

FOOD STANDARDS AGENCY CONSULTATION

Title: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON OFFICIAL CONTROLS AND OTHER OFFICIAL ACTIVITIES

CONSULTATION SUMMARY PAGE

Date consultation launched:	Closing date for responses:
17 October 2013	9 January 2014

Who will this consultation be of most interest to?
Enforcement bodies carrying out official controls (competent authorities)
All businesses operating within the plant, animal and food sectors (the agri-food chain)

What is the subject of this consultation?
Key changes being introduced to the current official controls framework by a Commission draft proposal for a Regulation on official controls and other official activities to verify compliance with feed and food law, animal health and welfare, plant health, plant reproductive material and plant protection product rules, and relevant initial impact assessment.

What is the purpose of this consultation?
To seek stakeholders' views on the key elements of the Commission's draft proposal and initial impact assessment (Annex D) to help the FSA assess the costs, benefits and wider impacts of the proposed Regulation on UK stakeholders.

Responses to this consultation should be sent to:

Name Hefin Davies Division/Branch Regulatory and Legal Strategy Directorate FOOD STANDARDS AGENCY Tel: 020 7276 8603 Fax:	Postal address: Aviation House 125 Kingsway, London WC2B 6NH Email: hefin.davies@foodstandards.gsi.gov.uk
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Is an Impact Assessment included with this consultation?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/> See Annex A for reason.
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If you would prefer to receive future FSA consultations by e-mail, or if you no longer wish to receive information on this subject please notify the named person in this consultation.



EU COMMISSION PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON OFFICIAL CONTROLS AND OTHER OFFICIAL ACTIVITIES

DETAIL OF CONSULTATION

1. On 6 May 2013, the EU Commission issued a draft proposal (afterwards “the proposal”) for a Regulation that will replace Regulation (EC) 882/2004 of the European Parliament and of the Council on official controls undertaken by Member States and their designated enforcement authorities to ensure the verification of compliance with feed and food law, animal health and welfare rules (e.g. inspections, audits, sampling and analysis, etc.).¹
2. The Food Standards Agency (FSA) is the UK lead department for the negotiations on the proposal and will be considering how the proposed changes will benefit UK consumers and industry, in particular food and feed businesses. In order to help us shape our negotiating lines, we would be grateful for your comments on the proposal and for your information to help us assess the likely impacts of the changes being proposed. More information on this is contained in the draft Impact Assessment at Annex D.

Proposal

3. A copy of the proposal and accompanying EC Impact Assessment (IA) is available on the Commission’s website at: http://ec.europa.eu/dgs/health_consumer/pressroom/animal-plant-health_en.htm; alternatively a hard copy is available on request from Hefin Davies (details above).
4. In summary, the proposal aims to simplify and create a more consistent approach for control systems along the agri-food chain and will extend the scope of the Regulation to plant health, plant reproductive material, plant protection products and animal by-products. It will also introduce changes to current financing rules for official controls.
5. In order to aid your consideration of the proposal, a summary document (Annex A) is enclosed. This outlines the proposal’s main provisions and our understanding of these.

The main elements of the proposal include:

1. Scope of the Regulation to cover controls for plant health, plant reproductive material, plant protection products and animal by-products, as well as feed/food and animal health and welfare controls.
2. Changes to
 - a. existing definitions and introduction of new definitions
 - b. current import controls requirements
 - c. sampling and analysis requirements, including official laboratories accreditation
 - d. official certification
 - e. administrative assistance and cooperation among Member States

¹ This proposal is one of a package of five proposals. The other four are more detailed proposals on animal health, plant health, plant reproductive material and financing. These are not the subject of this consultation.

- f. enforcement measures
- g. financing of official controls.

3. Commission to be empowered through implementing or delegated acts to lay down more detailed requirements in certain cases.

Consultation Process

6. There has been ongoing communication with stakeholders during development of the Commission's proposal and the FSA held a number of *ad hoc* meetings with key organisations to help inform its discussions with the Commission. In addition, the FSA informally consulted UK interested parties in November 2012 on the Commission's preliminary draft proposal, which gave an initial indication of the key changes expected in the final draft proposal. The FSA then held a series of meetings with stakeholders across the UK to gather views and to understand the potential impact of the proposal. These meetings have informed this consultation and the accompanying IA.
7. This consultation seeks your views on the key changes listed in the above box (and summarised in Annex A). A number of key questions are set out in the box below. We would also be interested in your comments about any other aspect of the proposal, which you would like to bring to our attention. We will give full consideration to the responses to the consultation in developing the UK Government's negotiating position.
8. This consultation has been issued by the FSA on a UK basis to all identified stakeholders, including those falling within the broad scope of the proposal where Defra and the devolved administrations have lead policy responsibility for the official controls delivered.

Questions asked in this consultation (Please refer to Annex A for any necessary background information)

Q1 Scope

Do you think that extending the scope of the proposal to plant health, plant reproductive material, and animal by-products will impact on the coherence of the official controls framework? Please give reasons.

Q2 Definitions

- a) How clearly does the language and definitions used in the proposal reflect the broader scope?
- b) Are definitions sufficiently clear and easy to understand? If not, please suggest alternate wording
- c) In particular, do you have any comments on the new definition of "other official activities" and what this covers?

Q3: Competent Authorities (Chapter I)

- a) Are the requirements adequate?
- b) Are the provisions relating to audit (Article 5) appropriate? If not, please provide information to support your answer

Q4: Official controls (Chapter II)

- a) Do you think the new requirements in relation to identifying possible intentional violations of food and feed law (Article 8(2)) will impact on the enforcement community, industry and/or consumers? Please give reasons.
- b) Has the issue of transparency of official controls (Article 10) been adequately addressed?
- c) What, if any, new burdens do the changes and the provisions on reporting (Article 12) create for the competent authorities and industry?
- d) Existing EU requirements in food and feed law require business operators to inform competent authorities where they have reason to believe that food or feed is unsafe. Do you think that this should be expanded:
 - to cover all intentional non-compliances with the rules referred to in the proposal, and
 - include all operators within the scope of the proposal?

Q5: Delegation of specific tasks of the competent authority (Chapter III)

- a) Do these provisions provide sufficient clarity for the delegation of certain official control tasks to bodies or individuals? If not, how could clarity be improved?
- b) Are the conditions and obligations appropriate? Please provide information to support your answer

Q6: Sampling, Analysis and Testing (Chapter IV)

- a) Do you support the proposed rules, including the temporary and permanent derogation from mandatory accreditation requirements for official control laboratories? Please provide information to support your answer
- b) Are the provisions relating to sampling of goods offered for sale by means of distance communication (Article 35) appropriate?

Q7: Import provisions (Chapter V)

- a) Do you agree with the Commission's approach to streamline border official controls?
- b) Would that approach improve the efficiency of import controls? Do you think that control authorities and importers would benefit from such changes? Please give reasons.

Q8: Financing of official controls (Chapter VI)

- a) Official controls are required to be adequately financed by member states. The FSA believes that member states should determine how best to achieve this for themselves unless there is clear evidence for a particular control or sector, that a failure to act at the EU level on charging will result in market distortion. Do you agree with the FSA position on this?

If you disagree with the FSA position that Member States should have discretion on how they finance official controls;

- b) Do you agree with the Commission's proposed changes to significantly increase the number of official controls for which Member States are obliged to collect fees by including sectors not currently charged and expanding the scope of the proposal? Please give reasons.
- c) Do you think that there are particular sectors or controls that do require charging to be set at the EU level in order to ensure coherence and consistency in the application of fees for official controls, and prevent UK businesses from being disadvantaged?
- d) Do you agree with the proposed requirement that Member States recover the full cost of controls where mandatory fees apply? Please give reasons.
- e) Do you agree with the option given to Members States to reduce or exempt

from fees micro-enterprises? Would the option, as formulated, create significant administrative burdens? Please give reasons.

- f) Do you agree with the rules that set out the costs that can be recovered via fees? Please give reasons.
- g) Do you think that the incorporation of the bonus/malus principles in the fee system will encourage business compliance and risk- minimising behaviour? Please give reasons.
- h) Do you think that requirements for Member States to provide to the public and the Commission information regarding fees will have a positive impact on transparency and contribute to a fairer system? Please give reasons.

Q9: Official certification (Chapter VII)

- a) Do you agree with the proposed principles governing official certification and conditions under which it must be issued? Please provide information to support your answer
- b) Do you foresee any implications for control authorities or for businesses? Please give reasons.

Q10: Reference Laboratories and Centres (Title III)

- a) Do you agree with the requirements for, and responsibilities of new EU Reference Laboratories? Please give reasons.

Q11: Administrative assistance and cooperation (Title IV)

- a) Do you think these provisions will improve the basis upon which competent authorities act to provide assistance? Please provide information to support your answer
- b) What are the implications for control authorities?

Q12: Planning and reporting (Title V)

Are the requirements for the multi-annual national control plans that Member States must provide comprehensive?

Q13: Union activities (Title VI)

The Commission proposes (Chapter IV) the creation of a computerised information management system for official controls (IMSOC) to allow the integration of all existing and future computerised systems (e.g. TRACES, RASFF, Europhyt etc.) to manage information, data and documents on official agri-food chain controls more efficiently. The scope of this has not yet been explored with the Commission. What are the implications for control authorities if the current broad scope (Article 131) is retained?

Q14: Enforcement Action (Title VII)

- a) Do you think that the list of actions, which competent authorities must take to ensure that business operators remedy non-compliance, is adequate and reflect the broader scope of the Regulation?
- b) What are your views on the proposal (Article 136(2)) that penalties for intentional violations shall at least offset the economic advantage sought through the violation?

Q15: Proposed use by the Commission of implementing and delegated acts

- a) Annex B lists the instances where the Commission proposes to lay down more detailed provisions through implementing and delegated acts. Do you agree that these are necessary?
- b) Do you think that any of these could be dealt with by other means (e.g. Commission guidance)? Please give reasons.

Draft Impact assessment

Q16: Are the sectors and groups affected by the draft proposal properly identified? If you partly agree or do not agree, please identify sectors that should also be considered and explain why.

Q17: Are there additional tasks undertaken by competent authorities that are within the scope of the proposal and missing from the data in Annex 1?

Q18: Do you agree with assumptions used and calculations made in Annex 2?

Q19: Do you agree with assumptions used and calculations made in Annex 3?

Q20: Are there any additional activities or cost components that should be included to generate the baseline cost?

Q21: Which option do you favour? Do you agree with the FSA's choice of option and are there any other options available?

Q22: Do you agree with assumptions used in Annex 4?

Q23: For option 3, what areas do you consider should be negotiated and for what outcome?

Q24: Should charges be set at the European level, and if so, which sectors would benefit from this approach? Please provide information to support your answer

Q25: Do you agree with our assessment that the proposal, as drafted, will not negatively impact on competition? Please provide information to support your answer

Q26: Do you agree with our assessment that the proposal, as drafted, will not unduly burden rural communities? Please provide information to support your answer

Responses

9. Responses are required by close 9 January 2014. Please state, in your response, whether you are responding as a private individual or on behalf of an organisation/company (including details of any stakeholders your organisation represents).

10. Thank you on behalf of the Food Standards Agency for participating in this public consultation.

Yours sincerely,

Catherine Bowles

Official Controls Policy

Regulatory and Legal Strategy Directorate

Enclosed

Annex A: Summary of Proposal Key Changes

Annex B: Summary of proposed implementing and delegated acts

Annex C: Standard Consultation Information

Annex D: Draft Impact Assessment

Annex E: List of interested parties

EU COMMISSION PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON OFFICIAL CONTROLS AND OTHER OFFICIAL ACTIVITIES

Title 1 - Subject matter and Scope (Article 1) – Definitions (Article 2)

1. Currently, Regulation (EC) No. 882/2004 (R.882) applies to control activities performed to verify business compliance with feed and food law, animal health and welfare rules. The proposal will extend the scope of the Regulation to plant health, plant reproductive material, animal by-products, the deliberate release and contained use of GM products and plant protection products. The wording of the Regulation will be adjusted to clarify how provisions relate to the other sectors. New definitions will be provided and the existing ones will be clarified to give account of the broader scope of the Regulation. In particular, a new definition of “other official activities” will be added, and the concepts currently defined under the headings “monitoring” and “surveillance” will be given the different headings of “screening” and “targeted screening” to avoid confusion with different concepts in the animal health law, defined as monitoring and surveillance. The Commission has provided some examples of what constitutes an official activity, they are: surveillance and monitoring (including epidemiologic), eradication and containment of animal/plant diseases.
2. The Regulation will retain its generic nature of high level framework and detailed provisions for the specific sectors (e.g. plant health, animal health, etc.) will be drawn up by the Commission in sector specific legislation. The proposal does not cover verification of compliance with the rules on the common market organisation of agricultural products for which established control systems are in place.

Title II - Chapter I: Competent Authorities

3. Requirements for the designation of competent authorities and their general obligations remain broadly the same.

Title II – Chapter II: Official Controls

4. The risk based approach to controls is maintained and a new provision clarifies that official controls need to be carried out as much as possible in a manner that minimises the burden on businesses. Transparency requirements for official controls are clarified by identifying the minimum level of information on official controls that must be public. Competent authorities will be required to provide operators with a copy of the report on official controls and other official activities carried out, both where non-compliance or compliance with legislation is ascertained. Provisions clarify that competent authorities need to carry out controls on a regular basis to identify possible intentional violations (i.e. fraud). Operators, during official controls, would need to assist and cooperate with the staff of the competent authority.

Title II – Chapter III: Delegation of specific tasks of the competent authorities

5. Requirements relating to the delegation by the competent authority of specific official control tasks remain broadly the same, albeit delegation can be made to delegated bodies or natural persons. New provisions concern the delegation of specific tasks in the context of “other official activities” (Art. 30, 31 and 32).

Title II - Chapter IV: Sampling, Analysis, Tests and Diagnoses

6. Requirements on methods of sampling, analysis and diagnosis will be applicable to other official activities as well as official controls. Provisions relating to the right of operators to a supplementary expert opinion or second sample will be clarified. To ensure effective controls on goods sold via the Internet, new provisions will clarify that a sample ordered on-line by the competent authorities without identifying themselves can be validly used for the purposes of an official control. The relevant business will be informed that such a sample is being analysed in the context of an official control.
7. Accreditation to EN ISO 17025 will remain a mandatory condition for the designation of all official control laboratories. A 5 year transitional period will be provided for plant health laboratories. Permanent derogation from mandatory accreditation of official control laboratories will be introduced for laboratories attached to slaughterhouses or game handling establishments carrying out testing, under the supervision of the competent authority, for detection of *Trichinella* in meat and for laboratories carrying out tests of plant reproductive materials other than plant health analysis or diagnosis. Temporary derogation will be introduced for official control laboratories for the use of a method required for analysis or diagnosis, limited to specific circumstances such as emergency situations or increased sampling introduced by new EU legislation.

Title II - Chapter V: Official Controls on Animals and Goods Entering the Union

8. Current rules on official controls on imports will be considerably amended to create a common regime applicable to all checks carried out at the border on animals, products of animal origin, on plants and other products that must be checked prior to their introduction to the EU. A list of goods subject to controls at border is established and aims to consolidate current legislation.
9. Border Control Posts (BCPs) will replace the different Border Inspection Posts (BIPs), Designated Points of Entry (DPEs), etc. which currently carry out border control duties. Minimum requirements, e.g. appropriate facilities and equipment, appropriately qualified staff, will apply to BCPs. A single standard document, the Common Health Entry Document (CHED), will be used by operators for the mandatory prior notification of consignments, transmitted to the BCP through the new TRACES system. A new provision is introduced to strengthen the current requirement for competent authorities and Customs authorities to cooperate closely with a view to ensure that all authorities concerned have access to relevant information.

Title II – Chapter VI: Financing of Official Controls

10. The draft proposal consists of a number of significant amendments that in summary will involve an extension of mandatory fees and the requirement that Member States recover the full cost of official controls. Our interpretation of the text is that such fees would apply to a significantly increased number of businesses, from farms through to retail. However, Member States will be required to exempt micro-businesses² from the payment of mandatory fees.
11. Mandatory fees will apply (for all controls carried out to verify compliance with food/feed law, animal health and welfare, plant health, plant reproductive material and plant protection products rules) to:

² Those businesses employing less than 10 persons and whose annual turnover and/or balance sheet does not exceed 2 million euros.

- food business operators registered or approved under food hygiene legislation (Regulation 852/2004 and 853/2004)
- feed business operators registered or approved under feed hygiene legislation (Regulation 183/2005)
- operators as defined in the new Plant Health law
- operators as defined in the new Plant Reproductive Material law

12. Mandatory fees would also apply for:

- controls to verify the conditions for the approval of food and feed premises
- controls necessary to issue official certification
- EU border controls and controls laid down in EU emergency measures, when the decisions adopting the measures so require

13. Detailed measures will set out what costs should be recovered (Article 78), e.g. staff salaries, training, etc. and how fees should be calculated (Article 79). Fees need to be calculated on the basis of actual costs of controls. If competent authorities perform other activities, only the costs that result from the official controls must be considered in the calculation of fees.

14. Minimum fees will be removed and Member States will have the option to use flat-rate fees or to recover the actual costs of controls.

15. Member States will be required to exempt micro-enterprises from the payment of mandatory fees (Article 82). Further exemptions from mandatory fees would apply to those official controls carried out to verify compliance with national disease control measures for animal health and plant health, and with rules on organic food production or labelling, protected designation of origin, protected geographical indication and traditional specialities. (Article 77,3).

16. A new provision will require that where flat-rate fees are applied, fees for consistently compliant businesses should be lower than those applied to non-compliant ones (Article 80).

17. Mandatory fees will apply for additional controls, i.e. controls required following detection of non-compliance and carried out in excess of those included in the national control plan.

18. New transparency provisions will require Member States to make public the method and data used to establish fees, and how they use the resources collected through fees.

Title II - Chapter VII: Official Certification

19. Current provisions will be amended to ensure that the general framework for official certification is suitable for all the sectors covered by the Regulation. More stringent principles are set out to issue official certification. Some of these principles will be suitable for all types of official certification, including when certification is issued by operators (e.g. certification of plant reproductive material); others instead will apply to the official certification issued by the competent authority or control bodies only. It will be clarified that provisions will apply to official certification for exports.

Title III: Reference Laboratories and Centres

20. As a consequence of the extension of scope of the Regulation to new sectors (plant health law; plant reproductive material; animal by-products rules), it will be possible for the Commission to establish EU reference laboratories (EURLs) for those sectors. The obligations for Member States to designate national reference laboratories (NRLs) for each EURL designated by the Commission will follow accordingly, as NRLs function as the point of communication between the EURLs and all the official laboratories in the Member States. The proposal sets out the main task of EURLs.

Title IV: Administrative Assistance and Cooperation

21. Current rules on Member States cooperation and administrative assistance will be clarified and reinforced to enable competent authorities to deal efficiently with cross-border non-compliance.

Title VI – Chapter IV: Information management systems

22. A computerised information management system for official controls (IMSOC) is proposed. This would allow the integration of all existing and future computerised systems (e.g. TRACES, RASFF, Europhyt etc.) to manage information, data and documents on official agri-food chain controls more efficiently.

Title VII – Chapter I: Action by the Competent Authorities and Sanctions

23. The current enforcement actions provided by Article 54 of Regulation 882/2004 will be amended in order to adapt them to all sectors covered by the new Regulation (Art. 135).

DELEGATED AND IMPLEMENTING ACTS IN THE COMMISSION PROPOSAL FOR A REGULATION ON OFFICIAL CONTROLS AND OTHER OFFICIAL ACTIVITIES

BACKGROUND

Since the entry into force of the Lisbon Treaty the Commission can be empowered to adopt (tertiary) legislation by means of delegated and implementing acts. These acts have replaced the so called Comitology procedure, a faster legislative process to make more detailed and technical rules to aid the application of EU law. The main differences between delegated and implementing acts are:

Delegated Acts (Article 290 TFEU):

- Commission is granted the power to supplement or amend the non-essential elements of the basic act (i.e. in this case the official control proposal).
- the Commission presents its delegated act directly to both legislators (EU Council and Parliament) at the same time
- Council and Parliament now have the power to object to an individual delegated act on any grounds whatsoever. This increases the scrutiny powers of the legislators over individual delegated acts.
- A delegated act will only enter into force if no objection has been expressed by the Parliament or the Council within two months of notification of the act.
- The most noticeable innovation is the absence of a comitology committee and the lack of any requirement for the Commission to obtain an opinion. This has been abolished, in favour of much greater control by the Parliament & Council (right of objection and revocation).
- The Commission has however agreed to consult with Member States while drafting a delegated act, something that will be done via some form of expert group.

