that some hauliers will be unable to use it to get a Kent Access Permit (KAP). Notwithstanding some serious reservations about the readiness of enforcement processes, it seems likely that some hauliers will suffer a financial penalty because of the Government's late delivery.
- If they work as planned, the Goods Vehicle Movement Service (GVMS) and similar systems on the continent should facilitate expedited border crossings—particularly for roll-on, roll-off traffic—but it is concerning that GVMS is still in testing at such a late stage. In order to encourage the widespread use of GVMS, the Government should aim to complete testing and provide all users with the information they need as soon as possible.
- The Government should provide further financial support for small businesses to allow them to develop the technological capabilities to weather the post-transition period.
- Post-transition requirements must be clear for every user. More must be done to ensure guidance for the post-transition period reaches all businesses, especially non-VAT registered small businesses. The guidance provided in the Border Operating Model is highly complex. Key information should be made understandable for all.



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- The single most important unanswered question for the sector is how prepared traders on both sides of the Channel will be for new customs arrangements. The Government should urgently consider whether its efforts to raise awareness at all levels of supply chains have succeeded and what more it could do to communicate the impending changes to those affected.
- The plan to divert traffic depending on destination is vulnerable to road closures caused by accidents and it does not take account of the reality of haulier practices. The Government should work in close consultation with relevant stakeholders to understand these realities and outline a detailed plan to address these problems. It should take a proportionate approach to enforcement of any such plan.
- The welfare and safety of drivers must be the top priority in any traffic management plans. Sufficient numbers of welfare facilities must be available to drivers, and these must be COVID-secure, adequately maintained and, crucially, ready for 1 January.
- A lack of facilities along the route to Dover has predictable and unsanitary, not to mention dangerous, outcomes.

More details on the above findings, including a summary of the evidence we received, can be found in Annex A to this letter. A recent report from the National Audit Office outlined many of the same concerns we are raising.¹ Government evidence to this inquiry has been optimistic in the extreme. The default expectation has been that everything will be ready, and this is reflected in the worrying lack of contingency preparations. Your statement to Logistics UK in late November that “there will inevitably be some disruption” and “not everything will be alright on the night” is a welcome dose of realism.

Penny Mordaunt MP, BEIS, the DfT and HMRC have been copied into the letter as interested parties and we would be grateful if you could pass on the letter to Lord Frost and his team. We are extremely grateful to everyone who contributed to our inquiry and provided their expert insight. The full list of those we heard from can be found in Annex B to this letter. Disruption following the end of transition will threaten jobs and the flow of essential goods into the UK. This letter outlines a series of recommendations to mitigate this disruption. We urge you to consider them carefully. Please provide responses to our recommendations, and answers to the specific questions we have asked, within ten working days.

Yours sincerely,

Baroness Sandip Verma
Chair of the EU Goods Sub-Committee

¹ National Audit Office, [‘The UK border: preparedness for the end of the transition period’](#), 6 November 2020



ANNEX A: END-OF-TRANSITION PREPAREDNESS

1. Over 150,000 UK business that trade goods with the EU will, from 1 January 2021, have to adapt to making customs declarations at UK-EU borders. A great deal of physical and technological infrastructure will be needed to support this change, and our evidence casts serious doubt on whether this will be in place in enough time to prevent extensive delays, as well as other more serious economic ramifications.

CUSTOMS STAFFING

Capacity of the customs intermediary sector

2. In February 2020, Rt Hon Michael Gove MP, Chancellor of the Duchy of Lancaster, said that it was feasible to recruit and train 50,000 new private-sector customs agents to deal with additional requirements following the end of the transition period. Only 3,000 agents had by then been trained through an original £34 million customs grant scheme, and little information has been provided by the Government since. In September, Mr Gove stated that the funds from this grant had “not been entirely drawn down yet”.
3. Sonali Parekh, Director of Policy at the Federation of Small Businesses (FSB), acknowledged Government action to encourage customs agents to take on new clients from smaller businesses. However, she expressed concern about whether “a clearly already oversubscribed intermediary market would find smaller businesses a particularly attractive proposition, particularly small businesses that to date have traded exclusively with the EU and therefore have very little capability, if any in relation to completing customs declarations.” She argued for “transition vouchers” of between £1,000 and £3,000 which, she said, “could make a material difference at the current time of the coronavirus crisis”.
4. Witnesses welcomed additional Government funds to aid the growth of the customs intermediary sector, but concerns remained about a shortage of customs agents. Des Hiscock, Director General at the UK Association for International Trade, believed that the grant scheme was hugely beneficial, but that HMRC had missed the opportunity to create additional skills and jobs in the UK. He said: “Their failure to act has resulted in the creation of capacity outside the UK that could have been created here.” He also stated that “the scheme has been abused by some to poach experienced staff from one company to another”.
5. **There is insufficient capacity in the customs intermediary sector to handle additional post-transition customs checks. Transition vouchers should be**



provided to smaller businesses to help them access the services of this crucial sector.