Implementing Acts (Article 291 TFEU):

- Acts that the Commission adopts when it needs to ensure uniform implementation of legislation made by the Council and Parliament.
- Similar to the traditional 'old' comitology system and procedures that were in operation before Lisbon.
- Advisory procedure maintained.
- Examination procedure gives member states more control over the Commission, as Commission presents a draft implementing act to a committee made up of member states experts.
- Member States deliver opinions by qualified majority.
- If a qualified majority is against – the Commission cannot adopt. It can refer the draft to an appeal committee made up of member states' experts

It is necessary to assess the merits and suitability of the Commission's empowerments contained in the official controls proposal, to decide whether those empowerments can be supported by the UK during the negotiation process.

In assessing the proposed empowerments for delegated and implementing acts listed in the table below, you may want to consider:

- Whether EU binding legislation is necessary (e.g. because there is a need for harmonisation or for ensuring legal certainty across member states);
- Whether the issue should instead be dealt at national level (i.e. it is within the member states competence);

- Whether for a certain issue a flexible approach might be more appropriate, for example by providing guidance at national or EU level; or
- Where decided that EU legislation is necessary, if the choice of instrument (i.e. delegated or implementing act) is adequate.

DELEGATED AND IMPLEMENTING ACTS IN THE COMMISSION PROPOSAL		
ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 3 Designation of competent authorities		<u>Generic</u> Art. 3, point 6 - To define the means by which information relating to designated competent authorities (CAs) will be made available to the public
Article 4 General obligations of the competent authorities	<u>Generic</u> Art. 4, point 3 - To establish rules for the specific qualification and training requirements of CAs staff	
Article 5 Audits of the competent authorities		<u>Audits</u> Art. 5, point 3 - To establish rules for CAs conducting internal audits
Article 10 Transparency of official controls		<u>Generic</u> Art.10, point 2 – to set out the format in which the information must be published
Article 14 Obligations of operators		<u>Generic</u> Art. 14, point 4 – To establish rules about the way CAs access computerised information management systems, and on the cooperation between operators and CAs
Article 15 Specific rules on official controls and on action to be taken by the competent authorities in relation to the production of products of animal origin intended for human consumption	<u>Products of animal origin</u> Art. 15, point 2 - To establish specific rules for the performance of official controls on products of animal origin	

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
<p>Article 16 <i>Specific rules on official controls and on action to be taken by the competent authorities in relation to the residues of certain substances in food and feed</i></p>	<p><u>Residues</u></p> <p>Art. 16, first paragraph – To establish rules for specific official controls for residues in food/feed</p>	
<p>Article 17 <i>Specific rules on official controls and on action to be taken by the competent authorities in relation to animals, products of animal origin, germinal products, animal by-products and derived products</i></p>	<p><u>Animals, Products of animal origin (POAO), Animal by-products (ABP)</u></p> <p>Art.17, first paragraph – To establish rules for official controls on animals, POAO, germinal products and ABP</p>	
<p>Article 18 <i>Specific rules on official controls and action to be taken by the competent authorities in relation to the welfare requirements for animals</i></p>	<p><u>Animal Welfare</u></p> <p>Art. 18, point 3 - To establish rules for official controls for animal welfare</p>	
<p>Article 19 <i>Specific rules on official controls and action to be taken by the competent authorities in relation to plant health</i></p>	<p><u>Plant Health</u></p> <p>Art.19, first paragraph - To establish rules for official controls on plants, plants products and other objects</p>	
<p>Article 20 <i>Specific rules on official controls and action to be taken by the competent authorities in relation to plant reproductive material</i></p>	<p><u>Plant Reproductive Material (PRM)</u></p> <p>Art. 20, first paragraph - To establish rules for official controls for PRM.</p>	

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
<p>Article 21 <i>Specific rules on official controls and action to be taken by the competent authorities in relation to GMOs and genetically modified food and feed</i></p>	<p><u>GMO</u></p> <p>Art.21, first paragraph - For specific rules for official controls in relation to GMO and genetically modified food and feed</p>	
<p>Article 22 <i>Specific rules on official controls and action to be taken by the competent authorities in relation to plant protection products</i></p>	<p><u>Plant Protection Products</u></p> <p>Art. 22, first paragraph – To establish specific rules for official controls for plant protection products</p>	
<p>Article 23 <i>Specific rules on official controls and on action to be taken by the competent authorities in relation to organic products and to protected designation of origin, geographical indications and traditional specialties guaranteed</i></p>	<p><u>Organic</u></p> <p>Art. 23, point 1 – To establish specific rules for OC on organic production, organic products labelling, etc.</p>	
<p>Article 24 <i>Specific rules on official controls and on action to be taken by the competent authorities in cases of newly identified risks in relation to food and feed</i></p>	<p><u>Food/Feed/Animal Health/ABP/GMO</u></p> <p>Art. 24, point 1 - To address newly identified risks posed through food/feed to human or animal health, or in relation to GMO and plant protection products posed to the environment.</p>	
<p>Article 25 <i>Delegations by the competent authorities of specific official control tasks</i></p>	<p><u>Generic</u></p> <p>Art.25, point 3 - To establish specific control tasks that cannot be delegated</p>	

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 33 <i>Methods used for sampling, analysis, tests and diagnoses</i>		<u>Sampling</u> Art.33, point 7 - To establish rules for sampling methods, analysis and test, performance criteria, etc.
Article 34 <i>Supplementary expert opinion</i>		<u>Sampling</u> Art. 34, point 3 - To ensure a uniform application of the rules on supplementary expert opinion
Article 40 <i>Powers to adopt derogations from the condition for the mandatory assessment and accreditation of all methods of analysis, test and diagnosis used by official laboratories</i>	<u>Official Controls Labs</u> Art. 40, paragraph 1 - To introduce derogations from mandatory accreditation of all methods of analysis, test and diagnosis	
Article 43 <i>Types of official controls on animals and goods not subject to specific official controls at borders</i>	<u>Imports</u> Art. 43, point 4 - for cases and conditions under which CAs may request operators to notify the arrival of certain goods to the EU.	
Article 44 <i>Samples taken on animals and goods not subject to specific official controls at borders</i>		<u>Imports</u> Art. 44, point 2 - To establish mechanisms for traceability of animals/goods and for the identification of documents to accompany animals/goods when samples are taken To note: the latter empowerment is already in Article 25, 2(h) of R.882/2004).
Article 45 <i>Animals and goods subject to controls at border control posts</i>	<u>Imports</u> Art. 45, point 3 - To establish amendments to the categories of animals and goods referred to in Art.44, and to include other products	<u>Imports</u> Art. 45, point 2 - To establish a list of animals and goods subject to controls at BCP, and to establish a list of goods subject to a temporary increase of controls at EU borders due to know or emerging risks.

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
<p>Article 46 <i>Animals and goods exempted from official controls at border control posts</i></p>	<p><u>Imports</u> Art. 46, first paragraph - To establish exemptions from official controls</p>	
<p>Article 47 <i>Official controls at border control posts</i></p>		<p><u>Imports</u> Art. 47, point 6 - To establish presentation of consignments, categories of goods, etc.</p>
<p>Article 49 <i>Specific rules for official controls at border control posts</i></p>	<p><u>Imports</u> Art. 49, first paragraph - To establish cases and conditions for onward transportation, time limits for documentary, identity and physical checks, etc.</p>	
<p>Article 50 <i>Modalities of documentary, identity and physical checks</i></p>		<p><u>Imports</u> Art. 50, first paragraph - To establish rules concerning tasks to be carried out during and after documentary, identity and physical checks.</p>
<p>Article 51 <i>Official controls not performed at border control posts</i></p>	<p><u>Imports</u> Art. 51, point 1 - To establish cases and conditions for checks to be carried out at control points other than BCP</p>	
<p>Article 52 <i>Frequency of identity and physical checks</i></p>	<p><u>Imports</u> Art. 52, point 1 - To establish categories of animals and goods for which reduced identity checks would apply Art. 52, point 2 - To establish criteria and procedures for determining/modifying frequency rates of physical checks on animals, ABP, POAO, etc.</p>	<p><u>Imports</u> Art. 52, point 3- To establish frequency rate of physical checks for goods subject to temporary increase of controls</p>

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 56 <i>Format, time requirements, and specific rules for the use of the Common Health Entry Document</i>	<u>Imports</u> Art. 56, point 2 - To establish cases and conditions under which CHED must accompany consignments	Art. 56, point 1 - To establish format of CHED, minimum time requirement for prior notification
Article 58 <i>Listing of border control posts</i>		<u>Imports</u> Art. 58, point 2 - To establish the format, categories, etc. to be used by MSs in the list of BCPs
Article 60 <i>Withdrawal of the designation of border control posts</i>	<u>Imports</u> Art. 60, point 3 - To establish cases and procedures to re-designate BCP, whose designation had only partially been withdrawn	
Article 61 <i>Suspension of the designation of the border control posts</i>		<u>Imports</u> Art. 61, point 5 - To establish procedures for exchange of information /communication relating to suspension of BCP with Commission and other MSs
Article 62 <i>Minimum requirements for border control posts</i>	<u>Imports</u> Art. 62, point 2 – For cases and conditions where the BCP can be situated at a certain distance from the point of entry into the EU	Art. 62, point 4 - To detail requirements relating to equipment, staff, etc. of BCPs
Article 63 <i>Suspicion of non-compliance and intensified official controls</i>		<u>Imports</u> Art. 63, point 6 - To establish procedures for carrying out intensified official controls
Article 64 <i>Measures to be taken in cases of non-compliant consignments entering the Union from third countries</i>		<u>Imports</u> Art. 64, point 2 - To establish procedures for the isolation and quarantine of animals and goods
Article 68 <i>Consistency of application of Articles 64 and 65</i>		<u>Imports</u> Art. 68, first paragraph - To ensure consistency of decision taken by CAs

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
<p>Article 69 <i>Special treatment of consignments</i></p>	<p><u>Imports</u></p> <p>Art.69, point 3 - To establish requirements and conditions for special treatment</p>	
<p>Article 70 <i>Re-dispatch of consignments</i></p>		<p><u>Imports</u></p> <p>Art.70, point 3 - To establish procedures for exchange of information and notification relating to re-dispatch of consignments.</p>
<p>Article 71 <i>Approval of pre-export performed by third countries</i></p>		<p><u>Imports</u></p> <p>Art.71, point 1 - To approve specific pre-export controls that third countries carries out on consignments of animals and goods</p> <p>Art.71, point 5 - To establish detailed rules and criteria for approving pre-export controls</p>
<p>Article 72 <i>Non-compliance with, and withdrawal of, the approval of pre-export controls carried out by third countries</i></p>		<p><u>Imports</u></p> <p>Art. 72, point 2 – To withdraw the approval of pre-export controls</p>
<p>Article 73 <i>Cooperation amongst authorities in relation to consignments entering the Union from third countries</i></p>		<p><u>Imports</u></p> <p>Art. 73, point 2 - To adopt uniform rules on cooperation between CAs, including Customs</p>
<p>Article 75 <i>Delegated powers for specific official controls</i></p>	<p><u>Imports</u></p> <p>Art. 75, point 1 - To establish rules for the performance of specific official controls and measures to adopt in case of non- compliance</p> <p>Art. 75, point 2 - To establish conditions for monitoring transport and arrival of certain animals/goods</p>	<p><u>Imports</u></p> <p>Art. 75, point 3 - To lay down rules for the uniform application of the delegated acts in point 1 &2.</p>

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 89 Implementing powers for official certificates		<u>Official Certification</u> Art. 89, first paragraph - To lay down rules for the uniform application of provisions concerning official certificates
Article 91 Designation of European Union reference laboratories		<u>EURLs</u> Art. 91, point 2 - To designate EURLs
Article 93 European Union reference centres for plant reproductive material		<u>PRM</u> Art.93, point 1 - To designate EU reference centres for PRM
Article 95 European Union reference centres for animal welfare		<u>Animal Welfare</u> Art. 95, point 1 - To designate EU reference centres for animal welfare
Article 97 Obligations of the Commission	<u>EURLs</u> Art.97, point2 - To establish additional responsibilities and tasks of EURLs and EU reference centres for plant reproductive material and animal welfare	
Article 98 Designation of national reference laboratories	<u>NRLs</u> Art.98, point 6 - To establish additional requirements for NRLs.	
Article 99 Responsibilities and tasks of national reference laboratories	<u>NRLs</u> Art.99, point 2 - To establish additional responsibilities and tasks for NRLs.	
Article 100 General rules		<u>Generic: Administrative Assistance and Cooperation</u> Art. 100, point 5 - To establish standard format for exchange of information among CAs in the MSs concerned.
Article 101 Liaison bodies	<u>Generic</u> Art.101, point 3 - To establish minimum requirements for liaison bodies	Art.101, point 7 - To establish specifications for technical tools and procedures for communication between liaison bodies

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 106 <i>Coordinated assistance and follow-up by the Commission</i>	<u>Generic</u> Art. 106, point 3 – To establish derogations for the rapid handling and exchange of information	
Article 110 <i>Delegated powers for multi-annual national control plans</i>	<u>National Control Plans (NCPs)</u> Art.110, first paragraph - To lay down criteria for risk categorisation of the priorities for official controls, procedures to maximise the effectiveness of official controls, the main performance indicators in assessing the NCP and its implementation	
Article 111 <i>Coordinated control plans and information and data collection</i>	<u>Generic</u> Art.111, first paragraph - To establish organisation and implementation of coordinated control plans of limited duration and organisation of data collection in one of the areas governed by the rules referred to in Article 1(2)	
Article 112 <i>Annual reports by the Member States</i>		<u>Annual Reports</u> Art.112, point 2 - To establish standardised templates and, where appropriate, replace existing reporting requirements.
Article 114 <i>Contingency plans for food and feed</i>	<u>Generic</u> Art.114, point 4 - To set out rules for the establishment of contingency plans and stakeholders' role.	
Article 125 <i>Establishment of additional conditions for entry into the Union of animals and goods</i>	<u>Imports</u> Art. 125, point 1 - To establish the conditions for animal and goods entering the EU from third countries	Art.125, point 4 - To establish rules for the uniform application of delegated acts provided in point 1.

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 126 <i>Inclusion in the list of third countries referred to in Article 121(2)(a)</i>		<u>Imports</u> Art.126, point 2 - To include third country or region
Article 127 <i>Establishment of special measures regarding the entry into the Union of certain animals and goods</i>		<u>Imports</u> Art.127, point 1 - To contain risks or put an end to the identified non-compliance
Article 128 <i>Equivalence</i>		<u>Imports</u> Art.128, point 1 - To recognise that measures applied in a third country or regions are equivalent to those applied in the EU Art.128, point 3 - To repeal the implementing acts that recognise equivalence where any of the conditions for the recognition cease to be fulfilled.
Article 129 <i>Training and exchange of staff of the competent authorities</i>		<u>Generic</u> Art.129, point 6 - To establish rules for the organisation of training activities
Article 132 <i>Use of the IMSOC in case of animals and goods subject to specific official controls</i>	<u>Imports</u> Art. 132, point 1, 3rd paragraph – to establish when and to what extent provisions in point 1 of Art.132 will apply	
Article 133 <i>Empowerment for the adoption of rules for the functioning of the IMSOC</i>	<u>Imports</u> Art.133, first paragraph - To establish the technical specifications and the rules for the functioning of the IMSOC etc.	
Article 137 <i>Serious failure in a Member State's control system</i>		<u>Generic</u> Art. 137, point 1 - To deal with situations where a MS has failed to correct a serious official controls failure

ARTICLE	DELEGATED ACTS	IMPLEMENTING ACTS
Article 138 Amendment of Annexes and references to European standards	<u>Staff Training – Methods of Analysis</u> Art.138, point 1 - To amend Annexes II and III (CA staff training/Characterisation of method and Analysis) Art. 138, point 2 – To keep up-to-date references to ISO standards	
Article 143 Transitional measures related to the repeals of Directive 91/496/EEC and 97/78/EC	<u>Transitional Measures</u> Art.143, point 2 - To repeal directives 91/496/EEC and 97/78/EC	
Article 144 Transitional measures related to the repeals of Directives 96/23/EC	<u>Transitional Measures</u> Art.144, point 3- To repeal Directives 96/23/EC	
Article 151 Amendments to Regulation (EC)396/2005 and related transitional measures	<u>Transitional Measures</u> Art.151, point 3 – To establish the date on which Articles 26, 27(1) and 30 of R. 396/2005 will no longer apply	
Article 153 Amendments to Regulation (EC) No 834/2007 and related transitional measures	<u>Transitional Measures</u> Art.153, point 3 – To establish the date when Articles 27 and 30(2) of Regulation (EC) No 834/2007 will no longer apply.	
Article 159 Amendments to Directive 2009/128/EC and related transitional measures	<u>Transitional Measures</u> Art. 159, point 3 - To establish the end date for the applicability of certain provisions	

Queries

1. If you have any queries relating to this consultation please contact the person named on page 1, who will be able to respond to your questions.

Publication of personal data and confidentiality of responses

2. In accordance with the FSA principle of openness we shall keep a copy of the completed consultation and responses, to be made available to the public on receipt of a request to the [FSA Consultation Coordinator](#) (020 7276 8140). The FSA will publish a summary of responses, which may include your full name. Disclosure of any other personal data would be made only upon request for the full consultation responses. If you do not want this information to be released, please complete and return the Publication of Personal Data form, which is on the website at <http://www.food.gov.uk/multimedia/worddocs/dataprotection.doc> Return of this form does not mean that we will treat your response to the consultation as confidential, just your personal data.
3. In accordance with the provisions of Freedom of Information Act 2000/Environmental Information Regulations 2004, all information contained in your response may be subject to publication or disclosure. If you consider that some of the information provided in your response should not be disclosed, you should indicate the information concerned, request that it is not disclosed and explain what harm you consider would result from disclosure. The final decision on whether the information should be withheld rests with the FSA. However, we will take into account your views when making this decision.
4. Any automatic confidentiality disclaimer generated by your IT system will not be considered as such a request unless you specifically include a request, with an explanation, in the main text of your response.

Further information

5. A list of interested parties to whom this letter is being sent appears in Annex E. Please feel free to pass this document to any other interested parties, or send us their full contact details and we will arrange for a copy to be sent to them direct.
6. Please let us know if you need paper copies of the consultation documents or of anything specified under '**Other relevant documents**'.
7. This consultation has been prepared in accordance with HM Government consultation principles³.
8. An Impact Assessment will normally be published alongside a formal consultation. Please see the Impact Assessment at Annex D.
9. For details about the consultation process (not about the content of this consultation) please contact: [Food Standards Agency Consultation Co-](#)

³ <http://www.bis.gov.uk/policies/bre/consultation-guidance>

[ordinator](#), Room 2B, Aviation House, 125 Kingsway, London, WC2B 6NH.
Tel: 020 7276 8140.

Comments on the consultation process itself

10. We are interested in what you thought of this consultation and would therefore welcome your general feedback on both the consultation package and overall consultation process. If you would like to help us improve the quality of future consultations, please feel free to share your thoughts with us by using the Consultation Feedback Questionnaire at <http://www.food.gov.uk/multimedia/worddocs/consultfeedback.doc>

11. If you would like to be included on future Food Standards Agency consultations on other topics, please advise us of those subject areas that you might be specifically interested in by using the Consultation Feedback Questionnaire at <http://www.food.gov.uk/multimedia/worddocs/consultfeedback.doc>
The questionnaire can also be used to update us about your existing contact details.

Title: Regulation on official controls and other official activities IA No: FOODSA0100 Lead department or agency: Food Standards Agency Other departments or agencies: Defra, DH, HSE, Scottish Government, Welsh Government, Northern Ireland Executive, DARD	Impact Assessment (IA)		
	Date:		
	Stage: Development/Options		
	Source of intervention: European		
	Type of measure:		
Contact for enquiries: Hefin Davies 0207 276 8603			
Summary: Intervention and Options		RPC Opinion: RPC Opinion Status	

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
N/A	N/A	N/A	N/A

What is the problem under consideration? Why is Government intervention necessary?

The European Commission has published a proposal for a framework Regulation for the organisation of official controls, such as inspections and audits, undertaken by Member States and their delegated enforcement authorities to verify business compliance with agri-food chain law. Rules are established at EU level to ensure a consistent and horizontal approach to official controls, provide a high level of consumer protection, safeguard animal and plant health, provide confidence in the safety and standards of food produced in the EU or imported from third countries and provide for effective functioning of the internal market.

What are the policy objectives and the intended effects?

The aims of the proposal are to:

- simplify the legal framework applicable to official control activities and eliminate any duplication of control requirements in sector specific legislation;
- create greater consistency of official controls across the agri-food chain by extending the scope of the Regulation to plant health, plant reproductive material, plant protection products and animal by-products;
- address the lack of consistency and transparency about the way fees for official controls are calculated and applied across the EU, and ensure their sustainability in the current economic climate.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing - oppose the Commission's proposed draft Regulation and retain current rules

Option 2: Adopt the proposed Regulation as drafted - adopt/accept Commission's proposed draft Regulation without any negotiations

Option 3: Active negotiation - support the introduction of the Commission's Regulation and negotiate in areas of the proposal where we believe changes are required

Option 3 is the preferred option

Will the policy be reviewed? It will be reviewed. If applicable, set review date: Review on-going during negotiations					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	Non-traded:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Oppose the draft Regulation and retain current rules

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

No incremental monetised costs are associated with policy Option 1: 'do nothing', as this option would maintain the status quo.

Other key non-monetised costs by 'main affected groups'

As above there would not be any non-monetised costs associated with this policy option.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

No incremental monetised benefits are associated with this policy, as this option will look to maintain the status quo.

Other key non-monetised benefits by 'main affected groups'

No incremental benefits (non-monetised) are associated with this policy, as this option will look to maintain the status quo.

Key assumptions/sensitivities/risks

N/A

Discount rate (%)

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	Zero net cost

Summary: Analysis & Evidence

Policy Option 2

Description: Adopt/accept Commission's proposed draft Regulation without any negotiations

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -248.05	High: -256.12	Best Estimate: -252.08

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	29.39	80.64	723.59
High	34.47	80.99	731.66
Best Estimate	31.93	80.82	727.62

Description and scale of key monetised costs by 'main affected groups'

Total cost of policy ranging between: £835.87m and £844.43m (constant prices).

- Enforcement total costs (constant prices): £119.7m administration; £90.79m Official Controls; £13.1m - £17.4m for on-going and one-off IT costs; £0.04m one-off familiarisation; £46.17m bad debts.
- Industry total costs (constant prices): £21.59m for familiarisation; £415.5m in mandatory fees; £129.52m in administration costs.

Other key non-monetised costs by 'main affected groups'

Key non-monetised costs relate to the downstream impacts of delegated and implementing legislation yet to be proposed by the Commission. These will affect both industry and the enforcement community as many contain the potential for changes to the number, type and method for conducting official controls

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	55.25	475.54

Description and scale of key monetised benefits by 'main affected groups'

Total benefit of policy equates to £552.46m (constant prices).

- Enforcement total benefits (constant prices): £461.67 in cost recovery from industry.
- Industry total benefits (constant prices): £90.79m in cost savings through mandatory micro-enterprise exemption to existing micro-enterprises currently making a contribution to official control costs.

Other key non-monetised benefits by 'main affected groups'

Key non-monetised benefits relate to the downstream impacts of delegated and implementing legislation yet to be proposed by the Commission. These will affect both industry and the enforcement community as many contain the potential for changes to the number, type and method for conducting official controls

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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Assumptions on the time taken to conduct official controls and the proportion of current resource allocated to official controls on micro-enterprises. Main risks relate to the scope of official controls and the potential for non-monetised costs/benefits referred to above.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of	Measure qualifies
Costs: 57.01	Benefits: 9.08	Net: 47.93
	Yes	IN/OUT/Zero net cost

Summary: Analysis & Evidence

Policy Option 3

Description: Support the introduction of the Commission's Regulation and negotiate on areas of the proposal where we believe changes are required

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant	Total Cost (Present Value)
Low			
High			
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

This option would involve negotiating to optimise official control systems and seeking changes where UK interests would be better served by a different approach. Our position in negotiations will be informed by this consultation. Without knowledge of the likely final text of the proposal post negotiations, impacts cannot be assessed.

Other key non-monetised costs by 'main affected groups'

No incremental costs or benefits can be calculated for this option, as it seeks to negotiate for changes to the proposal. Without knowledge of the likely final text of the proposal post negotiations, impacts cannot be assessed.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant	Total Benefit (Present Value)
Low			
High			
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

No incremental costs or benefits can be calculated for this option, as it seeks to negotiate for changes to the proposal. Without knowledge of the likely final text of the proposal post negotiations, impacts cannot be assessed.

Other key non-monetised benefits by 'main affected groups'

No incremental costs or benefits can be calculated for this option, as it seeks to negotiate for changes to the proposal. Without knowledge of the likely final text of the proposal post negotiations, impacts cannot be assessed.

Key assumptions/sensitivities/risks

Discount rate (%)

Risks from this option include a failure during negotiation to achieve changes that are beneficial to the UK. The risks from individual parts of the current proposal are considered under option 2. There is also the risk that changes are made to the proposal that do not benefit the UK. Without knowing what these might be, it is not possible to assess their likely impact. Significant changes to the proposal during negotiations will be considered and stakeholders consulted if necessary.

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			In scope of	Measure qualifies
Costs:	Benefits:	Net:	N/A	N/A

Evidence Base (for summary sheets)

Purpose and intended effect of proposal

1. The proposal is for a Regulation on official controls and other official activities that revises the current legal framework for official controls¹. The objective is to simplify and further harmonise control systems across the agri-food chain throughout the EU. Ultimately official controls are there to provide consumer protection, provide confidence in the safety and standards of food produced in the EU or imported from third countries and provide for effective functioning of the internal market.

‘Official control’ is any control the competent authority performs to verify compliance with the law. This includes inspections, audits, sampling and analysis

‘Agri-food chain’ refers to the production, manufacture and supply of food, including animal feed, live animals, plants and plant reproductive materials, such as seeds²

2. The proposal also aims to address inconsistencies with the current financing rules for official controls, by ensuring the availability of adequate resources in Member States and improving transparency in the financing of official controls.

Rationale for Government Intervention

3. Regulation (EC) 882/2004 (R.882) provides a framework for the official controls undertaken by Member States and their designated enforcement authorities to verify business operators’ compliance with feed and food legislation and animal health and welfare rules. The organisation of such controls is harmonised at an EU level to ensure an increased level of consumer protection, provide confidence in the safety and standards of food produced in the EU or imported from third countries and provide for effective functioning of the internal market.
4. R.882 doesn’t specify what controls must be carried out, except for import controls; this is set down in sector specific legislation. Rather it sets a framework for how Member States should approach the delivery of those official controls and levy charges.
5. The cost of delivering agri-food chain official controls in the UK is estimated to be **£171 million**, of which **£59 million** is currently charged to industry. The remainder is currently funded by central and local Government budgets.

¹ <http://www.food.gov.uk/enforcement/regulation/europeleg/feedandfood/>

² Plant health and PRM Regulations also include requirements for ornamental plants, forestry material, wood and other material (such as soil)

6. R.882 has been in force since 2006 and it has broadly been successful at establishing a more harmonised approach to controls across the EU. EU Commission evaluation studies about its implementation have, however, pointed out the need for improvements to:
 - simplify the legal framework applicable to official control activities and eliminate any duplication of control requirements in sector specific legislation;
 - create greater consistency of official controls across the agri-food chain in its broadest meaning by extending the scope of the Regulation to plant health, plant reproductive material (PRM), plant protection products and animal by-products (i.e. products not intended for human consumption);
 - address the lack of consistency and transparency about the way fees for official controls are calculated and applied across the EU, and ensure their sustainability in the current economic climate.
7. As a result of the evaluation studies, additional data collected and consultation with Member States, stakeholders and other interested parties, the Commission published a proposed Regulation to replace R.882 on 6 May 2013 (referred to as “the proposal”).
8. The UK Government supports the Commission’s aim to simplify and clarify the framework for official controls, to streamline requirements and to enhance a risk based approach to controls. Therefore we want to ensure that the proposal leads to a more efficient and effective official control system across the EU.
9. An assessment of the proposal indicates that there are issues that need further consideration. These issues mainly concern:
 - the expanded scope of ‘official controls’,
 - the fit of these proposals with new areas such as plant protection products which extend to non-food and feed users;
 - extension of mandatory fees to a significantly increased number of official controls,
 - the mandatory exemption of micro-enterprises from those fees
 - the economic and practical implications of the new rules.
10. We intend to address those issues through seeking stakeholders’ views on the impact and resolving them through effective negotiation in Europe.
11. Ultimately, we want to see the application of a Regulation that optimises consumer protection and minimises the burden on enforcement bodies and business.

Background

12. The review of R.882 is part of a wider initiative to simplify EU legislation to establish a more integrated approach to official controls in all areas related to the agri-food chain. To do this the Commission's proposal expands the scope of the current R.882 to cover official controls on animal health (including aquaculture), plant health, PRM and plant protection products in addition to food and feed and animal welfare.
13. The proposed Regulation on official controls is part of a package of five proposals as set out below. These proposals are being considered in tandem to ensure that they are consistent; however, this impact assessment deals with the official controls regulation only. Separate impact assessments will be produced on the animal health, plant health and on plant reproductive material proposals in due course. The Food Standards Agency is the lead UK Government department for the official controls proposal with Defra leading on the others.

EC 'Smarter rules for safer food' package ³	
The animal health regulation, which aims to protect and raise the health status and condition of animals in the EU, in particular food-producing animals	The plant health regulation, which aims to protect EU agriculture and forestry by preventing the entry and spread of foreign plant pests
The plant reproductive material regulation, which aims to ensure the quality and productivity of the material given that it is the first link in the food chain and in forestry	The official controls regulation, which aims to strengthen, simplify and harmonise the legislation and application of official control throughout the agri-food chain
A financial framework regulation for the 4 preceding areas, which proposes replacing the current multiple legal bases with a simple, clear and modern legal framework which optimises the implementation and the functioning of financial management instruments.	

14. Key elements of the proposal on official controls are;
- The expansion of the scope to include plant health, PRM and plant protection product controls
 - The expansion of mandatory charging to the majority of official controls within scope of the proposal and the requirement that Member States recover the full cost of official controls whilst exempting micro-enterprises from the cost of controls other than those following a non-compliance.
 - Changes to the current imports regime, which would establish a common set of rules applicable to all checks carried out at borders on animals, products of animal origin, plants and other products that must be checked before they enter the EU
 - More flexibility regarding the accreditation requirement to ISO standards for labs that carry out analysis for official control purposes necessary to deal with emergency situations or increased sampling introduced by new EU legislation

³ http://ec.europa.eu/dgs/health_consumer/pressroom/animal-plant-health_en.htm

- A maintenance of the risk based approach to official controls and an emphasis that they must be carried out as much as possible in a manner that minimises the burden on businesses
- A strengthening of the requirement to provide administrative assistance to other Member States where necessary to ensure the efficiency of controls in cross-border non compliances

15. A description of the key changes from R.882 is at Annex A to the consultation letter.

16. The most significant change will be the proposal to extend mandatory charging. This change would require Member States to charge the full cost for the majority of controls captured by the proposal. This significantly extends the scope of charging and the cost of official controls passed on to business. Charging currently exists for certain official controls in the food, feed, animal and plant health, plant protection products and PRM sectors (see table 2)

17. Article 78 of the proposal sets out what should be included in calculating the full cost of the controls. The list includes the cost of staff salaries, facilities, equipment and other overheads costs, staff training, travel and sampling and analysis.

18. The proposal includes two options for how fees should be collected, either through a flat rate fee or based on actual costs. Based on HM Treasury guidance⁴, actual cost recovery is preferable if, as is likely with official controls, there will be different costs incurred in providing the service to different businesses due to the varying levels of input required. We have, therefore, assumed for the purposes of this IA that costs would be recovered on an actual basis.

19. Member States would also be required to exempt businesses that meet the definition of a micro-enterprise from charging. Our current reading of the proposal is that this exemption may not apply to additional official controls performed in cases of non-compliance; however the text is not clear. This point will be clarified during negotiations. For the purposes of this impact assessment we have assumed the exemption will not apply to additional controls following non-compliance.

A '**micro-enterprise**' is defined as 'employing fewer than 10 people and whose annual turnover and/or annual balance sheet total does not exceed €2m'⁵

20. The new rules on charging would not apply to controls carried out to assess compliance with temporary restrictions, requirements or other disease control measures in relation to animal health and plant health (called 'other official activities').

⁴

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212123/Managing_Public_Money_AA_v2_-_chapters_annex_web.pdf

⁵ Commission guidance on what constitutes a micro-enterprise can be found at http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

Charges also would not apply to official controls performed to verify compliance with rules on organic production or labelling, protected designations of origin, protected geographic indications and traditional specialities.

Who will be affected by the proposal?

21. The proposal primarily addresses the responsibilities of Member States' **central competent authorities** and their designated **enforcement authorities** who carry out official controls to check that business operators comply with the relevant law.

22. As well as the impact of the proposal on the enforcement community throughout the UK, some of the changes being proposed will impact on **industry** and indirectly on **consumers**.

Enforcement community (those delivering official controls)

23. There are 434 **Local Authorities** (LAs) in the UK with responsibility for the enforcement of food safety and standards legislation, animal feed legislation and certain animal health and welfare controls who would be affected by the changes being proposed. Local Authorities (LAs) and Port Health Authorities (PHAs) responsible for official controls at points of entry into the UK would also be affected by the changes.

Table 1.1: Number of Local Authorities by UK Country

	Number of Local Authorities	Number of Port Health Authorities	Total Number of Enforcement Authorities
England	354	39	393
Wales	22	1	23
Scotland	32	0	32
NI	26	0	26
UK	434	40	474

24. Official controls are also conducted by staff directly employed by **enforcement bodies** such as the Food Standards Agency, Defra and its executive agencies, such as the Animal Health and Veterinary Laboratories Agency (AHVLA), the Veterinary Medicines Directorate (VMD), and the Food and Environment Research Agency (Fera), the Health and Safety Executive (HSE), the Department of Health and devolved bodies in Scotland, Wales and Northern Ireland. These principally relate to veterinary checks on animals, medicated feed controls, residues surveillance and to plant health and PRM controls.

25. Much of the enforcement community should see a reduced administrative burden as a result of the simplification and consolidation of the legislative framework and the extension of mandatory fees would in theory relieve pressure on central and local Government budgets. For those departments who already achieve full cost

recovery from industry in certain areas, exemption for micro-enterprises would affect them more significantly. There would, also be increased complexity in some sectors, in particular for plant protection products and burdens from more stringent reporting requirements and the cost associated with setting up and managing a transparent charging system.

26. Changes to the current imports regime would establish a common terminology and designation for routes into the EU. What are currently Border Inspections Posts, Designated Points of Entry, Designated Points of Import and First Points of Introduction will collectively be referred to as Border Control Posts.
27. The proposal sets down rules applicable to all checks carried out at borders on animals, products of animal origin, plants and other products that must be checked before they enter the EU. This would be achieved by establishing minimum requirements for facilities, equipment, etc. at border control posts, and by having one Common Health Entry Document (CHED) that importers would use to notify authorities of the arrival of consignments.
28. More flexibility would be introduced regarding the accreditation requirement to ISO standards for **official control laboratories** that carry out analysis for official control purposes by permitting temporary designation to deal with emergency situations. ISO requirements would also extend to plant health laboratories.

Industry

29. All businesses in the agri-food chain subject to official controls performed for verification of compliance with the rules in the following areas would be affected by the changes being proposed:
- Food and feed standards and safety
 - Contained use and release of genetically modified organisms
 - Animal health requirements
 - Animal by-products requirements
 - Animal welfare requirements
 - Protective measures against plant pests
 - Production and placing on the market of PRM (such as seeds)
 - The manufacture and/or use of plant protective products (such as pesticides)
 - Organic production and labelling
 - Use and labelling of protected designations of origin, geographical indications and traditional specialities
30. There are currently over 600,000 businesses in the UK registered with LAs for food hygiene and standards official controls.

Table 1.2 – Total Number of Registered FBOs by UK Country and Business Size

	Micro	Small	Medium	Large	Total
England	410,686	70,458	7,359	1,805	490,308
Wales	28,263	4,849	506	124	33,743
Scotland	47,086	8,078	844	207	56,215
NI	16,429	2,819	294	72	19,614
UK	502,464	86,204	9,004	2,208	599,880

Table 1.3 – Number of Registered FBOs by UK Country and Sector

	Primary Producers	Manufacturers/Packers	Import/Export	Distribution/Transport	Retailers	Restaurant/Catering	All FBOs
England	3,154	12,968	985	7,822	110,927	354,452	490,308
Wales	371	1,090	12	435	7,878	23,957	33,743
Scotland	1,979	2,615	48	853	11,903	38,817	56,215
NI	61	912	15	391	4,352	13,883	19,614
UK	5,565	17,585	1,060	9,501	135,060	431,109	599,880

Notes on tables 1.2 and 1.3:

- This table contains food businesses in both the approved and the non-approved sector
- Totals may not sum due to rounding
- Number of business apportioned by firm size is based on the distribution of businesses taken from IDBR 2012 (ONS)⁶. Firm size is based on the number of employees within an organisation. Micro 0 - 9 employees, Small 10 – 49 employees, Medium 50 – 249 employees and Large 250+ employee

31. There are 222,000 commercial (agricultural) holdings in the UK⁷, which would also be subject to official controls (see table 1.4). There is some overlap between businesses registered for food controls and commercial holdings (approx. 5,000), therefore, when additional businesses (such as pesticide manufacturers, plant nurseries and seed manufacturers) are included, approximately 822,000 business premises in the UK are potentially affected by the proposal (table 1.5).

Table 1.4 – Total Number of Commercial Agricultural Holdings by UK Country and Business Size

	Micro	Small	Medium	Large	Total
England	100,609	2,911	252	28	103,800
Wales	40,030	1,158	100	11	41,300
Scotland	50,983	1,475	128	14	52,600
NI	23,553	682	59	6	24,300
UK	215,175	6,227	539	59	222,000

⁶ Figures retrieved from Inter Departmental Business Register (IDBR 2011) from the Office of National Statistics (ONS): <http://www.statistics.gov.uk/idbr/idbr.asp>. The (IDBR) is a list of UK businesses which combines the former Central Statistical Office (CSO) VAT based business register and the former Employment Department (ED) employment statistics system. The IDBR covers businesses in all parts of the economy representing nearly 99 per cent of UK economic activity. However, some micro-enterprises and non-profit organisations have been omitted i.e. organisations operating without VAT or PAYE schemes; self-employed and those with low turnover and without employees.

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/208436/auk-2012-25jun13.pdf

Table 1.5 – Total Number of Affected UK Businesses by Size and UK Country

	Micro	Small	Medium	Large	Total
England	506,597	77,844	7,816	1,851	594,108
Wales	67,970	6,315	621	136	75,043
Scotland	97,530	10,066	995	223	108,815
NI	39,794	3,679	362	79	43,914
UK	711,892	97,905	9,794	2,290	821,880

Notes on tables 1.4 and 1.5:

- This table contains food businesses in both the approved and the non-approved sector
- Totals may not sum due to rounding
- Number of business apportioned by firm size is based on the distribution of businesses taken from IDBR 2012 (ONS)⁸. Firm size is based on the number of employees within an organisation. Micro 0 - 9 employees, Small 10 – 49 employees, Medium 50 – 249 employees and Large 250+ employee

32. Many of these businesses will be subject to multiple official controls. An agricultural holding for example could be liable for official controls to verify compliance with food & animal feed hygiene and standards rules, animal health and welfare rules, animal by-products rules and, depending on the nature of the business, plant health, plant protective products and organic labelling rules.

33. Industry would benefit from a simplified, streamlined and more transparent control system across all the sectors in the agri-food chain; however, the extension in the scope of mandatory fees would result in new costs for those business sectors which are not currently charged such as retailers, catering and certain aquaculture businesses.

34. Businesses currently charged a minimum fee would see an increase in costs due to the recovery of full costs for controls subject to the mandatory charge; however, micro-enterprises would be exempted from the costs of official controls, potentially only becoming liable in cases of non-compliance.

Consumers

35. Consumers are not directly affected by the proposal, although a more integrated and simplified approach to controls across the EU should in theory lead to improved consumer protection and increase consumer confidence in food produced within the EU and in food imported from third countries.

36. Enhanced reporting on the number and outcome of official controls will provide reassurance to consumers on the functioning of control systems and increase their ability to make informed choices.

⁸ Figures retrieved from Inter Departmental Business Register (IDBR 2011) from the Office of National Statistics (ONS): <http://www.statistics.gov.uk/idbr/idbr.asp>. The (IDBR) is a list of UK businesses which combines the former Central Statistical Office (CSO) VAT based business register and the former Employment Department (ED) employment statistics system. The IDBR covers businesses in all parts of the economy representing nearly 99 per cent of UK economic activity. However, some micro-enterprises and non-profit organisations have been omitted i.e. organisations operating without VAT or PAYE schemes; self-employed and those with low turnover and without employees.

37. With a transfer of the cost of official controls from competent authorities to businesses in an increased number of sectors and potential transfer of current costs from one sector to another it is possible that some of this cost would be passed on to consumers through the price of the final product. This very much depends, however, on the market structure, scale of sector and competitive pressures. In some sectors costs could be passed up the chain to the producer.

Q16: Are the sectors and groups affected by the draft proposal properly identified? If you partly agree or do not agree, please identify sectors that should also be considered and explain why.

Official controls in the UK

38. Official controls are organised for the purpose of verifying and monitoring business operators' compliance with the rules set out at paragraph 29 at all stages of production, processing and distribution. Definitions are set out in Article 2 of the proposal.

39. In practice, such controls take the form of inspections and audits supported by surveillance mechanisms such as routine or targeted sampling. This also includes documentary, identification and physical checks at import. A summary of official controls that take place and available data is given in Annex 1 to this impact assessment. More details are available in the UK National Control Plan⁹.