How many customs agents have now been recruited and trained; and what steps are being taken to prevent the grant scheme being misused to hire experienced staff rather than to train new staff? What training opportunities are being made available to enable new individuals to enter this growing sector? What steps are being taken to ensure that small businesses can compete with larger firms as clients to customs agents?

Public-sector customs officials

6. Our witnesses noted that changes to customs requirements would also stretch the capacity of public-sector customs officials and suggested that there may not be enough staff to manage new processes. The proliferation of locations at which customs processes take place is likely to place a further burden on staff numbers. John Keefe, the Director of Public Affairs at Getlink, which owns Eurotunnel, noted that an “absence of sufficient numbers, properly trained at the right time”, remains a risk. Richard Ballantyne, Chief Executive of the British Ports Association, agreed, saying that local authorities were “not ... able to get sufficient numbers [of staff] yet”.
7. Mr Ballantyne suggested that this may make certain processes very difficult to achieve, identifying sanitary and phytosanitary checks as the primary concern. He warned that, in a no-deal scenario, “it could be completely impossible for certain ports to accommodate” Defra checks, and that it would “put traders at a real disadvantage when bringing their goods in through certain routes and gateways if they knew that a high percentage of those volumes needed to be opened and inspected.” He noted that the Government has the power to decide how much inspection to enforce and urged “an element of pragmatism” in order not to “completely kill” trade in certain plant and animal products.
8. We are also concerned that a limitation in the number of public-sector customs officials could draw staff away from other important tasks, such as tackling illegal immigration. With this in mind, it is welcome that the Government has indicated a willingness to be flexible in its application of customs procedures. Mel Stride MP, then Financial Secretary to the Treasury and Paymaster-General, told the House of Lords European Union Committee in 2018:

“The priority will be to keep the flow moving. There is a trade-off between keeping the flow moving, raising revenues, and security. We will not compromise on security, but particularly in a place such as Dover, where you have to keep flow



moving very quickly or you end up with all sorts of problems, there may be a trade-off between keeping the flow going and revenue protection.”²

- 9. The Government should be prepared to adopt a pragmatic approach to border inspections, particularly of goods with a limited shelf life, to ensure the uninterrupted and timely flow of goods into the UK. The decision to take this approach should be confirmed and widely communicated.**

PHYSICAL INFRASTRUCTURE

10. In July, the Government announced a fund of up to £470 million to build port and inland infrastructure necessary for customs checks. This is split between a £200 million port infrastructure fund grant scheme, launched in October for ports with space to build infrastructure such as warehouses, control posts and traffic management systems on their current sites, and £270 million to build inland customs infrastructure to serve other ports.

Port infrastructure

11. Tim Morris, Chief Executive of the UK Major Ports Group, commented that most large ports already handle non-EU trade, but that where expanded facilities are necessary, “we do not quite know yet whether the infrastructure will be ready in time.” Previous similar works in the UK had taken “about 11 months, so we will have to move significantly more quickly than we have before.”
12. We are astonished that, less than a month before the introduction of significant changes to customs processes and less than seven months before the introduction of full customs checks, the Government has not yet allocated the £200 million port infrastructure fund. There is also a serious concern that the fund is “significantly oversubscribed”, as Mr Morris told us.
13. Mr Ballantyne pointed out that the very tight timescales will lead to an increased cost for building the required infrastructure and described the fund as “probably a bit too late”. He urged the Government to “look at whether they can increase the potential funding so that all the infrastructure can be ready.”
14. It appears that these readiness issues were not duplicated on the other side of the Channel. Jean-Marc Puisseuseau, Chief Executive of Société d’Exploitation des Ports du Détroit, which operates the Port of Calais, was optimistic that a new port building,

² House of Lords European Union Committee, 20th Report of Session 2017-19, [‘Brexit: the customs challenge’](#), 20 September 2018, HL Paper 187



planned before the 2016 referendum, “will be finished in six months and will give us the facility for much bigger ferries in order to have more capacity.” The most recent test exercise “gave 100% satisfaction”, so lorries “will be satisfied when they cross. If they make their e-declaration, they will take the green lane, and tomorrow it will be as it is today, to the satisfaction of everyone.” We note, however, that the ‘closed-loop’ nature of the Dover-Calais route means the two ports are interdependent and delays at one have a direct impact on the other. Neither can manage its operations alone.