40. The controls carried out to verify that the conditions to obtain or maintain approval for feed or food businesses or authorisation of plant health and PRM operators are met, are within the scope of official controls charges (Article 77(1)(c)) and are, therefore, included in this impact assessment.

41. In relation to food and feed official controls, a number of initiatives are under way in the UK and EU investigating the risk basis of official controls, which will ultimately have an effect on the number and frequency of official controls in certain areas and, therefore, their impact on industry.

- The use of earned recognition for registered dairy farmers who meet the red tractor assurance scheme standards has led to a reduction in inspections from over 11,000 per year in England and Wales to approximately 3,000. Similar changes are under way in Scotland and Northern Ireland.
- Following a review of animal feed official controls in the UK, the feed review implementation programme was constituted in 2012. The programme is due to deliver improvements to the current system by April 2014¹⁰ following a consultation on proposals due later this year
- Meat hygiene inspection in slaughterhouses is currently being reviewed to improve public health protection while delivering a more risk-based, effective

⁹ <http://www.food.gov.uk/multimedia/pdfs/enforcement/ukmancp201315.pdf>

¹⁰ <http://www.food.gov.uk/business-industry/farmingfood/animalfeed/review-of-official-feed-controls-delivery/>

and proportionate system for official controls on meat¹¹. Changes to pig inspection should be implemented in June 2014¹² and amendments to other species are expected from 2015 onwards.

- A review of the statutory codes of practice, which set out instructions and criteria to which LAs must have regard, has identified an opportunity to redistribute the risk categories for registered food business operators (FBOs), reducing the inspection burden on lower risk premises. The review also aims to avoid dual enforcement of food hygiene official controls in establishments where meat and other food activities are co-located. A consultation on these proposals was launched on 25 June 2013¹³.
- VMD has delegated inspections of fish farmers manufacturing medicated feeds to CEFAS reducing inspection visits and it is currently in discussion with the Feed Assurance Scheme (UFAS) with a view to giving their members “earned recognition” when assessing risk based inspections for medicated feed.

Other official activities

42. The proposal also lays down rules for the performance of ‘other official activities’, which are defined in Article 2(2) as; “any activity, other than an official control, which is performed by the competent authorities in accordance with:

- a) this Regulation;
- b) the rules referred to in Article 1(2)) to ensure the application of those rules;”

43. In practice, ‘other official activities’ are activities to ensure the application of the rules and include surveillance for and the control, containment or eradication of animal/ plant disease. Guidance to operators, where required by legislation, is also an ‘other official activity’.

44. The main difference between ‘official controls’ and ‘other official activities’ for the purposes of the enforcement community and industry is that mandatory charging as provided for in Article 77 does not apply to ‘other official activities’. Member States will, however, have the discretion to apply charges to other official activities should they wish to do so.

Enforcement actions

45. Where official controls identify non-compliances with rules or regulations, enforcement actions may be undertaken by enforcement authorities commensurate with the nature and scale of the non-compliance and previous history of compliance by the business operator.

¹¹ <http://www.food.gov.uk/enforcement/monitoring/mhservice/reviewofmeatcontrols/>

¹² <http://www.food.gov.uk/news-updates/news/2013/may/piginspections>

¹³ <http://www.food.gov.uk/news-updates/consultations/consultations-uk/2013/foodlawcop-consult>

46. Such enforcement actions may include the prohibition of placing goods on the market, ordering the recall, withdrawal or removal of goods, suspension of operation or closure of the business concerned and taking prosecution. Enforcement actions are not considered official controls. They are taken by the competent authorities following official controls in order to address or correct any non-compliance found.
47. Enforcement officers undertaking official controls will also undertake other activities such as intelligence gathering or advice. Advice is considered to be vital by both enforcement officers and industry as a means to prevent future non-compliance with the rules. They are not, however, official controls and are not considered as part of the impact assessment (but see paragraph 43).

Q17: Are there additional tasks undertaken by competent authorities that are within the scope of the proposal and missing from the data in Annex 1?

How much do official controls cost?

48. The impact of the work outlined in the paragraph above, together with the fact that the number and type of official controls reflect risk, results in a variable baseline when calculating the cost of official controls. In order to present a baseline cost for use, the UK standard cost model¹⁴ has been employed using official control data from 2011/2012 or 2012/2013 where available. For registered food businesses, official control data is available at the following site: <http://www.food.gov.uk/enforcement/monitoring/>
49. The components of official control costs are: staff time, administrative overheads (travel etc.) and acquisition costs (sampling and analysis).
50. For certain sectors and individual controls, the costs are known because they are funded by contracts or service level agreements. Where used, these costs are noted as such.

Sample costs

51. Certain official control sampling programmes are financed by enforcement bodies (such as the FSA or Defra, for example) via specific contracts, so their cost is known. Other sampling activities are, however, either financed directly by LAs out of their own funding allocation, use sampling grants from the FSA, use an allocation from public health department laboratories or are charged to industry. The cost of sampling is, therefore, spread across central and local Government, and industry.
52. For those other sampling activities, a cost has been calculated based on known sample numbers and an assumed cost per sample, incorporating an assumption on the average length of time to collect and process a sample for enforcement officers.

¹⁴ <http://www.berr.gov.uk/files/file44503.pdf>

53. The total cost of sampling (not including sampling costs incorporated into official control costs) is **£30 million**. The calculations used to arrive at this total are presented in Annex 2

Q18: Do you agree with assumptions used and calculations made in Annex 2?

Baseline cost of official controls

54. Including the total for sampling, above, the total cost for official controls in the UK is estimated to be **£171 million**. The calculations used to arrive at this total are presented in Annex 3.

55. We are still seeking and gathering data that may permit an assessment of the costs and applicable charges for official controls on fish and fish processing. This will be included in the impact assessment following the consultation if possible.

56. Data are also being gathered for additional controls such as plant health and PRM for Scotland and Northern Ireland. These will be included in the impact assessment following the consultation and the baseline updated.

Q19: Do you agree with assumptions used and calculations made in Annex 3?

Q20: Are there any additional activities or cost components that should be included to generate the baseline cost?

What costs are already charged to industry?

57. R.882 and other legislation already require charges to be made to industry for certain official controls. Charges are also made for controls in animal and plant health, PRM (i.e. seed potatoes) and for plant protection products. Current UK charging regimes are explained below.

Table 2: Current charging in the UK

Control sector	Charging
Animal Feed	The approval of certain feed establishments is carried out by local authorities on behalf of the FSA. Local Authorities collect a set fee ¹⁵ The fee for a manufacturer placing a product on the market is £451 and for a supplier placing a product on the market it is £226
Dairy	Fixed fees are charged for the sampling of raw drinking milk
Fish	Checks on the hygiene conditions of fish at landing, first sale and processing are charged through Local Authorities. The charges are based on a minimum fee
Imports and Exports	Charges are made for checks on live animals, products of animal origin, high risk products of non-animal origin, food contacts materials, plants and plant reproductive materials from non-EU countries at point to entry into the European Union. The charges are based on the actual costs or a minimum fee Some third countries require certification or approval of products prior to export to provide assurance that their own requirements are being met. These requirements may go beyond what is required by EU legislation and charges may be made by enforcement authorities for providing certification
Meat	The costs of official controls at approved slaughterhouses and cutting plants are charged to industry by the FSA through time based charges with a discount system. In addition minimum charging requirements have to be met.
Shellfish	Industry conduct classification sampling in NI, with the results submitted to the competent authorities, therefore, not strictly a charge but a cost to industry
Radioactivity monitoring	Costs are recovered by the FSA from the industry
Medicated feed and specified feed additives	Fees are set by the VMD to recover the full cost of inspections
Animal health controls	In June 2013, AHVLA moved to full cost recovery for services in 7 areas; bovine embryos and semen, porcine semen, poultry health scheme, <i>Salmonella</i> national control plan, border inspection posts and the control of trade in endangered species
Residue monitoring and controls	The veterinary medicines residue testing costs are recovered from industry by the VMD Plant protection products controls are jointly funded by central Government and the plant protection product industry
Plant health controls	Costs are recovered for statutory inspection of the seed potato crop, plant passport inspections and licences for scientific research.
Plant reproductive material controls	Costs are recovered by Defra, Scottish Government and in NI for seed certification and for registration of varieties.

58. The costs already charged to industry in the UK are approximately **£59 million** per annum. The calculations used to arrive at this total are presented in Annex 3.

¹⁵ The Feed (Hygiene and Enforcement) England Regulations 2005 (and parallel legislation in Wales, Scotland and NI)

59. Specific programmes in addition to those identified in paragraph 41 are under way to reduce the current costs and charges to industry of delivering official controls by improving the risk basis of control frequency and driving up efficiency.

- Combined costs to industry and Government for meat hygiene delivery in GB reduced by 31% (£27.2million) between 2005/6 and 2011/12¹⁶. The FSA has committed to further reducing these costs to industry by £5million by 2014/15 against a baseline of £55million in 2010/11 through increased efficiencies and reduced indirect costs. The Department of Agriculture and Rural Development (DARD) has made similar commitments in Northern Ireland.

60. In line with HM Treasury guidance on managing public money¹⁷, several enforcement bodies have recently moved, or are in the process of moving, to full cost recovery for certain official controls within the scope of this proposal. This includes;

- A consultation in 2012 by the AHVLA on moving to full cost recovery for seven statutory services¹⁸
- A phased introduction by Defra of increases in charges to recover the full cost for import checks, export certification, seed potato certification, plant passport, scientific licences and potatoes from Egypt¹⁹. This includes a current consultation on seed production and certification²⁰

61. In addition, the requirements for the inspection of pesticide application equipment, delegated by the Chemicals Regulation Directorate (CRD) to a designated industry body will be rolled out by 2016. It is estimated²¹ that costs to equipment owners will be £12.2 million per annum.

62. For the purposes of the total given at 57 above, current levels of recovery are included.

Indicative cost per business

63. The introduction of mandatory charging and full cost recovery would result in a net **£48 million** new average annual cost passed onto industry (see appraisal of option 2). How this relates to actual costs that businesses would incur depends on the nature of the business. For example the cost for a 2 hour routine inspection (including visit time, preparation and follow up) would be approximately £40 - 50.

¹⁶ FSA Operations annual report 11/12

¹⁷

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212123/Managing_Public_Money_AA_v2_-_chapters_annex_web.pdf

¹⁸ <http://www.defra.gov.uk/ahvla-en/tests-and-services/charges-for-ahvla-services/>

¹⁹ <http://www.fera.defra.gov.uk/plants/feesChargingReview/index.cfm>

²⁰ https://consult.defra.gov.uk/farming/defra_seed_marketing_fees

²¹ <http://www.legislation.gov.uk/uksi/2012/1657/impacts>

64. For low risk businesses, inspections may only be carried out once every few years or they could be subject to alternative strategies, with lower resource, and therefore cost, implications. The cost would increase, however, if there were non-compliances or suspicions of non-compliance that required additional action.
65. There are other costs that would be passed on to industry in addition to the time spent by enforcement officials, such as the collection and analysis of samples. A routine microbiological screening test, for example, would cost upwards of £100 when time and overhead considerations are included. A test for dioxins, on the other hand, would cost over £1,000. The type and frequency of sampling varies greatly between businesses, dependent on business activity and risk.

Multi-enterprise businesses

66. Considering the scope of the proposal there may be a cumulative effect of charges. For example a farm might be subject to checks on animal welfare, animal health, plant health, plant protection products, feed controls and food controls. Each would incur a charge under the proposals, although in some cases controls are already charged for.
67. Considering the number of variables it is impossible to accurately predict the cost to any individual business as part of this impact assessment.

OPTIONS CONSIDERED

68. Three options have been considered in the preparation of this impact assessment;

- **Option 1: Do nothing** - oppose the Commission's proposed draft Regulation and retain current rules
- **Option 2: Adopt the proposed Regulation as drafted** - adopt/accept Commission's proposed draft Regulation without any negotiations
- **Option 3: Enter negotiations** - support the introduction of the Commission's Regulation and negotiate on areas of the proposal where we believe changes are required

69. The preferred option is option 3. Option 1 is not likely to be acceptable to the Commission and Member States and would not address the current shortcomings in R.882. On option 2 we have concerns about the extent of tertiary legislation being proposed and extending the scope of mandatory charges to the number of controls captured by the proposal. The line to be taken in negotiations will be informed by the responses to the consultation.

70. To strengthen the UK impact assessment, further information from stakeholders to quantify the costs and benefits is required. After the consultation, the assessment will be updated to reflect the data provided by stakeholders and significant progress in negotiations.

Q21: Which option do you favour? Do you agree with the FSA's choice of option and are there any other options available? If so, please give details.

OPTION APPRAISAL

Option 1: Oppose the Commission's proposed draft Regulation and retain current rules

71. Opposing the draft proposal, if successful, would lead to the maintenance of the status quo in terms of control systems, role and responsibilities of the competent authorities, and the current financing arrangements for official controls throughout the agri-food chain.

72. Specifically on charging there are already provisions in R.882 and other legislation such as that for plant protection products to ensure controls are funded. R.882 requires Member States to have adequate financial resources to carry out official controls and allows them to establish fees or charges if they can't fund that from national budgets. Therefore Member States should be in a position to fund their controls.

73. Unless a Member State chose to introduce new charges no additional costs would be passed to industry, but would remain with the competent authority. By giving Member

States that freedom they can choose when and how to apply charges, taking into account the complexities and practicalities of applying charging to different types of controls, different sectors and their own economic position. That should be balanced with ensuring harmonisation in application of fees across the EU.

74. The status quo would maintain historical charges and EU minima currently set out in R.882 and single out specific sectors for mandatory charging, including meat and import official controls.
75. Work under way to review and update certain official controls in the UK (such as the feed implementation programme) noted in paragraph 41 would continue, seeking to improve the risk basis of official controls in those areas and focussing resources on areas of higher risk. It should be noted that this work would continue under options 2 and 3.
76. The option would not address the identified shortcomings of the current regime for official controls across the EU, such as diverging interpretation of rules, inconsistency in application and lack of transparency in the way fees are calculated both within and between countries. It misses the opportunity to build on what works and harmonise the way official controls are delivered in food, feed, animal welfare, animal health, plant health and PRM.

Costs and Benefits

77. No incremental costs or benefits are associated with this policy, as this option will look to maintain the status quo and preserve the inconsistencies, overlaps and fragmentation of current control requirements. This option provides the baseline to which all other options are compared.

Option 2: Adopt the proposed Regulation as drafted - adopt/accept Commission's proposed draft Regulation without any negotiations

78. This option would result in the UK not challenging or negotiating any aspect of the Commission's proposal, and accepting the proposal as drafted.
79. Adopting the regulation as drafted would simplify current legislation and develop a more uniform approach to official controls. Businesses would benefit from a simplified and streamlined control system across all the sectors in the agri-food chain whilst enforcement authorities would benefit from the ability to target resources better at areas of higher risk.
80. The Commission's proposed changes to current rules on financing would result in a significant increase in the number of controls where mandatory fees would apply. Full cost recovery would become a requirement; replacing minimum fees already in place in certain areas and micro-enterprises would be exempt from charging, except in cases

where following non-compliance, additional controls are necessary to establish the extent of the non-compliance (e.g. follow-up inspections).

81. The data used and assumptions made to monetise the exemption for micro-enterprises are set out in Annex 4. The percentages derived have been applied to the total cost of controls to calculate the value of the exemption. Costs associated with non-compliance were not included in the calculation we do not believe micro-enterprises would be exempt from those.

Q22: Do you agree with assumptions used in Annex 4?

82. Ultimately, the proposal will not be adopted exactly as drafted as negotiations have begun and changes will be made by the European Parliament and Council. The purpose of this appraisal is to identify those areas where the UK would benefit from actively negotiating or seeking change.

Costs and Benefits

83. The cost benefit analysis that follows assesses a range of different costs and benefits arising from the proposal in addition to the cost of carrying out the official controls themselves. These are;

- **Familiarisation costs** – one off costs for all stakeholders to acquaint themselves with the requirements of the new legislation should it come into force. This is presented as an average cost per year (known as equivalent annual cost or EAC)
- **Verification of micro-enterprise status** – the work necessary to determine if a business is eligible for the micro exemption
- **Processing invoices** – the work necessary to generate and collect payment of the fees for official controls
- **Mandatory fees** – the total cost of official controls
- **Bad debt** – unrecovered costs absorbed by enforcement authorities
- **Micro exemption** – the impact of the micro exemption on the total cost of official controls
- **IT systems** – the resource requirements to upgrade IT systems in line with the requirements of the proposed legislation
- **Non-monetised costs/ benefits** – Potential outcomes from the proposal where it is currently not possible to quantify their impact

84. The average cost (including transition costs) to industry per year as a result of the proposal has been calculated to be **£57.0 million**, with an average annual benefit of **£9.1 million**. The average annual cost (including transition costs) to the enforcement community has been calculated to be **£27.5 million**, with an annual average benefit of **£46.2 million**

Costs to Industry

Familiarisation Costs

85. There will be a one-off cost to industry for reading and familiarising themselves with the new charging provisions. Familiarisation costs are calculated using an established and consistent method based on the UK Standard Cost Model Manual as published by the Department for Business Innovation and Skills (BIS)²²
86. Wage rates are based on average hourly pay rates taken from the Annual Survey of Hours and Earnings (ASHE) where we always use the median rate of pay. This is published yearly by the Office for National Statistics (ONS) website²³.
87. It is estimated that it will take one hour per business to read and familiarise themselves with the new arrangements and a further one hour disseminating to key staff. This means a total of two hours for familiarising. There are currently 821,880 food businesses operating in the UK that would be directly affected by the proposal. Table 1.5 above displays the number of businesses affected in the UK broken down by location.
88. To quantify the one-off familiarisation cost to industry we calculate the familiarisation cost per business by multiplying the hourly wage rate (uplifted to account for overheads (30%)) of a business manager per sector by the two hours taken to understand the new charging arrangements.
89. To quantify the overall one off familiarisation cost to industry we multiply the familiarisation cost per firm by the number of businesses affected by the proposal (see table 3.1). This results in an approximate one off familiarisation cost in the UK to businesses of £21,586,063. One-off familiarisation cost to industry broken down by country and size of business is shown in table 3.2 below

²² Standard Cost Model Manual can be accessed here: <http://www.bis.gov.uk/files/file44503.pdf>

²³ ONS AHSE can be accessed via: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1951>

Table 3.1 Familiarisation cost calculation by sector

	ASHE - Occupation by Sector							
	Agricultural and fishing trades	Farmer	Production managers and directors in manufacturing	Restaurant and catering establishment managers and proprietors	Managers Retail & Wholesale	Managers Transport & Logistics	Importers & Exporters	All Sectors
Familiarisation time (Hr)	1	1	1	1	1	1	1	*
Dissemination time (Hr)	1	1	1	1	1	1	1	
Hourly Wage (£)	£8.84	£9.62	£20.27	£9.56	£11.06	£13.97	£12.41	*
Overheads	1.3	1.3	1.3	1.3	1.3	1.3	1.3	*
Familiarisation Cost per Business	£22.98	£25.01	£52.70	£24.86	£28.76	£36.32	£32.27	*
No. Businesses per Sector	5,565	222,000	17,585	431,109	135,060	9,501	1,060	821,880
Total Familiarisation Cost (£)	£127,906	£5,552,664	£926,765	£10,715,645	£3,883,785	£345,095	£34,202	£21,586,063

Table 3.2 Familiarisation Cost Breakdown by UK Country and Size of Businesses Affected

	Micro	Small	Medium	Large	Total
England	£14,683,809	£1,591,884	£173,523	£36,213	£16,485,429
Wales	£1,355,131	£146,911	£16,014	£3,342	£1,521,398
Scotland	£1,852,305	£200,810	£21,889	£4,568	£2,079,573
NI	£1,335,772	£144,812	£15,785	£3,294	£1,499,663
UK	£19,227,016	£2,084,417	£227,211	£47,418	£21,586,063

Equivalent Annual Costs (EAC)

90. In order for the one-off transition costs (above) to be compared on an equivalent basis across policies spanning different time periods, it is necessary to equivalently annualise costs using a standard formula²⁴. Under Standard HMT Green book guidance a discount rate of 3.5% is used.

91. The total one-off cost to industry affected by this proposal is an estimated £21,586,063. This yields an EAC of approximately £2,507,766 in the UK over 10 years, which per country equates to £1,915,199 in England, £174,224 in Northern Ireland, £241,595 in Scotland and £176,749 in Wales. Table 3.3 displays the breakdown of the EAC per country.

Table 3.3 Equivalent Annual Cost to Industry – One-off Familiarisation Costs

	EAC
England	£1,915,199
Wales	£176,749
Scotland	£241,595
NI	£174,224
UK	£2,507,766

Verification of Micro Firm Status

92. Businesses would be required to demonstrate whether they are eligible for the micro-exemption before each official control. Commission guidance identifies the provision of a set of annual accounts as an acceptable means to determine eligibility.

93. Assuming one hour of effort on the part of each business to submit a set of accounts once a year and using the hourly wage rate (uplifted to account for overheads (30%)) of a business manager per sector as per table 3.1, results in an annual on-going cost of £10,793,031. Annual cost to industry broken down by country and size of business is shown in table 3.4 below.

$$a_{t,r} = \sum_{j=0}^{t-1} \prod_{i=0}^j \left(\frac{1}{1+r_i} \right)$$

²⁴ EAC = PVNCB/a_{tr}, Where a_{tr} is the annuity rate given by:

PVNCB is the present value of costs, r is the social discount rate and t is the time period over which the policy is being appraised.

Table 3.4 Verification of Micro Firm Status – Annual Cost to Industry by UK Country and Size of Business

	Micro	Small	Medium	Large	Total
England	£7,341,904	£795,942	£86,761	£18,107	£8,242,715
Wales	£677,565	£73,455	£8,007	£1,671	£760,699
Scotland	£926,153	£100,405	£10,945	£2,284	£1,039,786
NI	£667,886	£72,406	£7,893	£1,647	£749,832
UK	£9,613,508	£1,042,208	£113,606	£23,709	£10,793,031

Processing Invoices

94. Managing charging systems has been assumed to require 1 hour per invoice for a business. Certain operators subject to frequent controls could be invoiced monthly or quarterly whilst others may not receive an official control in any one year (low risk food business operators, for example) As such an assumption of one invoice per annum per business has been assumed.

95. Using the hourly wage rate (uplifted to account for overheads (30%)) of a business manager per sector as per table 3.1; we calculate total on-going annual costs to industry (excluding micro-enterprises to account for mandatory micro exemptions) of approximately £2,158,606 (see table 3.5).

Table 3.5 Processing Invoices – Annual Cost to Industry (excluding Micro-enterprises) by UK Country and Size of Business

	Small	Medium	Large	Total
England	£1,456,627	£158,779	£33,137	£1,648,543
Wales	£134,428	£14,653	£3,058	£152,140
Scotland	£183,748	£20,029	£4,180	£207,957
NI	£132,508	£14,444	£3,014	£149,966
UK	£1,907,311	£207,906	£43,389	£2,158,606

Mandatory Fees

96. The introduction of mandatory charging and full cost recovery would result in on-going incremental costs being passed onto industry. Micro-enterprises would be exempt from these charges, except in cases where following non-compliance. We have assumed 10% of costs would not be recovered. This is based on the Health and Safety Executive Fees for Intervention policy.

97. We estimate annual costs passed onto UK industry would amount to £27,842,312 in inspections and audits (including genetically modified organism (GMO) controls and pesticide surveillance²⁵); £4,917,968 in the collection and analysis of samples; £100,462 relating to LA Approvals and £8,689,453 in non-compliance costs; a total cost to industry of approximately £41,550,195 per annum. These costs are presented in tables 3.6 – 3.9 below, broken down by UK country and size of business.

Table 3.6 Cost Recovery: Inspections and Audits – Annual Cost to Industry (excluding Micro-enterprises) by UK Country and Size of Business

	Small	Medium	Large	Total
England	£18,787,987	£2,047,980	£427,404	£21,263,371
Wales	£1,733,895	£189,003	£39,444	£1,962,341
Scotland	£2,370,031	£258,345	£53,915	£2,682,291
NI	£1,709,125	£186,303	£38,881	£1,934,308
UK	£24,601,038	£2,681,630	£559,644	£27,842,312

Table 3.7 Cost Recovery: Collection and Analysis of Samples – Annual Cost to Industry (excluding Micro-enterprises) by UK Country and Size of Business

	Small	Medium	Large	Total
England	£3,318,644	£361,748	£75,495	£3,755,887
Wales	£306,269	£33,385	£6,967	£346,621
Scotland	£418,634	£45,633	£9,523	£473,791
NI	£301,894	£32,908	£6,868	£341,669
UK	£4,345,441	£473,674	£98,854	£4,917,968

Table 3.8 Cost Recovery: LA Approvals – Annual Cost to Industry (excluding Micro-enterprises) by UK Country and Size of Business

	Small	Medium	Large	Total
England	£67,792	£7,390	£1,542	£76,724
Wales	£6,256	£682	£142	£7,081
Scotland	£8,552	£932	£195	£9,678
NI	£6,167	£672	£140	£6,979
UK	£88,767	£9,676	£2,019	£100,462

²⁵ additional costs included in the baseline for official controls resulting from incorporating the current pesticide residue monitoring programme and contained use of GMOs within the scope of official controls;

- £280,00 per annum for the pesticide surveillance programme and an estimated £37,000 for the provision of second samples
- £144,390 in new cost attributed to contained use of GMO controls

Table 3.9 Cost Recovery: Non-compliance – Annual Cost to Industry by UK Country and Size of Business

	Micro	Small	Medium	Large	Total
England	£5,910,956	£640,812	£69,852	£14,578	£6,636,197
Wales	£545,507	£59,139	£6,446	£1,345	£612,437
Scotland	£745,644	£80,836	£8,811	£1,839	£837,130
NI	£537,714	£58,294	£6,354	£1,326	£603,688
UK	£7,739,820	£839,080	£91,464	£19,088	£8,689,453

Total Cost to Industry

98. Total cost of Option 2 to Industry equates to approximately £566,604,390 over 10 years; an average annual cost of £57,009,599. Once these costs are discounted at a rate of 3.5% over 10 years we obtain a present value total cost of approximately £490,720,750.

Non-monetised costs

Regulatory Scope and Legislative Framework

99. The drafting of Article 2(b) on genetically modified organisms currently extends the scope of the official control proposal beyond the scope of the agri-food chain into other sectors such as medical research and pharmaceutical production. We are currently clarifying the intention of the Commission with regard to the scope; however, the increase in scope would increase the number of official controls that would be charged to industry.

Fee system

100. Costs for plant protection product controls are currently levied in part from the pesticide manufacturing sector. Under the charging proposal these, costs could be transferred to food and feed businesses.

Costs to the Enforcement Community

Familiarisation Costs

101. It is expected that one Environmental Health Officer (EHO), one Trading Standards Officer (TSO) and one Port Health Authority Official (PHO) from each LA and PHA will be required to read the new regulation; and disseminate the information to staff.

102. We estimate that an officer will invest approximately one hour reading and familiarising themselves with the regulation, and a further one hour disseminating to other authorised officers in the organisation²⁶. This means a total of two hours for familiarisation

103. The familiarisation cost per enforcement authority is calculated by multiplying the familiarisation time, two hours, by the average hourly wage rate applied to each respective enforcement official, generating a familiarisation cost per enforcement authority. To quantify the overall familiarisation cost to enforcement authorities we multiply the familiarisation cost per LA by the number of LAs in the UK. This is out in table 4.1 below.

Table 4.1 Familiarisation cost calculation by Enforcement Body

	<i>TSO</i>	<i>EHO</i>	<i>PHO</i>	Total
Familiarisation time (Hr)	1	1	1	*
Dissemination time (Hr)	1	1	1	*
Hourly Wage (£)	£14.27	£17.27	£16.25	*
Overheads	1.3	1.3	1.3	*
Familiarisation Cost (£) per LA/PHA	£37.10	£44.90	£42.25	*
No. of LAs	434	434	40	474
Total Familiarisation Cost (£)	£16,102	£19,487	£1,690	£37,280

104. The total one-off familiarisation cost for enforcement authorities in the UK totals £37,280. Table 4.2 displays these costs distributed across UK country, which equates to £30,677 in England, £1,846 in Wales, £1,846 in Scotland and £2,132 in Northern Ireland.

Table 4.2 Familiarisation cost by Enforcement Body across UK Country

	LAs	PHAs	Total
England	£29,029	£1,648	£30,677
Wales	£1,804	£42	£1,846
Scotland	£2,624	£0	£2,624
NI	£2,132	£0	£2,132
UK	£35,590	£1,690	£37,280

²⁶ While we recognise that dissemination of information will result in an opportunity cost in terms of time of key staff members we anticipate that this will be minimal and the additional hour will cover these costs.

Equivalent Annual Costs (EAC)

105. As in the case with industry, one-off transition costs are compared on an equivalent basis across policies spanning different time periods, it is necessary to equivalently annualise one-off transition costs to compare policies on an equivalent basis spanning across different time period. Using a standard formula²⁷ under Standard HMT Green book guidance a discount rate of 3.5% is used.

106. A total one-off familiarisation cost to enforcement by this proposal is an estimated £37,280. This yields an EAC of approximately £4,331 in the UK over 10 years, which per country equates to £3,564 in England, £248 in Northern Ireland, £305 in Scotland and £214 in Wales. Table 4.3 displays the breakdown of the EAC per country.

Table 4.3 Equivalent Annual Cost to Enforcement – One-off Familiarisation Costs

	EAC
England	£3,564
Wales	£214
Scotland	£305
NI	£248
UK	£4,331

IT System Costs

107. There will be costs associated with extending or setting up a new charging system for official controls as set out in the proposal. For the FSA and also Local Authorities there are already systems in place to generate invoices and collect fees.

108. Informal consultation with local authorities has identified that their current IT systems could support time based recording but that efficiencies could be made. For the purposes of the impact assessment, we have assumed that local authorities will use their existing systems and there will be no increased burden from start-up costs associated with the implementation of full cost recovery. In future, consideration could be given to how current systems could be upgraded to reduce administration costs.

²⁷ $EAC = PVNCB / a_{tr}$, Where a_{tr} is the annuity rate given by:

$$a_{t,r} = \sum_{j=0}^{t-1} \prod_{i=0}^j \left(\frac{1}{1+r_i} \right)$$

PVNCB is the present value of costs, r is the social discount rate and t is the time period over which the policy is being appraised.

109. Start-up costs associated with putting in place new systems to collect this information are not known at present and as such these costs have not been included in this version of the impact assessment.
110. The proposal includes provisions for new IT systems. It will extend the use of the TRACES system to include the PEACH IT system for plant health (including amending Government IT systems (ALVS)) and will allow for the development of the IMSOC system. Costs for the implementation of these systems would be borne centrally but could require the development of software to interact with the systems of each enforcement body within the UK.
111. It is envisaged that the development of IT systems will consist of a combination of one-off and on-going costs. In accordance with HMT Green Book guidance we adjusted for “optimism bias”; as most IT projects are affected by optimism with a systematic tendency to understate costs due to uncertainty surrounding procurement, specification and duration. Using historical data based on similar IT development projects; we apply an “optimism bias” adjustment of 60% (FSA IT) and 70% (DEFRA TRACES) to generate a range of cost estimates.
112. We estimate a total one-off IT systems lower bound cost of £7,800,000, with an upper bound estimate of £12,880,000; a best estimate of £10,340,000. In equivalent annual cost (EAC) terms this equates £1,201,252 over 10 years.
113. For on-going IT costs we obtain lower bound annual cost estimates of £530,000, with an upper bound estimate of £878,000; a best estimate of £704,000. Over 10 years, this equates to a total cost of £7,040,000.
114. One-off and on-going IT cost estimates are presented in table 4.4 below

Table 4.4 Equivalent Annual Cost to Enforcement – One-off Familiarisation Costs

IT Systems Costs £(m)	Discounting Period (Years)										Total	Average/ EAC
	0	1	2	3	4	5	6	7	8	9		
<u>One-off IT System Costs</u>												
<i>FSA & DEFRA (TRACE) - Lower Bound</i>	£7.8	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£7.8	£0.9
<i>FSA & DEFRA (TRACE) - Upper Bound</i>	£12.9	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£12.9	£1.5
<i>FSA & DEFRA (TRACE) - Best Estimate</i>	£10.3	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0	£10.3	£1.2
<u>On-going IT System Costs</u>												
<i>FSA & DEFRA (TRACE) - Lower Bound</i>	£0.5	£0.5	£0.5	£0.5	£0.5	£0.5	£0.5	£0.5	£0.5	£0.5	£5.3	£0.5
<i>FSA & DEFRA (TRACE) - Upper Bound</i>	£0.9	£0.9	£0.9	£0.9	£0.9	£0.9	£0.9	£0.9	£0.9	£0.9	£8.8	£0.9
<i>FSA & DEFRA (TRACE) - Best Estimate</i>	£0.7	£0.7	£0.7	£0.7	£0.7	£0.7	£0.7	£0.7	£0.7	£0.7	£7.0	£0.7

Verification of Micro Firm Status

115. Enforcement authorities would be required to verify the status and eligibility of businesses claiming micro-exemption. We assume local and national government administrators would invest 25 minutes of effort on the part of each business, examining a set of accounts, once a year.

116. We also assume a FSA and DEFRA finance manager will invest a total of 50 hours per year overseeing the process. We use the hourly wage rate (uplifted to account for overheads (30%)) of local and national government officials to estimate an annual on-going cost of £9,609,201 (see table 4.5).

Table 4.5 Verification of Micro Firm Status – Annual Cost to Enforcement

	<i>FSA/ Defra</i>			<i>Total Enforcement cost</i>
	<i>Local government administrative occupations</i>	<i>Admin Officer</i>	<i>Business/ Finance Professionals</i>	
Verifying Micro Status (Hrs per Annum per Business)	0.4	0.4	50.0♦	*
Hourly Wage (£)	£11.36	£10.22	£16.22	*
Overheads	1.3	1.3	1.3	*
Admin Cost (£) per Business	£6	£6	£1,054†	*
No. Businesses per Sector (Micro)	821,880	821,880	N/A	*
Staff Numbers	2	2	2	*
Total Admin Cost (£)	£5,057,302	£4,549,791	£2,109	£9,609,201

♦FSA/ Defra Finance Manager spend a total of 50 Hours per annum overseeing process.

† Cost applicable to all affected businesses

Processing Invoices

117. As per industry, we assume managing charging systems would require 1 hour per invoice for a business. We maintain the assumption of one invoice per annum per business. We also assume a FSA and DEFRA finance manager will invest a total of 50 hours per year overseeing the process.

118. Using the hourly wage rate (uplifted to account for overheads (30%)) of local and national government officials to estimate an annual on-going cost of approximately £9,609,201 (excluding micro-enterprises). This is set out in table 4.6 below.

Table 4.6 Processing Invoices – Annual Cost to Enforcement (excluding Micro-enterprises)

	FSA/ Defra			
	<i>Local government administrative occupations</i>	<i>Admin Officer</i>	<i>Business/ Finance Professionals</i>	<i>Total Enforcement cost</i>
Processing Invoices	1.0	1.0	50.0 [♦]	*
Hourly Wage (£)	£11.36	£10.22	£16.22	*
Overheads	1.3	1.3	1.3	*
Admin Cost (£) per Business	£15	£13	£1,054 [†]	*
No. Businesses per Sector (Micro)	82,188	82,188	2	*
Staff Numbers	2	2	2	£2,307,811
Total Admin Cost (£)	£1,213,752	£1,091,950	£2,109	£2,307,811

♦FSA/ Defra Finance Manager spend a total of 50 Hours per annum overseeing process.

119. In order to charge full costs on an actual basis, enforcement officers would have to record the time they spend on official controls by business and include any specific sampling and analysis costs. We assume the administrative cost of this step would be in addition to the costs of processing the resulting invoice set out above, but would welcome clarification during the consultation.

Mandatory Fees

120. Mandatory exemption of micro-enterprises from fees and full cost recovery arrangements would have a direct impact on enforcement authorities. In cases where charges already apply, micro-enterprises would no longer be required to contribute towards the cost of carrying out official controls, except in cases where they are carried out following non-compliance. This would result in on-going incremental costs being passed onto enforcement and the taxpayer. We also assume 10% of costs would not be recovered²⁸..

121. The exact number of micro-enterprises eligible for the micro exemption is not known, therefore, data from the Inter-Departmental Business Register²⁹ and Business Population Estimates³⁰ were used to generate approximate percentages, which were then applied to the total cost.

122. We estimate annual costs passed onto UK enforcement would amount to £4,953,647 in inspections and audits; £4,125,457 in the collection and analysis of samples; £4,616,688 relating to bad debts; a total cost to enforcement of approximately £13,695,792 per annum. These costs are presented in tables 4.7 – 4.9 below, broken down by UK country.

²⁸ This is based on the Health and Safety Executive Fees for Intervention policy

²⁹ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/unpublished-data/business-data/idbr/index.html>

³⁰ <https://www.gov.uk/government/organisations/department-for-business-innovation-skills/series/business-population-estimates>

Table 4.7 Micro-Exemption: Inspections and Audits – Annual Cost to Enforcement by UK Country

	LAs	PHAs	Total
England	£3,699,559	£407,579	£4,107,138
Wales	£229,916	£10,451	£240,367
Scotland	£334,423	£0	£334,423
NI	£271,719	£0	£271,719
UK	£4,535,618	£418,029	£4,953,647

Table 4.8 Micro-Exemption: Collection and Analysis of Samples – Annual Cost to Enforcement by UK Country

	LAs	PHAs	Total
England	£3,081,037	£339,436	£3,420,474
Wales	£191,477	£8,703	£200,180
Scotland	£278,512	£0	£278,512
NI	£226,291	£0	£226,291
UK	£3,777,317	£348,140	£4,125,457

Table 4.9 Cost Recovery: Bad Debt – Annual Cost to Enforcement by UK Country

	LAs	PHAs	Total
England	£3,447,907	£379,854	£3,827,761
Wales	£214,277	£9,740	£224,017
Scotland	£311,675	£0	£311,675
NI	£253,236	£0	£253,236
UK	£4,227,094	£389,594	£4,616,688

Total Cost to Enforcement

123. Total cost of Option 2 to enforcement range from a lower bound estimate of £269,264,211, with an upper bound value of £277,824,211. This equates to an approximate best estimate of £273,544,211 over 10 years; at an average annual cost of £27,522,258. Once these costs are discounted at a rate of 3.5% over 10 years we obtain a present value total cost of approximately £236,902,970.

Non-monetised costs

Regulatory Scope and Legislative Framework

124. The draft of Article 2(b) on genetically modified organisms currently extends the scope of the official control proposal beyond the scope of the agri-food chain into other sectors such as medical research or pharmaceutical production. We are currently clarifying the intention of the Commission with regard to the scope; however, the increase in scope would increase the costs to enforcement bodies with regard to, for example, audit requirements (Article 5)

125. As above, the current draft extends the scope of official controls to plant protection products marketing & use and the inspection of application equipment. This would require reviewing and amending the current UK control structure to apply the provisions within the proposal, including fee recovery systems.
126. It is not possible to estimate these costs because official controls in this sector would be determined by delegated acts for which the Commission has not yet indicated its intentions.
127. Annual administrative burdens associated with more stringent requirements about reporting on official controls (Article 12) and publishing a minimum level of information about the outcome of controls is not believed to increase the burden on the enforcement community as reporting already takes place in the UK.
128. Any requirement to produce an official report for operators alongside analytical certificates or common health entry document at import, which are already provided could, however, have large implications for the entire agri-food chain, increasing the cost per official control by approximately £50. We do not, however, believe that this will be the case and are seeking clarification from the Commission on this point.
129. There will be annual additional costs generated by the new obligation for laboratories that carry out plant health tests to be accredited and audited. The transition period for this requirement within the proposal is 5 years and EU finance will cover the cost of the initial accreditation for each laboratory, which lasts for 4 years. Laboratories currently used by Defra and Scottish Government for plant health and PRM are already accredited; therefore, there is unlikely to be additional cost from this provision but it will be kept under review.
130. Title IV of the proposal regarding administrative assistance and co-operation clarifies the role of liaison bodies and the need to channel the administrative assistance and cooperation through them. Reporting pathways are already in place in the UK and used to communicate with Member States but it is not possible to predict whether burdens from their use will change in the future.

Fee system

131. Article 77(1)(a) sets out the official controls that can be charged for by specifying the businesses the controls are carried out on. This could result in certain official controls within the agri-food chain not being subject to the mandatory charge, even though a specific exemption was not in place. In particular, controls for aquaculture (including those importing fish for ornamental purposes or rearing fish for the restocking a 'put and take' fishery) forestry and amenity situations could be affected and costs borne by the enforcement community. We are clarifying the scope and intention of this article with the Commission.

132. There would be annual administrative burdens associated with the requirement to make public how fees are calculated and used (Article 83). The calculation and publication of fees currently occurs within central and local Government for those areas where charging exists. Transferring this resource to a single, full cost recovery calculation is not assumed to increase the burden.

Cost to consumers

133. Consumers are not directly affected by the proposal. However, rules that require costs of controls to be passed on directly to industry, may ultimately be transferred to consumers

Total costs – Policy Option 2

134. The total cost associated with policy Option 2 is estimated at between £835,868,602 and £844,428,602 over 10 years with a best estimate of £840,148,602; an annual average cost of £84,531,857. Once these costs are discounted at a rate of 3.5% over 10 years we obtain a present value total cost of £727,623,724. Total one-off and on-going costs associated with Option 2 are presented in table 5.