15. A five-mile build-up of lorries in Dover reported on 24 November was, Mr Keefe told us, the result of trials by France’s Police aux Frontières to test the immigration controls that will be required if no UK-EU agreement is reached before the end of the transition period. This involved processing all drivers as if they were non-EU nationals and checking all passports, taking an average of 70 seconds per person. He stressed that any implementation of the same plan after 1 January 2021 would see four lanes used, rather than two on 24 November, and only around 20% of passports checked, corresponding roughly to the proportion of freight drivers who are British.

Inland border facilities

16. The phased introduction of import controls between January and July 2021 means that while not all new border facilities will need to be operational by the end of the transition period, some will have to be in place by 1 January. The Government’s updated Border Operating Model in October identified seven “intended” or “potential” inland sites for customs procedures from 1 January, including Sevington, Waterbrook and Ebbsfleet, and a further three potential sites for July 2021, all “subject to securing any necessary planning and regulatory approvals”. Rachel Maclean MP, Parliamentary Under Secretary of State at the Department for Transport, was confident that the necessary sites would be ready for 1 January, but we do not share her optimism.
17. Tim Reardon, Head of EU Exit at the Port of Dover, argued that more sites would be required. He said: “There needs to be an array of sites across that network, not one or two in a couple of locations. If they happen to be unreachable on the day, that creates a big problem.” Mr Reardon also said that these facilities should be able to cater for all types of haulage, allowing lorries to be processed where they are rather than taking a significant diversion, thus increasing delays and overall congestion. The location of these sites is also of concern. It appears that some, including the site at Manston, are some distance away from the motorway.
18. There is tremendous uncertainty around these questions of where the facilities will be, when they will be ready, how they will work and which vehicles they will be able



to facilitate. Duncan Buchanan, Director of Policy at the Road Haulage Association, ably summed up the situation:

“It is not completely clear how the customs processes will operate at the sites. Bear in mind that we are six weeks away from this actually happening. We should not be in a situation where there is lack of clarity about who will be doing what at the sites. That is not a sustainable position for very much longer. We need clarity about who will be working at the sites, what functions are going to be taken at each of the sites and what you do when something goes wrong. As sure as anything, things are going to go wrong.”

19. The sector is sceptical that the necessary physical infrastructure will be fully in place in time for the introduction of new import controls on 1 January, 1 April and 1 July. The port infrastructure fund is likely to be too little to build the necessary infrastructure and too late to do so in time for the complete introduction of full customs checks on 1 July. The Government must urgently release further infrastructure funding and should take every available step to ensure that such work begins as soon as possible.

20. The smooth management of traffic in and around Kent will rely upon a network of inland border sites to process customs checks. The detail available on these sites is, at present, extremely limited. We urge the Government to publish a directory of inland border sites. This should provide detail on how they will function and be staffed, as well as which types of cargo and how many vehicles each site will be able to facilitate.

Please provide an update on the readiness of physical infrastructure required for new customs declarations. Why has the building of such crucial sites and port infrastructure been left so late? Has the port infrastructure fund been fully allocated yet, and if not, why not? What financial provision will be made to cover the increased building costs resulting from the extremely tight timelines?

DRIVING PERMITS

21. One important question is whether UK hauliers will need a European Conference of Ministers of Transport (ECMT) permit to transit goods into and throughout the EU from 1 January. An ECMT permit is currently necessary when transporting goods through the EU to 13 non-EU countries³ and, if there is no UK-EU agreement, could be required to travel to the EU at the end of the transition period. Mr Buchanan stated

³ Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Russia, Serbia, Turkey and Ukraine.



that “not one UK haulier knows whether they will be able to operate in and out of the EU in 2021”, since there is “no allocation of permits at the moment, and there is no back-up deal in place”. Neil Robinson, Chair of the Cumbria LEP Logistics Sector Panel and Managing Director of haulier firm Tyson Burridge, told the Committee that in 2019 there were about 11,500 applications from the UK but only 984 permits granted. He went on:

“I believe there are now 2,088 permits, but we are still looking at 20% of what is required. Without them, all the customs declarations and everything else are irrelevant, because we cannot leave the UK. It needs to be raised at the highest level. We have pushed it locally. Industry is pushing for it. We have been told that the ECMT permits are a fallback position, but we have been given no other guidance as to what is likely to be in place. I do not know what the reciprocal arrangements are for EU operators coming into the UK, but if there is no cap on that they will come in and take UK hauliers’ business. That is really worrying for us.”