Table 5 - Total Cost Policy Option 2

COST £(m)	Discounting Period (Years)										Total	Average/ EAC	Present Value	
	0	1	2	3	4	5	6	7	8	9				
Industry - Official Controls														
One-off costs														
Familiarisation	£21.59	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£21.59	£2.51	£21.59	
Total one-off costs	£21.59	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£21.59	£2.51	£21.59	
On-going costs														
Cost Recovery (Incl. Micro Ex)														
Inspections & Audits	£27.84	£27.84	£27.84	£27.84	£27.84	£27.84	£27.84	£27.84	£27.84	£27.84	£278.42	£27.84	£239.66	
Sampling	£4.92	£4.92	£4.92	£4.92	£4.92	£4.92	£4.92	£4.92	£4.92	£4.92	£49.18	£4.92	£42.33	
LA Approvals	£0.10	£0.10	£0.10	£0.10	£0.10	£0.10	£0.10	£0.10	£0.10	£0.10	£1.00	£0.10	£0.86	
Non-compliance	£8.69	£8.69	£8.69	£8.69	£8.69	£8.69	£8.69	£8.69	£8.69	£8.69	£86.89	£8.69	£74.80	
Administrative Burdens														
Verification of Micro Firm Status	£10.79	£10.79	£10.79	£10.79	£10.79	£10.79	£10.79	£10.79	£10.79	£10.79	£107.93	£10.79	£92.90	
Processing Invoices	£2.16	£2.16	£2.16	£2.16	£2.16	£2.16	£2.16	£2.16	£2.16	£2.16	£21.59	£2.16	£18.58	
Total Administrative Costs to Industry	£12.95	£12.95	£12.95	£12.95	£12.95	£12.95	£12.95	£12.95	£12.95	£12.95	£129.52	£12.95	£111.48	
Total on-going costs to Industry	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£545.02	£54.50	£469.13	
Total Cost to UK Industry	£76.09	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£54.50	£566.60	£57.01	£490.72	

Table 5 - Total Cost Policy Option 2 Continued.....

COST £(m)	Discounting Period (Years)										Total	Average/ EAC	Present Value	
	0	1	2	3	4	5	6	7	8	9				
Enforcement - Official Controls														
One-off Costs														
Familiarisation	£0.04	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.04	£0.00	£0.04	
IT System														
FSA (FINANCE) & DEFRA (TRACE) -Lower Bound	£7.80	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£7.80	£0.91	£7.80	
FSA (FINANCE) & DEFRA (TRACE) - Upper Bound	£12.88	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£12.88	£1.50	£12.88	
FSA (FINANCE) & DEFRA (TRACE) - Best Estimate	£10.34	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£10.34	£1.20	£10.34	
Total one-off costs - Lower Bound	£7.84	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£7.84	£0.91	£7.84	
Total one-off costs - Upper Bound	£12.92	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£12.92	£1.50	£12.92	
Total one-off costs - Best Estimate	£10.38	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£10.38	£1.21	£10.38	
On-going Costs - Cost Recovery (Incl. Micro Ex)														
Inspections & Audits	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£49.54	£4.95	£42.64	
Sampling	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£41.25	£4.13	£35.51	
Administrative Burdens														
Verification of Micro Firm Status	£9.61	£9.61	£9.61	£9.61	£9.61	£9.61	£9.61	£9.61	£9.61	£9.61	£96.09	£9.61	£82.71	
Processing Invoices	£2.31	£2.31	£2.31	£2.31	£2.31	£2.31	£2.31	£2.31	£2.31	£2.31	£23.08	£2.31	£19.86	
Total Administrative Costs to Industry	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£11.92	£119.17	£11.92	£102.58	
Bad Debts (10% Default on Cost Recovery)	£4.62	£4.62	£4.62	£4.62	£4.62	£4.62	£4.62	£4.62	£4.62	£4.62	£46.17	£4.62	£39.74	
IT System														
FSA (FINANCE) & DEFRA (TRACE) -Lower Bound	£0.53	£0.53	£0.53	£0.53	£0.53	£0.53	£0.53	£0.53	£0.53	£0.53	£5.30	£0.53	£4.56	

Table 5 - Total Cost Policy Option 2 Continued.....

COST £(m)	Discounting Period (Years)										Total	Average / EAC	Present Value
	0	1	2	3	4	5	6	7	8	9			
Enforcement - Official Controls													
FSA (FINANCE) & DEFRA (TRACE) - Upper Bound	£0.88	£0.88	£0.88	£0.88	£0.88	£0.88	£0.88	£0.88	£0.88	£0.88	£8.78	£0.88	£7.56
FSA (FINANCE) & DEFRA (TRACE) - Best Estimate	£0.70	£0.70	£0.70	£0.70	£0.70	£0.70	£0.70	£0.70	£0.70	£0.70	£7.04	£0.70	£6.06
Total on-going costs - Lower Bound	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£261.43	£26.14	£225.03
Total on-going costs - Upper Bound	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£264.91	£26.49	£228.02
Total on-going costs - Best Estimate	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£263.17	£26.32	£226.53
Total Cost to Enforcement - Lower Bound	£33.98	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£26.14	£269.26	£27.05	£232.87
Total Cost to Enforcement - Upper Bound	£39.41	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£26.49	£277.82	£27.99	£240.94
Total Cost to Enforcement - Best Estimate	£36.69	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£26.32	£273.54	£27.52	£236.90
TOTAL COST £(m)													
Lower Bound	£110.07	£80.64	£80.64	£80.64	£80.64	£80.64	£80.64	£80.64	£80.64	£80.64	£835.87	£84.06	£723.59
Upper Bound	£115.49	£80.99	£80.99	£80.99	£80.99	£80.99	£80.99	£80.99	£80.99	£80.99	£844.43	£85.00	£731.66
Best Estimate	£112.78	£80.82	£80.82	£80.82	£80.82	£80.82	£80.82	£80.82	£80.82	£80.82	£840.15	£84.53	£727.62

Benefits to Industry

Reduced Financial Burden for Micro-enterprises

135. The burden on micro-enterprises would be reduced by way of the introduction of a mandatory exemption for micro-enterprises. In cases where charges already apply, micro-enterprises would no longer be required to contribute towards the cost of carrying out official controls. This would result in on-going incremental benefits being passed onto those businesses.

136. When considered in the context of extending mandatory charging we estimate annual benefits passed onto those UK micro-enterprises would amount to £4,953,647 in inspections and audits costs; £4,125,457 in the collection and analysis of samples fees; a total benefit to micro-enterprises of approximately £9,079,104 per annum. These benefits are presented in table 6.1 below, broken down by UK country

Table 6.1 Micro-Exemption: Reduced Financial Burden – Annual Benefit to Micro-enterprises by UK Country

	Mandatory Exemptions (Micro-enterprise) Cost Savings		Total
	Inspections & Audits	Collection & Sampling	
England	£3,783,135	£3,150,641	£6,933,776
Wales	£349,136	£290,764	£639,900
Scotland	£477,228	£397,441	£874,669
NI	£344,148	£286,611	£630,759
UK	£4,953,647	£4,125,457	£9,079,104

Non-monetised Benefits

Simplification of Legislative Framework

137. Industry would benefit from a simplified and consistent approach to controls across all the sectors of the food chain, and from a better targeting of risks. In particular import controls and residues controls would be streamlined and adjusted to actual risk levels. Closer cooperation among competent authorities would overall improve the delivery of official controls..

138. Some of the simplification measures result from the repeal of certain pieces of legislation (such as the veterinary medicine residues directive) which will ultimately be replaced by a more risk-based framework no longer than three years after the implantation of the new Regulation

139. The cost of monitoring for veterinary medicine residues is approximately £4 million per annum, however, without seeing the tertiary legislation that will replace the current Directive, impacts and likely reduction in costs cannot be quantified at this stage.
140. Charges levied at import for products from outside the EU could be reduced as a result of the harmonisation of controls and the risk-targeted approach introduced by the replacement of legislation on veterinary import controls.
141. Current veterinary import controls stipulate a minimum frequency of checks and will be replaced by a more risk-based approach to determining the frequency. These controls currently cost approximately £7 million per annum, however, without undertaking a risk assessment on all imported products of animal origin, future costs cannot be predicted.

Derogations

142. The derogations from the conditions for mandatory assessment and accreditation for certain official laboratories such as those whose sole activity is the detection of *Trichinella* in meat. We are, however, unable to quantify the possible savings that would be transferred to industry in the cost price of a sample as a result of the derogation.

Fee System

143. In addition to the benefits from reduced burden on micro-enterprises, changes to the financing system for official controls throughout the agri-food chain would in principle:
- Provide consistency in where charges are applied as charges would no longer focus on veterinary controls in meat plants and at EU borders in respect of animal and plant health
 - help to overcome the current significant variation in the way fees are calculated and applied across the EU
 - ensure greater transparency about fees calculation methods
 - reward consistently compliant businesses by providing a reduction of flat-rate fees if applied.

Benefits to Enforcement Authorities

Cost Recovery

144. The introduction of mandatory charging and full cost recovery would result in ongoing incremental benefits (income) being transferred from industry onto enforcement authorities/ taxpayers.
145. We estimate annual benefits would amount to £30,935,902 in inspections and audits charges (including genetically modified organism (GMO) controls and pesticide

surveillance); £5,464,409 in the collection and analysis of samples; £111,625 relating to LA Approvals and £9,654,947 in non-compliance costs; a total benefit to enforcement authorities/ taxpayers of approximately £46,166,884 per annum. These benefits are presented in table 6.2 below, broken down by UK country.

Table 6.2 Cost Recovery: Benefit Transfer to Enforcement/ Taxpayers by UK Country

	LAs	PHAs	Total
England	£34,479,065	£3,798,541	£38,277,606
Wales	£2,142,767	£97,398	£2,240,165
Scotland	£3,116,752	£0	£3,116,752
NI	£2,532,361	£0	£2,532,361
UK	£42,270,944	£3,895,940	£46,166,884

Non-monetised Benefits

Regulatory Scope and Legislative Framework

146. Reduced administrative burden as a result of the simplification and consolidation of the legislative framework and increased resources deriving from a simplified approach to controls and from a better targeting of risks. This would include the harmonisation of import rules across the agri-food chain.
147. As outlined above when discussing benefits to industry, much of the simplification and consolidation is based on the preparation of tertiary legislation by the Commission to augment or replace current legislation. Assessing or quantifying any benefits are, therefore, not possible until drafts of this legislation are presented by the Commission.
148. The transfer of certain official controls tasks to delegated bodies as a result of the clarification on the rules pertaining to delegated bodies (Title 2, Chapter 3 of the proposal) could reduce the number of official controls to be conducted by certain enforcement bodies, however, these controls would still be required and, therefore, no cost benefit has been assumed.

Benefit to consumers

149. A simplified and integrated approach to controls across the EU should in theory lead to a higher level of consumer protection and confidence in the domestic and international market.
150. Consumers are not directly affected by the proposal. However, rules that require costs of controls to be passed on directly to industry may ultimately be transferred to consumers.

Total Benefits – Policy Option 2

151. The total benefit associated with policy Option 2 is estimated at £552,459,874 over 10 years; with an annual average benefit of £55,245,987. Once these benefits are discounted at a rate of 3.5% over 10 years we obtain a present value total benefit of £475,540,140. Total one-off and on-going benefits associated with Option 2 are presented in table 7.

Table 7 - Total Benefit Policy Option 2

BENEFIT £(m)	Discounting Period (Years)										Total	Average/ EAC	Present Value	
	0	1	2	3	4	5	6	7	8	9				
Industry - Official Controls														
Total one-off Benefits	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
On-going Benefits														
Cost Savings - Micro Exemptions														
Inspections & Audits	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£4.95	£49.54	£4.95	£42.64	
Collections and Sampling	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£4.13	£41.25	£4.13	£35.51	
Total on-going Benefit to Industry	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£90.79	£9.08	£78.15	
Total Benefit to UK Industry	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£9.08	£90.79	£9.08	£78.15	
Enforcement Authorities														
Total one-off Benefits	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	
On-going Benefits														
Cost Recovery														
Inspections & Audits	£30.94	£30.94	£30.94	£30.94	£30.94	£30.94	£30.94	£30.94	£30.94	£30.94	£309.36	£30.94	£266.29	
Collections and Sampling	£5.46	£5.46	£5.46	£5.46	£5.46	£5.46	£5.46	£5.46	£5.46	£5.46	£54.64	£5.46	£47.04	
LA Approvals	£0.11	£0.11	£0.11	£0.11	£0.11	£0.11	£0.11	£0.11	£0.11	£0.11	£1.12	£0.11	£0.96	
Non-compliance	£9.65	£9.65	£9.65	£9.65	£9.65	£9.65	£9.65	£9.65	£9.65	£9.65	£96.55	£9.65	£83.11	
Total on-going Benefit to Enforcement	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£461.67	£46.17	£397.39	
Total Benefit to UK Enforcement	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£46.17	£461.67	£46.17	£397.39	
TOTAL BENEFIT	£55.25	£55.25	£55.25	£55.25	£55.25	£55.25	£55.25	£55.25	£55.25	£55.25	£552.46	£55.25	£475.54	

Total Net Cost/Benefit of Option 2

152. Total costs outweigh the total benefits of policy Option 2 generating a net cost ranging from -£283,408,728 to -£291,968,728. Once discounted at a rate of 3.5% this gives a net present value range of -£248,045,847 to -£256,121,321; a best estimate of -£252,083,584. Table 8 below displays the net cost of the proposal.

Table 8 - Total Net Cost/ Benefit Policy Option 2

NET COST/ BENEFIT £(m)	Discounting Period (Years)										Total	Average/ EAC	NPV	
	0	1	2	3	4	5	6	7	8	9				
Industry	-£67.01	-£45.42	-£45.42	-£45.42	-£45.42	-£45.42	-£45.42	-£45.42	-£45.42	-£45.42	-£45.42	-£475.81	-£47.58	-£412.57
Enforcement Authorities - Lower Bound	£12.19	£20.02	£20.02	£20.02	£20.02	£20.02	£20.02	£20.02	£20.02	£20.02	£20.02	£192.40	£19.24	£164.52
Enforcement Authorities - Upper Bound	£6.76	£19.68	£19.68	£19.68	£19.68	£19.68	£19.68	£19.68	£19.68	£19.68	£19.68	£183.84	£18.38	£156.45
Enforcement Authorities - Best Estimate	£9.47	£19.85	£19.85	£19.85	£19.85	£19.85	£19.85	£19.85	£19.85	£19.85	£19.85	£188.12	£18.81	£160.49
Total Net Cost/Benefit - Lower Bound	-£54.82	-£25.40	-£25.40	-£25.40	-£25.40	-£25.40	-£25.40	-£25.40	-£25.40	-£25.40	-£25.40	-£283.41	-£28.34	-£248.05
Total Net Cost/Benefit - Upper Bound	-£60.25	-£25.75	-£25.75	-£25.75	-£25.75	-£25.75	-£25.75	-£25.75	-£25.75	-£25.75	-£25.75	-£291.97	-£29.20	-£256.12
Total Net Cost/Benefit - Best Estimate	-£57.53	-£25.57	-£25.57	-£25.57	-£25.57	-£25.57	-£25.57	-£25.57	-£25.57	-£25.57	-£25.57	-£287.69	-£28.77	-£252.08

Risks

153. A one-size-fits-all approach to charging is not flexible enough to take account of the different economic conditions and delivery in Member States. It also does not consider the practicalities of collecting the charge in different circumstances. Full cost recovery means it is unlikely to create a level playing field across the EU and won't guarantee that controls are being carried out.
154. The cost associated with calculating, publishing and collecting the charge for individual official controls could be greater than the cost for the official control itself, particularly for low activity areas or for low risk inspections that do not take much time.
155. A mandatory exemption for micro-enterprises undermines the argument that charging is needed to sustain official controls and would reduce the money competent authorities currently get from charging micro-enterprises, in particular imports, medicated feed, specified feed additives, plant health and PRM.
156. Risk to the public resulting from the agri-food chain is not linked to the size of a business; therefore, the exemption of micro-enterprises from the scope of fee collection overlooks the resources spent by enforcement bodies tackling non-compliance at smaller firms.
157. It could impact on the relationship between business, in particular small business, and the competent authority and how they work together to ensure compliance. Initial consultation with enforcement and industry representatives has identified this as a major risk. Businesses may be less inclined to seek advice, which could result in increased non-compliance, which is at odds with the objectives of the proposal.
158. Official controls comprise only part of the activity of LAs and other enforcement bodies at those businesses affected. Full cost recovery will not fund this work, therefore, there may be a shift away from this work by enforcement bodies or a reduction to the funding of enforcement bodies by central Government as a result of the shift to full cost recovery, which could negatively impact their ability to undertake these activities.
159. The format of the proposed new regulations is an overarching framework that provides for details to be filled in through delegated and implementing acts. It is therefore difficult to get a clear idea of the impact of many of the provisions in the parent regulations until these are in place.
160. Each of the 44 delegated and 38 implementing acts within the proposal will require careful consideration to ensure that they are justified and necessary and do not result in increased burdens.

161. While we recognise that provision for tertiary legislation enables increased responsiveness to new developments and although the Commission have allocated a three-year implementation period after adoption of the Regulations within which delegated and implementing acts will be worked up, there are concerns that even this timetable may result in some important pieces of supporting legislation being rushed through without adequate time for Member State scrutiny.
162. With regard to animal welfare considerations, the proposal will repeal several provisions from the current legislation (EC 1/2005 on animal welfare during transportation) including those on detention, delay and emergency situations. The intention is for these to be replaced using tertiary legislation, however without sight of the proposed legislation, we cannot be certain that they will be sufficiently robust.
163. The proposal as currently drafted extends the scope of official controls into sectors that are not part of the agri-food chain, such as medical research using contained genetically modified organisms and non-food and feed users of plant protection products. It also includes sectors such as the plant protection product manufacturing industry where current control structures will need revision to ensure they meet the provisions contained within the Articles. This could well have unintended effects on the growth of these sectors.
164. The proposal also includes provisions for two IT systems. It will extend the use of the TRACES system to controls on products of non-animal origin and will allow for the development of the IMSOC system. This would be an EU information management system for official controls that will allow the integration of all existing and future computerised systems (e.g. TRACES, RASFF, Europhyt, etc.) to manage information and data on all agri-food chain official controls (Title V, Chapter IV).
165. Costs for the implementation of these systems would be borne centrally but could require the development of software to interact with the systems of each enforcement body within the UK. Such massive IT projects carry significant risks if not managed properly.

Limitations

166. Charges based on EU minima are levied by some authorities and at some ports for landing and first sale of fish and fishery products. Charges are also applicable for fish processors. We do not have sufficient data at present to quantify the scope of applicable charges, nor the quantity that is currently charged to industry. These costs are, therefore, not included in the impact assessment.
167. We are still seeking and gathering data that may permit an assessment of the scope of applicable charges for fish and fish processing. Data are also being gathered for controls on plant health and PRM for Scotland and Northern Ireland. These will be included in the impact assessment following the consultation if possible.

168. In order to be able to calculate a baseline cost for official controls and take into account the cost currently charged to industry and the impact of the exemption for micro-enterprises, a number of assumptions and extrapolations have been made. This includes the use of average salaries from the ASHE survey. The costs presented, therefore, may vary considerably from the actual costs.
169. Using ASHE survey data and the 30% overhead margin from the standard cost model results in an average hourly salary for enforcement officers of £20 - £25. The current charges for the Primary Authority scheme³¹ may provide a more accurate estimate of cost. Discussions with LAs operating Primary Authority indicate that the cost per hour is around £50-£60, we should therefore be aware that the costs in this Impact Assessment are likely to be underestimated.
170. To illustrate, if an hourly salary of £55 were used for each LA food inspection, the baseline cost for conducting official controls at registered food businesses would increase from **£21 million** to **£57 million**.
171. Certain LAs will conduct separate official controls (such as food hygiene and standards inspections) concurrently but may record these separately. Although there will be distinct resource spent on each, certain elements of the overheads (such as travel time etc) may be double counted in these instances.
172. Impacts from the increased scope and harmonisation of legislation cannot be quantified due to the number of delegated and implementing acts throughout the proposal. Without sight of the proposed tertiary legislation, these impacts are missing from the quantification.
173. As a result, the costs presented only give an approximate picture of the quantified impact. They do, however, permit an assessment to be made of the scale of the likely impact resulting from the proposal.

Option 3: Active negotiation - support the introduction of the Commission's Regulation and negotiate in areas of the proposal where we believe changes are required

174. Following informal consultation with stakeholders on the Commission's proposal and in light of the responses received to our industry representatives' questionnaire on charging for official controls, areas of the proposal, where the UK could negotiate to achieve improvements, have been identified.
175. This option would involve negotiating to optimise official control systems and seeking changes where UK interests would be better served by a different approach.

³¹ <http://www.food.gov.uk/enforcement/enforcework/compliance/primary-auth/>

176. Elements that the UK may wish to prioritise include;

- New sectors included within the scope of ‘official controls’
- The use of implementing and delegated acts
- The scope of the charging provisions

177. As noted in the risks section of option 2, there is a concern regarding the lack of flexibility with the charging provisions as currently drafted and the practicalities of implementing the provisions equitably throughout the European Union. This could be overcome to an extent by providing for greater flexibility within each Member State.

178. The purpose of this impact assessment is to help shape the UK’s negotiating position on the proposal. Without knowledge of the likely final text of the proposal post negotiations, a quantified assessment of the likely impacts is not possible.

179. Risks from this option include a failure during negotiation to achieve changes that are beneficial to the UK. The risks from individual parts of the current proposal are considered under option 2.

180. There is also the risk that changes are made to the proposal that do not benefit the UK. Without knowing what these might be, it is not possible to assess their likely impact.

Costs and Benefits

181. No incremental costs or benefits can be calculated for this option, as it seeks to negotiate for changes to the proposal. Without knowledge of the likely final text of the proposal post negotiations, impacts cannot be assessed.

Q23: For option 3, what areas do you consider should be negotiated and for what outcome?

Q24: Should charges be set at the European level, and if so, which sectors would benefit from this approach? Please provide information to support your answer

Specific impact tests

Competition assessment

182. We do not believe that the collection of fees for official controls will negatively impact on competition in the agri-food chain. Fees will be collected for all official controls and will, in part, be dependent on the risk of the business, something that is within the control of each business.

183. There could be some impact between businesses that sit either side of the micro-exemption definition, however, for businesses of that size, we do not believe that the scale of the fees would impact competition.

Q25: Do you agree with our assessment that the proposal, as drafted, will not negatively impact on competition? Please provide information to support your answer

Small firms impact test

184. For most of the sectors covered by the scope of the proposal, micro and small businesses comprise the majority of the population. The impact assessment, therefore, covers small businesses including a quantified assessment of the impact of the proposed exemption for micro-enterprises.

185. Informal consultation with stakeholders on the proposal has included organisations representing small businesses and their views have been used in identifying and describing the impacts of the proposal.

Sustainability

186. Economic and social impacts arising from the proposal are considered in the appraisal of option 2 in the impact assessment. We do not consider that the proposal has any environmental impacts.

Rural proofing

187. The potential for greater costs to farms is considered in the impact assessment as they are potentially liable to a number of different official controls unlike certain other businesses such as small retailers, for example.

188. The assessment of the impact on micro-enterprises within Annex 4, however, shows that greater than 90% of farms could be eligible for the exemption from fees provided for in Article 82. This would mitigate, in part, undue burden on rural communities for the proposal as drafted.

Q26: Do you agree with our assessment that the proposal, as drafted, will not unduly burden rural communities? Please provide information to support your answer

	Relevant	Not relevant
The Health and Wellbeing specific impact test is not in the list, because the whole of an FSA IA focuses on food safety in the health context.		
Competition assessment	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Small firms impact test	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sustainability:		
Economic impact	<input checked="" type="checkbox"/>	
Social impact	<input checked="" type="checkbox"/>	
Environmental impact	<input checked="" type="checkbox"/>	
Carbon impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Equality impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Justice impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Rural proofing	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Human rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Privacy impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Creation of new criminal offence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Impact on powers of entry	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Annex 1: Summary of official controls in the UK and available data

Controls	Description
Animal Feed	Inspection and sampling at approved or registered feed businesses. National feed audit sampling
Dairy	Inspection at registered milk production holdings and approved milk/dairy products establishments. Quarterly sampling at raw milk production holdings
Eggs	Inspection at registered egg production facilities and approved packing centres and egg products establishments. Sampling as part of the national <i>Salmonella</i> control plan
Fish	Inspection of registered fishing vessels and approved factory vessels, processing or production plants, auction and market halls. Aquatic health inspections and disease control measures
Imports	Documentary, identity and physical checks (including sampling) of consignments from outside the EU with different frequencies dependant on commodity
Meat	Audits and inspections at slaughterhouses, cutting plants, game handling facilities, meat products, meat preparation and minced meat facilities and cold stores. <i>Trichinella</i> testing, monitoring of veterinary medicine residues and inspection to confirm compliance with 3 rd country requirements. Beef labelling requirements.
Registered Food Businesses	Food hygiene and standards inspections and sampling at all registered food businesses. Organic inspections and controls. Registration of and monitoring compliance with protected food names.
Animal health and welfare	Animal identification, disease monitoring and control, inspection of production businesses (including animal by-products and germinal products, licensing of contained businesses and slaughter men)
Shellfish	Monitoring of shellfish beds for <i>E. coli</i> , phytoplankton, biotoxins and chemical contaminants. Sanitary surveys. Inspection of depuration facilities and approved shellfish businesses. Verification of business end product testing. Aquatic health inspections and disease control measures
Exports	Certification of consignments for export outside the EU to the requirements set in sector legislation
Veterinary medicine residues and controls	Surveillance for residues of veterinary medicines in food, food producing animals and feed
Plant Health	Plant passport inspections, disease monitoring and control including forestry material and wood products
PRM	Seed certification and registration of varieties
Plant protection product controls	Surveillance for residues of pesticides in food. Inspections regarding the marketing, storage and safe use of plant protection products and the Wildlife Incident Investigation Scheme
Other controls	Radioactivity monitoring programme. Sampling of private water supplies. Third country recognition of bottled water.

Monitoring of natural mineral, spring and bottled water production. Processing approvals and inspecting premises subject to the contained use of genetically modified organisms (GMOs) Directive. Licencing and inspection of irradiation facilities. Authorisation of educational material accompanying infant formula.

The above is not an exhaustive list of official controls within the scope of the proposal. It does however capture the majority and allows us to provide an estimated overall cost associated with the new charging requirements.

Data on licensing and inspection of irradiation facilities, third country recognition of bottled water and authorisation of educational material accompanying infant formula has not been included in the calculation of baseline costs because these controls have not been required for several years, though the processes are in place to conduct the controls should they be necessary. Any cost from maintaining the processes are minimal.

The following is a compendium of data on official control and enforcement activity in the UK used in the calculation of a baseline cost for official controls and the assessment of impacts as a result of the various provisions in the proposal.

Where assumptions have been made or data has been extrapolated from proxy data, these have been noted.

1) Animal Feed

A review of animal feed controls in 2012 reported that the required number of controls were not being undertaken in England, Scotland and Wales. The available data are, therefore, incomplete. In order to calculate total costs of official controls, the ratio of actual inspections to total required inspections has been used for each country to extrapolate the data used.³²

Official controls	Actual (10/11)	100%
Inspections	19,284	32,922
Revisits	1,369	2,337
Total	20,653	35,260
Enforcement activity	Actual (10/11)	100%
Advice	9,362	15,982
Other interventions	1,625	2,774
Action on Establishments	212	362
Total	11,199	19,118

Source: collated local authority feed returns to the FSA for 10/11

³² Additional data on animal feed controls available from separate FSA consultation due later this year

2) Dairy & eggs

Official controls	Dairy	Egg
Inspection	6,884	448
Follow-up	2,095	46
Total	8,979	494
Enforcement activity	Dairy	Egg
HIN	362	7
Guidance	757	52
Warning letter	842	7
Total	1,961	66

Sources: AHVLA, DARD, FSA operations group

Dairy notes: Data from Scotland are for the calendar year 2011, E/W/NI is 11/12. NI inspection total includes unscheduled and registration inspections

Egg notes: Follow-up for England and Wales an extrapolation based on 10% non-compliance figure from AHVLA. NI guidance total includes data for packing centres, which will be included in registered food businesses (section 6) for England and Wales

3) Fish

Controls and enforcement actions at local authority approved fish processors are included in the registered food businesses data. Hygiene checks will have been conducted on landing and at first sale in the UK for the following tonnages of fish and shellfish. No other data are available on landing and first sale controls.

	Tonnes
Demersal	136,700
Pelagic	180,800
Shellfish	152,400
Total	469,900

Source: Marine Management Organisation

Notes: 2011 landings into the UK (including transshipments)

4) Imports of feed and food

Import checks for feed and food are for products of animal origin (POAO) and food not of animal origin (FNAO), including FNAO subject to EU additional control measures.

Official controls	POAO	FNAO	Enforcement activity	POAO	FNAO
Total	58,421	339,314	Rejected	720	604
Documentary	58,425	118,364	Re-exported	264	
Identity checks	57,369	21,869	Transformed	1	
Physical checks	18,241	6,517	Destroyed	447	300

Sources: TRACES data 2011/12 for POAO and LAEMS 2011/12 for FNAO

Official controls under EU control measures	Consignments	Documentary	Identity	Physical
669/2009	14,863	14,863	2,709	2,709
1152/2009	2,377	2,377	306	306
Fukushima	2,634	2,634	296	296
Plastic kitchenware	965	965	126	111
GM rice from china	126	126	126	126
Fisheries products	1,084	1,084	1,084	196
Guar gum	580	580	29	29
Melamine	790	790	158	158
Total	23,419	23,419	4,834	3,931

The numbers of checks under each EU additional control measure have been extrapolated from the frequencies set out in each piece of legislation. The number of rejected consignments under the 669 control measures for 11/12 was 318 and there were 604 rejected FNAO consignments in total. For the purposes of total FNAO enforcement, 300 rejected consignments have been assumed. For the purposes of EU additional control measure enforcement, 500 rejected and 250 rejected consignments have been assumed.

5) Shellfish

Official controls at shellfish beds principally relate to sampling, therefore, this data is considered in the appropriate annex. Additional official controls at shellfish beds are sanitary surveys and the setting of provisional monitoring points.

Official controls³³	E&W	NI	S	Total
Sanitary surveys ³⁴	22	2	26	50
Provisional RMP	10		15	25
Total	32	2	41	75
Enforcement activity³⁵	E&W	NI	S	Total
Closure ³⁶	11	16	45	72

Source: FSA contract officials in each office

Controls and enforcement actions at local authority approved shellfish premises are included in the registered food businesses data.

³³ Numbers will vary from year to year. England & Wales and Scottish data based on 13/14 contract period with Northern Ireland based on 2012

³⁴ Environmental assessments prior to the commencement of a formal monitoring programme

³⁵ 2011/12 data for England & Wales and Scotland with 2012 for Northern Ireland

³⁶ Closures can be due to the presence of shellfish biotoxins, high levels of *E. coli* or algal blooms

6) Registered food businesses³⁷

Hygiene Official Controls	Primary producers	Manufacturers and Packers	Importers/ Exporters	Distributors/ Transporters	Retailers	Restaurants and Caterers	Total
Inspections and audits	1,068	10,285	300	2,594	48,991	214,165	277,403
Verification & surveillance	163	3,533	65	658	16,858	61,607	82,884
Sampling visits	307	3,331	37	121	7,576	7,894	19,266
Total	1,538	17,149	402	3,373	73,425	283,666	379,553
Other interventions	Primary producers	Manufacturers and Packers	Importers/ Exporters	Distributors/ Transporters	Retailers	Restaurants and Caterers	
Advice & education	108	1,376	53	236	4,418	16,085	22,276
Information/ intelligence gathering	174	781	45	459	5,569	13,949	20,977
Total	282	2,157	98	695	9,987	30,034	43,253

³⁷ Data generated from LAEMS database on 30/05/2013 for official controls and 03/06/2013 for enforcement activity

Standards Official Controls	Primary producers	Manufacturers and Packers	Importers/ Exporters	Distributors/ Transporters	Retailers	Restaurants and Caterers	Total
Inspections and audits	664	7,014	561	1,210	31,241	58,604	99,294
Verification & surveillance	41	763	56	176	4,430	7,351	12,817
Sampling visits	106	1,266	62	112	3,755	2,225	7,526
Total	811	9,043	679	1,498	39,426	68,180	119,637
Other interventions	Primary producers	Manufacturers and Packers	Importers/ Exporters	Distributors/ Transporters	Retailers	Restaurants and Caterers	
Advice & education	28	675	27	72	2,041	4,751	7,594
Information/ intelligence gathering	32	229	21	79	1,909	3,043	5,313
Total	60	904	48	151	3,950	7,794	12,907

Enforcement activity	Voluntary closure	Seizure/ Detention	Suspension/ revocation	EPN	Prohibition Order	Simple caution	HIN
Food Hygiene	941	433	21	285	62	315	6,554
Food Standards		112				275	
Inland imported		46					
Enforcement activity	RAN	Warning	Prosecution	Enforcement notice	Voluntary surrender	Total	
Food Hygiene	85	158,379	347			167,42	
Food Standards		12,302	66			12,755	
Inland imported			3	163	157	369	

Source: LAEMS data for 2011/12

7) Meat

Controls	GB
Audits	2,870
Full approvals	179
Conditional approvals	165
Advisory visits	127
Approvals refused	6

Post mortem verification	GB
Cattle	143,000
Pigs	87,000
Sheep	173,000
Birds	2,800,000

Enforcement activity	Total UK
Written advice	2,141
HIN	197
RAN	101
Referral for investigation	60
Total	2,499

Source: FSA operations annual report 11/12

Controls and enforcement actions at local authority approved meat premises are included in the registered food businesses data.

8) Radioactivity monitoring

Data on the radioactivity monitoring programme are available from the Radioactivity in the Food and Environment (RiFE) report at;

<http://www.food.gov.uk/science/research/radiologicalresearch/radiosurv/rife/>

9) Data supplied by Defra and associated delivery partners

The following data has been provided by Defra and their associated delivery partners for use in the impact assessment. The data are presented by control area.

a) Aquatic Health controls

2,332 official controls (2012/13) including the statutory inspection of aquaculture production businesses, disease surveillance and health certification for export purposes. Those controls resulted in 206 instances of non-compliance. Data for Scotland was not available at the time of production but will be incorporated at a later date.

b) Beef labelling

Compulsory beef labelling requirements in establishments for which the Food Standards Agency is responsible for enforcement of the hygiene regulations - 1,239

inspections were completed in the year 2012/13 by the Rural Payments Agency in England and Wales. 610 cases of non-compliance were found.

Using data from the Multi-Annual National Control Plan for 2011, there were 48 inspections by Scottish Government with 6 revisits and 96 inspections by DARD with 8 revisits.

c) Protected food names

Data for official controls at producer level and at point of sale to ensure compliance with protected registered names are not available. Most controls are carried out by local authority trading standards officers and are, therefore, covered in the data presented for registered food businesses above.

d) Veterinary Medicine Directorate (VMD) specified feed additives

There were 411 inspections and approvals of manufacturers and distributors of specified feed additives, and/or veterinary medicinal products in 2012/13. 304 were found not to be fully compliant, which resulted in 71 formal reports and one seizure notice. Data for Northern Ireland were not available at the time of preparation.

e) Organics

6,793 official controls were undertaken by Defra approved control bodies throughout the UK in 2012 to verify compliance with the regulations. 4,813 instances of non-compliance were detected in the same time period.

f) Animal health and welfare

Data on official controls by the Animal Health and Veterinary Laboratories Agency (AHVLA) are taken from the 2011 Multi-Annual National Control Plan annual report for the EU (chapter 5³⁸) In summary, these controls include;

- Animal identification
- Bovine Tuberculosis
- Exotic animal disease
- Animal by-products
- Zoonoses
- Animal welfare
- Wildlife licencing
- Poultry meat marketing
- Border controls

Individual areas within the controls listed above would be considered as 'other official activities' as defined in the proposal (Article 2 (2)) For the purposes of the impact assessment, the following activities are considered to be other official activities and are, therefore, excluded from full cost recovery;

- Bovine TB testing
- Approval of quarantine premises for exotic animal diseases
- Anthrax controls
- Brucellosis controls
- Additional control activities for zoonoses

³⁸ <http://www.food.gov.uk/multimedia/pdfs/enforcement/ncp-2012>

Additional activities, such as licencing of pets into quarantine would be conducted on individuals and not businesses; therefore, these are also not considered. In addition, 5,943 primary production hygiene inspections in England in 12/13, were mainly organised by local authority officers to coincide with animal health and welfare checks.

g) National Feed Audit

2,254 inspections at all feed businesses were undertaken in 2012 monitoring compliance against the legislative requirements set out in Regulation (EC) 999/2001 on TSE controls. 2 non-compliances were identified during these inspections. Data for Northern Ireland were not available at the time of preparation.

h) Plant protection product controls

Data on sampling and monitoring programmes are considered in the sampling annex. In addition, the Chemicals Regulation Directorate (CRD) of HSE is responsible for controls on the marketing, storage and use of plant protection products and the Wildlife Incident Investigation Scheme (WIIS). Costs for these controls are presented in the cost annex.

As a result of controls carried out by CRD and through agency agreements, there were 79 investigations resulting from the WIIS scheme in 2012/13 and 41 resulting from controls on the sale and supply of plant protection products. Outcomes from these investigations included warning letters, advice and prosecution.

i) Plant health and plant reproductive materials

Data provided by the Food and Environment Research Agency on official controls for 2012/13 is as follows;

- 13,500 phytosanitary certificates
- 2,185 inspections of premises for plant passports
- 212 inspections of premises for plant health licences
- 2,506 inspections of seed potatoes
- 88,000 import checks
- 2,506 seed inspections

Annex 2 – Official control sampling costs

Where sampling programmes are undertaken under a contract, the costs presented below are those of the contract. In certain areas, however, the cost of the sampling has been calculated based on known sample numbers.

The cost of a sample can vary from approximately £50 for certain microbiological tests to over a £1,000 for certain chemical analyses. Assumed costs per sample type are noted below. 2 hours per sample has been assumed and the cost calculation uses the same method and data as per staff time calculation (including overhead multiplication)

Sector	Cost
Animal Feed	£2,872,421
Dairy	£104,000
Imports	£1,918,600
Shellfish	£1,316,810
FBOs	£13,059,612
Meat	£450,893
Radioactivity monitoring	£2,160,000
Aquatic health	£429,000
Veterinary medicine residues	£4,000,000
Feed additives (excluding specified feed additives)	£2,500
Organics	£217,000
National feed audit	£507,090
Plant protection products	£2,525,321
Total	£29,563,247.00

1) Animal feed

Samples = 8,453 samples³⁹

Cost per sample = £341⁴⁰

Sample cost = £2,746,055.71

Sample visits = 3,406

Cost for collection = £37.10⁴¹

Collection cost = £126,365.73

Total cost = £2,872,421.44

2) Dairy

Raw milk sampling programme cost to the FSA was **£22,000** for 2011/12. Costs of analysis in Northern Ireland for primary production sampling are **£82,000**.

³⁹ Uses same method as outlined in previous annex for calculating number of official controls

⁴⁰ Average sample cost for 2012/13 FSA animal feed sampling grants

⁴¹ Hourly salary of TSO with assumption of 2 hours' work multiplied by 1.3 for overheads. Taken from ASHE survey.

ONS AHSE can be accessed via: <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1951>

3) Imports of feed and food

POAO	Samples	Sample cost	Total cost
Microbiological	258	£100	£25,800
Chemical/Composition	1,382	£250	£345,500
Other	119	£200	£23,800
Total	1,759		£395,100

Source: LAEMS data for 2011/12

FNAO	Samples	Sample cost	Total cost
Microbiological	371	£100	£37,100
Chemical/Composition	4,672	£250	£1,168,000
Other	1,592	£200	£318,400
Total	6,635		£1,523,500

Source: LAEMS data for 2011/12

Certain foods are subject to specific import EU additional control measures due to the increased risks associated with their production. Samples taken will be included in the totals above but are set out separately below as this element is charged to industry whilst general FNAO is not

EU control measures	Samples	Sample cost	Total cost
669 controls	2,709	£250	£677,250
1152/2009	306	£250	£76,500
Fukushima	296	£250	£74,000
Plastic kitchenware	111	£250	£27,750
GM rice from china	126	£250	£31,500
Fisheries products	196	£200	£39,200
Guar gum	29	£200	£5,800
Melamine	158	£230	£36,340
Total	3,931		£968,340

Source: TRACES for 669 and plastic kitchenware controls

The numbers of samples taken for the remainder of the EU additional control measures are extrapolated from the physical checks percentage in each separate piece of legislation. Costs associated with collecting the sample are included in charges levied at import and are included in the total cost calculation

The total sampling cost at import is **£1,918,600**

4) Shellfish

Samples 2012/13	E&W	NI	S	Total
Biotoxins	2,570	401	2,848	5,819
Phytoplankton	971	542	1,024	2,537
<i>E. coli</i>	3,298	377	1,883	5,558
Chemicals	N/A ⁴²	19	56	75
Total	6,839	1,339	5,811	13,989

Source: FSA contract officials in each office

Costs of analysis are included within the official control cost annex (Annex 1), however, the cost of collecting samples in England, Wales and Northern Ireland is borne by local authorities or other departments. In Scotland a contract for sample collection is in place and this can be used to extrapolate a cost of £94.13 per sample. When applied to the total number of samples taken, the cost of collecting shellfish samples in the UK is **£1,316,810.02**

As with sampling at registered food businesses, funding for *E. coli* sampling comes from public health department allocations.