22. The Minister said in response that, “in the unfortunate event that a deal was not reached with the EU, we expect that the European Commission would grant us a temporary connectivity regulation.” Ms Maclean added that the UK would “seek to supplement the ECMT regime with bilateral agreements with individual member states”, some of which are already in place, and that “ECMT permits would only ever be used to supplement wider market access arrangements”. In contrast, Mr Gove, when asked whether drivers would need permits to enter the EU, gave a categorical “yes”.⁴

What confirmation has there been that, in the absence of an agreement, UK drivers would be granted a temporary connectivity regulation to travel into the EU without a European Conference of Ministers of Transport (ECMT) permit?

IT SYSTEMS

23. The Government has committed to delivering several new IT systems to support the pre-lodging of declarations, the flow of goods and the new border processes that will be required from the end of the transition. This significant undertaking includes development of the following systems:

- The Customs Declaration Service (CDS), a self-declaration customs system;

⁴ Mr Gove was speaking on the BBC Radio Four *Today* Programme on 9 December 2020.



- ‘Check an HGV’ (officially ‘Check an HGV is Ready to Cross the Border’ and previously Smart Freight), which will allow hauliers to complete readiness checks before travelling; and
- The Goods Vehicle Movement Service (GVMS), a pre-declaration system which links multiple customs declarations documents.⁵

Customs Declaration Service/CHIEF

24. In 2018 the Government began a phased launch of a new Customs Declaration Service (CDS). This is the new electronic customs declaration system that will eventually replace the technologically outdated Customs Handling of Import and Export Freight (CHIEF) system. The CDS is intended to be a “flexible declaration system that can handle anticipated future import and export growth”⁶ and was intended to manage groups of businesses that will have to begin making customs declarations at the end of the transition period. Dual running of the two systems will continue until all traders have migrated from CHIEF.⁷
25. We were told that there were some fundamental problems with the CDS. Des Hiscock, Director General at the UK Association for International Trade, described the CDS as a “completely untested system”, which his own organisation did not have the training to use. He also told us that declarations to the CDS take four to five times longer than to CHIEF. Sue Roberts, Customs Transformation Director at HMRC, told us that HMRC has paused the migration of existing users of CHIEF to the CDS so it can be prioritised for Northern Ireland to Ireland trade. Although she said that HMRC was engaging with businesses “on their plans for January 2021”, it was unclear when migrations to the CDS are planned to resume. Ms Roberts said HMRC would be setting out “clear plans” for the CDS as soon as possible.
26. Witnesses said they considered CHIEF a tried and tested system, if outdated. They argued for the Government’s focus to be on developing CHIEF’s capacity for post-transition requirements. CHIEF is not designed to manage the traffic of post-transition declarations. Alex Veitch, Public Policy Manager at Logistics UK, told the Committee that there were problems with even basic requirements such as downloading the CHIEF application form, and that support was not readily available via a helpline number. He highlighted that, as CHIEF requires integration with trading software, non-

⁵ Other significant systems are ‘Safety and Security’ (S&S GB), which facilitates the submission of safety and security declarations to reduce trade in illicit goods and the risk of terrorism; and the further development of the ‘New Computerised Transit System’ (NCTS), an electronic system for declaring goods which cross multiple borders.

⁶ HMRC, ‘[Customs Declaration Service](#)’, September 2019

⁷ Currently, for the purposes of Northern Ireland-Ireland trade, HMRC is requiring the use of the CDS.



experts face particular issues: “If you are a parcels company with thousands of consignments in your truck, even if you can use CHIEF you will not sit there and send 6,000 emails to CHIEF. That will not work.”

27. Ms Roberts told us that HMRC was looking at “fallback positions with regard to our ability to stand up back-up systems and services.” The lateness of these plans is concerning, especially in light of the problems experienced by users of CHIEF.
28. **Efforts should be focussed on developing the Customs Handling of Import and Export Freight (CHIEF) system, rather than the Customs Declaration Service (CDS), so that CHIEF can facilitate the additional traffic of post-transition declarations. Contingency arrangements should be in place in case CHIEF is unable to cope. These, along with effective support services, should be widely publicised.**

Check an HGV

29. As a congestion measure, a Kent Access Permit will be required to enter the county. The permit can be accessed through the self-declaration system, Check an HGV. It will not be possible to get a permit before testing of this system has taken place between 11 and 14 December 2020. A maximum time period of under three weeks, including the Christmas and New Year holiday period, before this permit is mandatory on 1 January is utterly insufficient for all involved. This important step, with which companies must comply if they wish to avoid a £300 fine, has been left far too late.
30. Another problem arises when we consider how the permit will be enforced. The Government’s plan is to use motion sensors and automatic number-plate recognition (ANPR) to identify vehicles which have not registered with the Check an HGV system. This will be reinforced with physical traffic stops conducted by the police. We were told that the communication between the ANPR system and the Check an HGV system was not yet functioning, but that “the testing and the system development is proceeding as per our project timelines.” Like the self-declaration system, the enforcement scheme is not expected to be ready until mid-December.
31. **The Committee agrees with witnesses that the delivery of the Check an HGV system has been left too late, and that some hauliers will be unable to use it to get a Kent Access Permit (KAP). Notwithstanding some serious reservations about the readiness of enforcement processes, it seems likely that some hauliers will suffer a financial penalty because of the Government’s late delivery.**



Under what circumstances would the fine for non-compliance be waived? How would deliberate non-compliance be determined? Has the Government considered establishing a grace period before this fine is enforced to enable road users to familiarise themselves with the requirements?

Goods Vehicle Movement Service

32. A key choice for port and Eurotunnel operators is whether to use the new GVMS system or the temporary storage model for handling the movement of traffic, or a combination of the two models. GVMS links together multiple customs documents and will allow customs declarations to be submitted in advance and processed *en route* and the temporary storage model allows goods to be stored for up to 90 days before being declared to customs.
33. Richard Ballantyne, Chief Executive of the British Ports Association, commented that as a national, Government-provided system, GVMS will provide an interface with HMRC that port operators themselves would otherwise be responsible for. HMRC and other witnesses told us they were confident about its planned delivery for 31 December. Mr Hiscock told us it was important for HMRC to consult with trader industry experts in order to address problems occurring in development and “stop cloak and dagger type of development, where industry experts are not involved until it is absolutely too late.”
34. Steve Bartlett, Chair of the Association of Freight Software Suppliers, said one problem for software providers is that “we still do not know which ports might be using [GVMS]”. While his organisation has been working on interfaces with the system to enable its customers to provide information electronically, and is working closely with HMRC to deliver the system in time, he said it still required further guidance about which ports might be using the system. Some ports are yet to decide, both because some elements of GVMS are still being tested and because of potential uncertainty over who has legal possession of a good.
35. Tim Morris, Chief Executive of the UK Major Ports Group, thought the large ports he represents would probably use a combination of GVMS and the temporary storage model, with different parts of the same port potentially taking different approaches. He acknowledged that this uncertainty was “not ideal”. Thus, even though GVMS “allows more rapid and instantaneous movement”, our witnesses thought that some ports would continue to use the familiar temporary storage model.
36. John Keefe, Director of Public Affairs at Getlink, the owner of Eurotunnel, pointed out that—as a single-destination route—Eurotunnel had always been an intra-EU



operation, and is now required to build systems for non-EU trade for the first time. Specifically, it has developed a capture system to input a lorry's goods movement reference number into GVMS and a communication system to deliver instructions from GVMS to drivers, as well as equivalent systems on the French side. While he expressed confidence that these systems "will work perfectly come 1 January", he was concerned about the late development and testing of GVMS and the Check an HGV system, noting "a degree of concern as to whether they will be fully ready in time."

37. Witnesses from Rotterdam and Calais appeared far more prepared. Mark Dijk, External Affairs Manager at Europe's largest port in Rotterdam, said the port uses a temporary storage model and has a new IT system that it hopes to have 95% of its customers using by 1 January 2021. Similarly, the Port of Calais is confident that it is prepared for the end of the transition period and that its "e-border Calais" app, similarly to GVMS, will maintain the flow of traffic through the port.

38. If they work as planned, GVMS and similar systems on the continent should facilitate expedited border crossings—particularly for roll-on, roll-off traffic—but it is concerning that GVMS is still in testing at such a late stage. In order to encourage the widespread use of GVMS, the Government should aim to complete testing and provide all users with the information they need as soon as possible.

Why did the delivery timelines of IT systems such as the CDS, GVMS, and Check an HGV not account for the time it would take to design software for them to be used by traders? Who is accountable for the delivery of all three of these systems? When will they be ready? What support will be provided to help people use them?

GUIDANCE AND SUPPORT

39. The adoption of IT systems may be especially challenging for small businesses. Sonali Parekh, Director of Policy at the Federation of Small Businesses (FSB), told us that many small businesses are experiencing significant cash-flow pressures in light of the COVID-19 pandemic and would not be in a position to invest in digital adoption of the systems they need. She argued for transition vouchers to enable small businesses to access the expert advice they will need to manage the end of the transition period.

40. Witnesses emphasised the importance of wider levels of support and further guidance on the implementation and use of customs IT systems in general. While the information provided in the Border Operating Model was welcome, it appears to be very difficult to use. Neil Robinson, Chair of the Cumbria LEP Logistics Sector Panel and Managing Director of local Cumbrian haulier firm Tyson Burrige, told us there



“is a lot of guidance” but that it was complicated: “The border-ready documents are 270 pages long and take a bit of picking through ... We will be relying on the services of a broker, having looked at all the complexities.”

41. Ms Roberts from HMRC told us that the wish to allow businesses time to prepare informed the decision to introduce customs controls in stages. In written evidence, she emphasised that HMRC had been working to engage and inform businesses through “email, targeted ‘phone calls and letters, rolling social media content, regular events with business representative bodies, and the hosting of webinars.” We recognise these efforts, but in some cases, they are not working. Ms Parekh told us, for example, that non-VAT registered small businesses had not been included in some written communications regarding preparation for the post-transition period.
42. **The Government should provide further financial support for small businesses to allow them to develop the technological capabilities to weather the post-transition period.**
43. **Post-transition requirements must be clear for every user. More must be done to ensure guidance for the post-transition period reaches all businesses, especially non-VAT registered small businesses. The guidance provided in the Border Operating Model is highly complex. Key information should be made understandable for all.**

AWARENESS

44. Witnesses expressed apprehension about a lack of knowledge and awareness of the new requirements among traders, including manufacturers, producers, distributors and the transportation industry. Mr Morris identified the awareness and preparation of traders as the “one thing the Government have to ... double down on”.
45. Mr Dijk expressed concern about the preparedness of “the whole supply chain of producers and manufacturers” in both the UK and the EU, since “we are ready as a port, with the terminals, but we cannot be ready alone.” He stressed that the lack of awareness that customs checks will be needed even if there is a UK-EU future relationship agreement “is what we are most worried about.”
46. Mr Puisseuseau warned that drivers “have to have documentation. Of course, at the beginning there will be some who do not, but it will be so difficult to cross that, even if they forget it once, they will not forget it twice.” A commitment on both sides of the Channel to enforce a “no paperwork, no boarding” rule would, he said, ensure a fluid flow of traffic and avoid saturation. He added: “We are doing a lot to inform all the national haulier companies to tell their members that they have to do the e-declaration before they leave. In French embassies all over Europe, we have been



sending documentation to inform them, working in co-operation with haulier associations, so that when they arrive in Calais they know that they have to make the declaration.”

47. A campaign to raise awareness of new requirements and traffic diversion plans targeted drivers, with information and advice sites at existing truck stops. This had reached around 10,000 drivers by late November, which is around the number who use the Channel crossing in a week. Of these 10,000 engagements, however, only 1,000 were detailed conversations. Ben Rimmington, Co-Director for Road Safety, Standards and Services at the Department for Transport, acknowledged that a single conversation might not be enough to understand these complicated requirements. Paper copies of guidance for drivers are needed, and this guidance must be clear, simple and understandable, including for a sizable proportion of drivers who may have low levels of English. In practice, this will also mean making the guidance available in other languages, particularly eastern European languages. Printed copies of the guidance must also be made available at rest stops and facilities.
48. While it is important that drivers are aware of traffic planning, our witnesses emphasised that the responsibility for completing customs arrangements lies with the hauliers and companies involved. Duncan Buchanan, Director of Policy at the Road Haulage Association, explained: “It is our members—the hauliers, the freight forwarders, the traders and the logistics companies—who have to provide the driver with everything they need ... The driver is not responsible for triple-checking things that should be done by professional people elsewhere.”
49. We fully endorse the concern expressed by Adrian Jones of Unite, who questioned the advice given to drivers not to take deliveries without the requisite paperwork. He said:
- “For many of our members that is not an option, because they are faced with, ‘Do it or else’ or, ‘Head out on your way, driver, and we will make sure you get the documentation’. Drivers do not have the opportunity of saying, ‘Well, if I haven’t got the documentation, I’m not picking the goods up’. It is either that or lose the job, and clearly that is not a reasonable option.”
50. Our witnesses emphasised the need for awareness of the new requirements “up the supply chain”. Mr Buchanan said that a lack of awareness was likely to be the cause of serious problems: “I think the problem with the border will come not so much on the road network but in the warehouses, factories and distribution centres of the United Kingdom.” It is, we were told, crucial that haulage companies in particular complete the required customs declarations and gather the necessary documentation before sending drivers on routes.



51. There was also some optimism: the Minister referred to a national information campaign and engagement with related organisations, and Mr Morris praised the resilience and capability of the sector on both sides of the Channel, adding that, while “there might be a bumpy day or two, or week or two, we will get there.” Summing up the predominant view, though, Mr Buchanan was very uncertain about the level of awareness: “We do not know what the scale of the problem will be.”
52. **The single most important unanswered question for the sector is how prepared traders on both sides of the Channel will be for new customs arrangements. The Government should urgently consider whether its efforts to raise awareness at all levels of supply chains have succeeded and what more it could do to communicate the impending changes to those affected.**

A NEED FOR FLEXIBILITY

53. The flexibility of traders to alter their routes and modes of transport is a key feature of trade between the UK and the EU. Mr Ballantyne expressed hope that “the system will not prevent the same sort of flexibility and agility that the freight industry has enjoyed” and urged the Government not “to get involved in dictating which routes freight operators should utilise.”
54. Mr Keefe stressed the importance of “speed and flexibility” and “the ability to shift direction”, particularly “in the just-in-time and perishable and pharmaceuticals industries”. However, in the case of serious congestion at the short straits, “there simply is not the capacity at the other ports around the country to take all the ro-ro traffic”, and “supply chains would be disrupted if they had to take longer routes.”
55. Eurotunnel can flex its capacity by adding more lorry shuttles at off-peak times if roll-on, roll-off ferry routes become saturated. It also has capacity to carry more goods on long-distance freight trains, but this approach faces limitations arising from rail infrastructure issues in the UK and France.
56. One scenario to manage traffic in Kent requires the segregation of traffic depending on destination. It would direct Dover-bound traffic towards Manston and the A256, and traffic bound for the Eurotunnel onto the M20. Mr Keefe observed that drivers in both the UK and France “reserve until the last minute” the decision whether to use a Dover-Calais ferry or the Channel Tunnel and that GVMS will allow such last-minute choices. In practice, divergence of traffic would precede the point where drivers would usually be told which route to take across the Channel. If drivers have not been told by headquarters which route to use before they are forced to make a decision, this could lead to added congestion and confusion, problems for drivers with their employers, and drivers simply using what later turns out to have been the wrong route.



The plan to segregate traffic by destination also relies on all routes being open. The reality, however, is that accidents can cause road closures, making this element of the plan unworkable. We agree with Tim Reardon, who stated that the diversion option is “not a sound basis for making a plan”.

- 57. The plan to divert traffic depending on destination is vulnerable to road closures caused by accidents, and it does not take account of the reality of haulier practices. The Government should work in close consultation with relevant stakeholders to understand these realities and outline a detailed plan to address these problems. It should take a proportionate approach to enforcement of any such plan.**

What arrangements are in place should a road closure disrupt the traffic management plan? What would happen to lorries queuing (as instructed) if the Port of Dover were to close? Why have contingency plans for these scenarios not been communicated to businesses and drivers?

WELFARE

58. The Government’s reasonable worst-case scenario of traffic in Kent warns of queues of 7,000 lorries and up to two days’ delay in crossing to the EU. It is easy to forget the human impact of these delays. Mr Jones, National Officer at Unite, pointed out that “when we talk about potentially 7,000 trucks, that is at least 7,000 people—7,000 workers—who will be held up in one form or another”. When asked about welfare facilities, the Minister assured us that portacabin catering, sanitary and medical facilities would be made available at sites along the motorways. Mr Rimmington also confirmed that information about the location of these sites would be published in the final version of a haulier handbook.
59. Drivers stuck in traffic may be unable to reach these fixed facilities for extended periods of time. At the bare minimum, toilets must be made available for those in this situation. Mr Rimmington explained that, “Were there ever to be very lengthy delays on that section of road, there is a reactive plan that would see toilets taken out to be put in place so that there was welfare for the drivers stuck at that point.” Bringing portaloos out where “traffic is static for a prolonged period” will be logistically impossible. We acknowledge that there are legitimate safety concerns around drivers getting out on a motorway, but with significant delays, this seems inevitable whether toilets are available or not. As we were told, this is an issue of “basic human rights”.
60. It is not only about sanitary facilities. Drivers will need to eat, to stretch their legs, to have a cup of coffee, and to take a break. All of these issues were made apparent when Operation Stack was used in 2015. Then, when the queue of vehicles peaked at 7,000, it took 36 hours for the traffic to be processed. In that instance, temporary welfare



facilities, including the provision of food, water and portaloos at the roadside, were the responsibility of Kent County Council.⁸

61. A more permanent and sustainable driver welfare strategy is needed. This critical safety and welfare issue must not be overlooked because it is too difficult.
62. Livestock carried would also be subject to the same delays as the drivers. Serious animal welfare concerns arise from delays of up to two days, as set out in the Government's reasonable worst-case scenario.
63. **The welfare and safety of drivers must be the top priority in any traffic management plans. Sufficient numbers of welfare facilities must be available to drivers, and these must be COVID-secure, adequately maintained and, crucially, ready for 1 January.**
64. **A lack of facilities along the route to Dover has predictable and unsanitary, not to mention dangerous, outcomes.**

What arrangements are in place for the welfare of drivers who may be stuck in cold weather for up to two days? What plans, if any, have been made to address the serious animal welfare concerns arising from livestock being stuck in the same situation?

CO-OPERATION

65. Our witnesses representing UK ports observed that communication and engagement from the Government have improved this year after a slow start. Mr Ballantyne said that, while "civil servants have been working very hard this year" and it has been "very good to have a lot more communication", at times "it has been agonising getting some of the information out of the Government." Mr Morris commented: "We now feel that we have a relatively settled position on most areas, but it has taken us some time to get there." This was not a unanimous view. Adrian Jones from Unite thought that the Government "have not engaged in the way they should".
66. Mr Dijk commented:

"The ports, both on the European and the UK side, and the Governments are on their own preparing for Brexit, to avoid traffic jams, et cetera, but those things are so interlinked. If there is still one thing that we can do better, it is to try in the last couple of weeks or months to find better linkages between the different ICT systems and custom procedures, because that is highly necessary. We can be

⁸ House of Commons Transport Committee, First Report of Session 2016-17, '[Operation Stack](#)', 1 June 2016, HC 65



prepared and the UK ports can be prepared, but because the two systems are different we cannot communicate with each other and we cannot trade. That is still a worry for us.”

67. Mr Reardon also confirmed this lack of linkages when he replied to our query about a border trial that took place at Dover:

“What we would have expected to see, but haven’t actually seen, is a joint approach to these tests by UK and French agencies, so that each knew what the other was doing and had access to the findings of the tests – which they could then have shared with us. Without those read-outs, we are not in a position to comment on what the outcome of the tests was.”

Please outline the specifics of engagement with EU agencies to ensure that officials and transport operators on each side of the Channel can communicate effectively. What plans are in place for continued engagement following the end of transition?



ANNEX B: EVIDENCE

Oral evidence		
Evidence Session	Questions	Witnesses
Post-transition customs IT systems and sector preparedness	1 – 8	<p>Steve Bartlett, Chair, Association of Freight Software Suppliers</p> <p>Des Hiscock, Director-General, UK Association for International Trade</p> <p>Sonali Parekh, Director of Policy, Federation of Small Businesses</p> <p>Alex Veitch, General Manager Public Policy, Logistics UK</p> <p>Neil Robinson, Chair, Logistics Sector Panel, Cumbria LEP, and Managing Director, Tyson H Burridge.</p>
Post-transition customs IT systems and sector preparedness	9 – 22	<p>Sue Roberts, Director of Customs Transformation, HMRC</p> <p>Mark Denney, Director of IT, EU Transition and the Chancellor’s Covid-19 Schemes, HMRC.</p>
Preparations of port and Channel Tunnel operators for the end of the transition	1 – 15	<p>Richard Ballantyne, Chief Executive, British Ports Association</p> <p>John Keefe, Director of Public Affairs, Getlink (Eurotunnel)</p> <p>Tim Morris, Chief Executive, UK Major Ports Group</p> <p>Jean-Marc Puisseuseau, Chief Executive, Société d’Exploitation des Ports du Détroit (Port of Calais)</p> <p>Mark Dijk, Manager External Affairs, Port of Rotterdam.</p>
Traffic management preparations for the end of the transition	1 – 9	Duncan Buchanan, Director of Policy for England and Wales, Road Haulage Association



HOUSE OF LORDS

European Union Committee

House of Lords
London
SW1A 0PW

Tel: 020 7219 3616
Fax: 020 7219 6715
euclords@parliament.uk
www.parliament.uk/lords

		<p>Nick Harris, Operations Executive Director, Highways England</p> <p>Adrian Jones, National Officer, Unite Claire Nix, Strategic Commander, Operation Blythe (EU transition), Kent Police</p> <p>Tim Reardon, Head of EU Exit, Port of Dover.</p>
Traffic management preparations for the end of the transition	10 – 18	<p>Rachel Maclean MP, Parliamentary Under-Secretary of State, Department for Transport</p> <p>Ben Rimmington, Co-Director, Road Safety, Standards and Services, Department for Transport.</p>

Supplementary written evidence

Inquiry	Evidence Number	Submitted by
Post-transition customs IT systems and sector preparedness	ITS0001	Susan Roberts, Customs Transformation Director, HMRC
Preparations of port and Channel Tunnel operators for the end of the transition	CTO0001	John Keefe, Director of Public Affairs at Getlink (Eurotunnel)
Traffic management preparations for the end of the transition	TMP0003	Nick Harris, Executive Director Operations, Highways England
Traffic management preparations for the end of the transition	TMP0002	Tim Reardon, Head of EU Exit at the Port of Dover