5) Food sampling (Registered food businesses)

The sampling data collected by LAEMS will also include samples taken at approved dairy, fish, shellfish and meat production facilities.

Local authority	Analyses	Sample	Total cost
Microbiological	55,546	£100	£5,554,600.00
Other contamination	4,432	£250	£1,108,000.00
Composition	18,219	£200	£3,643,800.00
Labelling and	11,879	£100	£1,187,900.00
Other	2,105	£200	£421,000.00
Total	92,181		£11,915,300.00

Source: LAEMS data for 2011/12

Using data for sample visits from LAEMS 11/12, the following collection costs have been calculated.

Local authority sample	Visits	Visit cost	Total cost
Hygiene	19,266	£45.16 ⁴³	£865,082
Standards	7,526	£37.36	£279,230
Total	26,792		£1,144,312.00

The total cost of food sampling by local authorities at registered and approved food businesses is **£13,019,954.20**

Funding for this sampling comes from a variety of sources, including local authorities' own budgets, grant funding from the FSA or other departments and sampling allocations from public health departments.

⁴² Sampling will commence in 13/14

⁴³ Hourly salary of EHO with assumption of 2 hours' work multiplied by 1.3 for overheads

6) Meat

Samples are taken at FSA approved meat plants for a number of different official controls regimes and bodies such as VMD and Defra. The costs of FSA sampling are included in the charges made to industry with the exception of *Trichinella* surveillance in Northern Ireland and 100% testing for bute. A policy decision was taken by the FSA to increase bute testing to 100% from January 2012 and these costs were not included in the charges to industry for 2012/13.

The additional costs for sampling are;

- *Trichinella* surveillance in Northern Ireland - £14,893.00⁴⁴
- 100% testing for phenylbutazone (bute) – £436,000⁴⁵

Campylobacter in broiler sampling is included in animal health and welfare costs below.

7) Radioactivity monitoring

The cost to the FSA of the radioactivity monitoring programme is **£2,160,000**

8) Data supplied by Defra and associated delivery partners

a) Aquatic health controls

The approximate cost of official control sampling for diagnostic testing for fish diseases in England, Wales and Northern Ireland is **£429,000**

b) Surveillance for residues of veterinary medicines

The cost of the veterinary medicine surveillance programme in food and food producing animals run by the Veterinary Medicines Directorate (VMD) is approximately **£4 million** per annum of which £300,000 is administrative costs.

Approximately 150 cases of non-compliance are discovered each year, which are followed up by farm inspections.

c) Surveillance for banned antibiotic growth promoters

Sample costs for this VMD programme were approximately **£2,500** in 2012/13

d) Organics

686 samples were taken in 2012. Assuming a cost of £150 per sample (and that collection and overhead costs would be included in the cost of an inspection) results in a cost of **£102,900**

e) Animal health & welfare

Data for sampling and analysis undertaken for animal health and welfare controls is included within the total cost for these controls

⁴⁴ Source: FSA Northern Ireland

⁴⁵ Source: FSA operations group

f) National feed audit

5,329 feed samples were collected for analysis in 2012 at an approximate cost of **£507,000**

g) Monitoring of plant protection products in food and formulations

In 2012, 3,657 samples were collected for monitoring as generally required by Regulation 396/2005. The monitoring by the Chemical Residues Directorate (CRD) costs on average **£2,431,385** per annum using data between 2009 and 2012. Formulations monitoring by CRD costs an additional **£90,000**.

h) Plant health and plant reproductive material

Data for sampling and analysis undertaken for plant health and plant reproductive material controls is included within the total cost for these controls as detailed in annex 3 as it cannot be separated.

Annex 3 – Official controls, charging and non-compliance

Control sector	Official controls	Sampling	Total cost	Charged	Portion of total cost associated with non-compliance
Animal Feed	£3,270,465	£2,872,421	£6,159,637		£408,296
Dairy	£1,553,000	£104,000	£1,657,000	£17,000	£386,615
Egg	£52,000		£52,000.00		£4,842
Imports	£15,018,128	£1,918,600	£16,936,728	£10,290,098	£2,617,224
Shellfish	£4,974,756	£1,316,810	£6,291,566		£538,015
FBOs	£25,209,548	£13,059,612	£38,269,160		£4,341,380
Meat	£68,046,000	£450,893	£68,496,893	£31,686,000	
Radioactivity monitoring		£2,160,000	£2,160,000	£1,780,000	
Farm hygiene inspections	£326,865		£326,865		
Aquatic health	£207,000	£429,000	£636,000		£53,042
Veterinary medicine residues		£4,000,000	£4,000,000	£4,000,000	
Beef labelling	£454,105		£454,105		£106,876
Feed additives	£217,500	£2,500	£220,000	£220,000	£0
Organics	£2,283,000	£217,000	£2,500,000		£1,000,000
Animal health and welfare	£8,275,323		£8,275,323	£2,379,000	£827,532
National feed audit	£236,760	£507,090	£743,850		£2,626
Plant protection products	£972,970	£2,525,321	£3,498,291	£1,789,071	£460,906
Plant Health	£7,250,000		£7,250,000	£4,640,000	£725,000
PRM	£3,400,000		£3,400,000	£2,000,000	£340,000
Approvals and authorisations	£53,260		£53,260	£5,640	
Total	£141,800,681	£29,563,247	£171,380,679	£58,848,253	£11,812,355

1) Animal Feed

Official controls	Numbers	Time for control (Hr)	Salary	Overheads	Total cost
Inspections	32,922	5	14.27	1.3	£3,053,680.11
Revisits	2,337	5	14.27	1.3	£216,785.32
Total	35,259				£3,270,465.43

Based on the calculated number of required inspections and revisits (see annex 1) and assuming 5 hours per visit, the total cost for animal feed inspections is **£3,270,465.43**

Using revisits as a proxy for official controls in the event of non-compliance, the cost is £216,785.32 for controls and applying the same ratio to the sampling costs gives a sum of **£408,296**

The approval of certain feed establishments is carried out by LAs on behalf of the FSA (and by DARD in NI). LAs collect a set fee. The fee for a manufacturer placing a product on the market is £451 and for a supplier placing a product on the market it is £226. Assuming 10 manufacturer and 5 supplier approvals⁴⁶ per year, the total cost charged to industry is **£5,640** (this total has been included in the approvals and authorisations line of the table above)

2) Dairy & eggs

The cost for dairy hygiene controls in the UK for 11/12 was **£1,553,000** and **£52,000** for egg hygiene. These totals do not include data for Scotland as these controls are carried out by LAs and the data will be included in the calculation for food businesses below. The costs for egg hygiene controls in Northern Ireland are part of the dairy hygiene total.

Again, using revisits/follow-ups as a proxy for official controls in the event of non-compliance, results in a cost of **£386,614.88** for dairy hygiene and **£4,842.11** for egg hygiene.

Fixed fees totalling **£17,000** during 2011/12 were charged to industry for the sampling of raw drinking milk.

3) Fish

Controls and enforcement actions at local authority approved fish processors, including non-compliance are included in the registered food businesses data.

Charges based on EU minima are levied by some authorities and at some ports for landing and first sale of fish and fishery products. Charges are also applicable for fish processors. We do not have sufficient data to quantify the scope of applicable charges, nor the quantity that is currently charged to industry.

⁴⁶ Separate calculation to local authority approvals

4) Imports and exports

Costs for checks on POAO at import are based on EU set minima as follows;

EU minima	Charges
Up to 6 tonnes	EUR 55
Per tonne (up to 46 tonnes)	EUR 9
>46 tonnes	EUR 420

The net weight of POAO imports into the UK from third countries during 2011 was 565,374,376kgs and 556,049,556kgs in 2012. Using the average of the two and applied to the total POAO consignments of 58,421 in 2011/12 gives us an average of 9,597.78kgs per consignment. Based on the EU minima, this totals EUR 5,316,311.00 (**£4,518,864.35**⁴⁷). This method does not account for variation in consignment sizes.

Costs for checks on FNAO at import have been taken from published charges by PHAs as follows;

Official control checks	Charges ⁴⁸
Documentary	£50
Identity	£60
Physical	£100

When applied to the number of FNAO checks conducted during 2011/12, the costs are **£7,882,040**

Rejected and destroyed consignments have been used to calculate costs associated with non-compliance. Fixed charges are made at port for non-compliant consignments, including a per kg rate for destruction. Using published figures by PHAs, costs of £130 per non-compliant consignment and 50p per kg for destruction have been assumed.

POAO	Total	Charge	Total cost
Rejected consignments	720	£130	£93,600
Re-exported	264	included in charge	
Transformed	1	included in charge	
Destroyed	447	0.50 per kg	£2,145,104.06 ⁴⁹
Total	1,432		£2,238,704.06

FNAO	Total	Charge	Total cost
Non-compliance	604	£130	£78,520
Destruction	300	0.50 per kg	£300,000 ⁵⁰
Total	904		£378,520

Costs associated with non-compliance are, therefore, **£2,617,224.06**

The total cost for import controls is, therefore, **£16,936,728.41**.

⁴⁷ Conversion rate of EUR 1 = £0.85

⁴⁸ Charges at import include staff time and overhead costs

⁴⁹ Using same consignment weight calculated for charges

⁵⁰ 2,000kgs per consignment has been assumed

Industry is charged for costs associated with POAO and consignments subject to additional control measures. By applying the same charges above to the numbers of official control checks for consignments subject to emergency measures, the cost charged to industry is **£3,137,430.00** for additional control measures and **£7,152,668.41** for POAO.

Costs for the issuing of export health certificates for products of animal origin, plants and plant reproductive material are contained within the specific sectors below.

5) Meat

The total cost of official controls at FSA approved meat plants in 2012/13 was **£68,496,893.20** of which **£36,149,000** was charged to industry.

It is not possible to distinguish costs associated with official controls from those associated with the investigation of non-compliance.

6) Registered food businesses

Hygiene	Inspections and audits	Time	Salary	Total cost (inc overheads)
Primary producers	1,068	5	17.27	£119,888.34
Manufacturers and Packers	10,285	7	17.27	£1,616,359.75
Importers/Exporters	300	1	17.27	£6,735.30
Distributors/Transporters	2,594	3	17.27	£174,713.68
Retailers	48,991	1	17.27	£1,099,896.94
Restaurants and Caterers	214,165	3	17.27	£14,424,655.25
TOTAL	277,403			£17,442,249.25

Standards	Inspections and audits	Time	Salary	Total cost (inc overheads)
Primary producers	664	5	14.27	£61,589.32
Manufacturers and Packers	7,014	7	14.27	£910,817.00
Importers/Exporters	561	1	14.27	£10,407.11
Distributors/Transporters	1,210	3	14.27	£67,340.13
Retailers	31,241	1	14.27	£579,551.79
Restaurants and Caterers	58,604	3	14.27	£3,261,488.41
TOTAL	99,294			£4,891,193.76

	Cost of inspections and audits
Hygiene	£17,442,249.25
Standards	£4,891,193.76
Total	£22,333,443.01

The same method as above has been used for calculating the costs associated with verification and surveillance visits. The duration of such official controls is shorter than inspections or audits, therefore, the time assumptions have been halved for the calculation.

	Cost of verification and surveillance
Hygiene	£2,573,603.03
Standards	£302,502
Total	£2,876,105.03

Using non-compliance rates for each of the food business types above (calculated from Hygiene Rating Scores of 0 – 2) results in costs for official controls associated with non-compliance of;

Premises	Non-compliance rate⁵¹
Primary producers	0.03
Manufacturers and Packers	0.10
Importers/Exporters	0.07
Distributors/Transporters	0.05
Retailers	0.10
Restaurants and Caterers	0.11
Total	0.15

	Non-compliance
Hygiene	£2,363,252.30
Standards	£610,786.46
Sampling	£1,367,341.33
Total	£4,341,380.09

For sampling, the rate of non-compliant results (10.47%) was used to calculate costs.

7) Shellfish

Costs for official controls at shellfish beds, production areas and depuration plants are based on the values of the service level agreements or contracts in place to conduct the necessary controls. For the UK, this totals **£4,951,915.31**

Costs related to non-compliance at approved shellfish premises will be included in the registered food business calculation.

For the purposes of shellfish beds, 72 closures in a year out of 669 beds/harvesting areas (10.76%) has been applied to the sum total of sampling contracts and collection costs as

⁵¹ Data from FHRS database as of 05/06/2013

these are the principal official controls resulting from non-compliance. This results in costs from non-compliance of £536,536.26

8) Farm hygiene inspections

FSA in England pays LAs £55 per hygiene inspection at a primary producer. Using the total of 5,943 per inspection totals **£326,825**. This cost is for inspection only and, therefore, does not include a portion for non-compliance.

Costs of farm hygiene inspections in Northern Ireland are included in the enforcement total in section 2 above.

9) Data supplied by Defra and associated delivery partners

j) Aquatic Health controls

The approximate costs for these controls in 2012/13 was **£636,000**

Using the ratio of non-compliances (206) to number of official controls (2,332) results in a total of **£53,042** applicable to non-compliance. This data does not include Scotland.

k) Beef labelling

Approximate costs for administering the beef labelling controls is **£337,838** per annum in England and Wales, however, these costs do not consider support and overhead costs, therefore using the 30% overhead consideration from the standard cost model results in a total cost of **£439,189.40**.

At the end of the inspection year (12/13), the most recent RPA inspection for 24% of operators in England and Wales was unsatisfactory. The costs for non-compliance are assumed, therefore, to be **£105,405.46**

For Scotland and Northern Ireland, assuming 5 hours per inspection, and using the average hourly wage for a trading standards officer results in costs of **£4,800** and **£10,000** respectively. Non-compliance costs are based on the number of revisits and total **£1,500**.

l) Protected food names

Data for official controls at producer level and at point of sale to ensure compliance with protected registered names are not available. Most controls are carried out by local authority trading standards officers and are, therefore, covered in the data presented for registered food businesses above.

m) Veterinary Medicine Directorate (VMD) residues and specified feed additives

Costs of the residue surveillance programme are **£4 million** (see sampling annex)

The approximate cost of specified feed additives inspections in 2012/13 was **£220,000**. None of the reported non-compliances required further formal action, therefore, this cost is assumed to be zero.

VMD recovers 100% of costs via charges to industry.

n) Organics

Approximate costs for organic inspection and controls systems in the UK are between £2 and £3 million per annum. These figures have been calculated on the basis of the largest two control bodies representing 78% of operators in the UK. The largest control body (representing 55% of operators) spends in the region of £1.5million per annum. The second largest (22% of operators) spent £364,000 in 2011/12.

A total of **£2.5 million** has, therefore, been used for the impact assessment. The large number of non-compliances found (4,813 non compliances resulting from 6,793 inspections in 2012) results in a large proportion of this cost that could be attributed to the investigation of non-compliances. For the purposes of the impact assessment, **£1 million** has been assumed.

o) Animal health and welfare

Approximate costs for the separate animal health official control areas are;

- Animal identification - £2,054,599
- Exotic animal disease - £556,473
- Animal by-products - £1,965,328
- Zoonoses - £600,467
- Animal welfare - £501,985
- Wildlife licencing - £438,209
- Poultry meat marketing - £151,683
- Border controls - £2,006,559
- In total - **£8,275,373**

The approximate cost attributable to other official activities is **£23,947,283**

It is difficult to apportion costs related to non-compliance without delving into each individual area (each comprised of many different controls and costs) A rate of 10% has, therefore, been assumed for the purposes of the impact assessment giving a cost of **£827,537.30**

Full cost recovery is now in place in 7 statutory areas and totals **£2.379 million**⁵². Recovered costs from import checks are included in the import section above.

p) National Feed Audit

Approximate costs for the national feed audit were unavailable at the time of preparation, though sampling costs were provided (see sampling annex).

Following the standards cost model, we can use the number of inspections to all feed businesses (2,254), the hourly salary of a trading standards officer from ASHE 2011 (£16.16), assume 5 hours per inspection and overheads (30%) to calculate costs of **£236,760.16**

⁵² <http://www.defra.gov.uk/ahvla-en/tests-and-services/charges-for-ahvla-services/>

Two non-compliances were found at businesses and 23 non-compliant samples. Assuming each one required a follow-up inspection and using the same process as above gives costs associated with non-compliance of **£2,626**

q) Plant protection product controls

The costs of plant protection product controls (including sampling and monitoring programmes) are **£3.5 million**. No charge is made to the food or feed industries for these controls, however, costs are part recovered from the plant protection product industry. This was **£1.8 million** for 2012/13.

CRD costs for following up non-compliance and enforcement were **£460,906**.

Data on plant protection product equipment testing controls are not included in the cost calculations as the inspection regime will not be rolled out until 2016. Data from an impact assessment published by the CRD⁵³ are that estimated cost would be 12.2 million per year followed by an annual cost to industry of 8.5 million (based on a 3 years inspection cycle) If the frequency of testing increased then this cost would increase proportionally however it is not currently possible to determine if this is intended.

r) Plant health and plant reproductive materials

Approximate costs for plant health controls are **£7.25 million** and **£3.4 million** for plant reproductive materials. Data on non-compliances are unavailable, therefore, a rate of 10% has been assumed as with animal health controls above.

Costs for non-compliance are, therefore, **£0.725 million** and **£0.34 million** respectively.

Although Defra are moving towards full cost recovery for these controls over the next three years, current income from charges are approximately **£4.64 million** for plant health controls and **£2 million** for plant reproductive material controls.

Similar charging systems operate in Scotland and Northern Ireland where the objective is to achieve full cost recovery. This data is being sought and will be included when available.

10) Business approvals and authorisations

The number of premises approved by LAs (DARD in NI for some businesses) for products of animal origin as required by Regulation (853/2004) is 5,326⁵⁴; however, these premises may have multiple approvals. Assuming a turnover of 10% for approved food or feed premises within any given year results in a cost of **£53,260**.

Authorisation for plant health controls and seed producers/marketing operators takes the form of inspections, which are already included in cost calculations (9i) above as are additional costs associated with granting authorisation.

⁵³ <http://www.legislation.gov.uk/ukxi/2012/1657/impacts>

⁵⁴ Source: approval lists on FSA website <http://www.food.gov.uk/enforcement/sectorrules/>

Annex 4 – Calculation of micro exemption

1. Contained within the proposals are the extension of the current charging regime to the recovery of full costs for all official controls (including the removal of the minima in place for meat, fish and imports) and the mandatory exemption of micro-enterprises except in cases of non-compliance.
2. Table 1 details the sources of data and methods used to calculate the percentage of businesses potentially included within the scope of the EC micro-enterprise definition and, where available, percentage of total turnover accounted for by micro-enterprises.
3. Data from the Inter-Departmental Business Register⁵⁵ and Business Population Estimates⁵⁶ were used to generate approximate percentages, which were then applied to the total cost.
4. The principle limitations to the use of Business Population Estimates (BPE) or Inter-Departmental Business Register (IDBR) in this manner are that the extrapolation to the definition of micro is based on employees only and does not include the consideration of turnover. This may have an impact on the results for farms as some may have a large turnover due to cost of land.
5. Individually;
 - The BPE is for employers not establishments, therefore, will not account for large multiple establishment businesses such as retail chains. It also does not include the public sector, therefore, has only been used for those sectors with limited public sector involvement. BPE does, however, allow an extrapolation for percentage turnover
 - IDBR counts enterprises, which are not necessarily individual establishments and does not include estimations of unregistered businesses
6. The ONS Annual business survey data is on a GB basis and does not include finance, insurance and most of agriculture sector. It also categorises businesses as micro based on staff numbers only, not considering business turnover.
7. Where available, turnover data for micro-enterprises (based on employees only) from BIS BPE has been used as a more accurate proxy of costs attributable to micro-enterprises. This is because larger businesses, in the main, will consume more official cost resources.
8. The results of these limitations are that the percentages used to determine micro-enterprise numbers will in all likelihood be slightly higher than in reality. In certain cases, lower percentages have been assumed and these are noted below the table

⁵⁵ <http://www.ons.gov.uk/ons/about-ons/who-we-are/services/unpublished-data/business-data/idbr/index.html>

⁵⁶ <https://www.gov.uk/government/organisations/departement-for-business-innovation-skills/series/business-population-estimates>

9. The exemption for micro-enterprises is only for those costs incurred during official controls not related to non-compliance. Costs calculated for non-compliance have, therefore, been excluded from the calculations.

Table 1: FBO Micro-businesses as a Percentage of All FBO Businesses.

Control sector	%age micro	%age turnover	Source
Animal Feed	95.20%		BIS BPE
Dairy	95.56%	66.12%	BIS BPE
Egg	95.56%	66.12%	BIS BPE
Fish (vessels)	98.25%	70.49%	Seafish fleet economic report ⁵⁷
Imports	66.67%		HMRC ⁵⁸
Shellfish	85.96%	10.75%	BIS BPE
FBOs	85.50%		IDBR
Meat	17.9%		FSA Finance team
Farm hygiene	95.56%	66.12%	BIS BPE
Aquatic health	85.96%	10.75%	BIS BPE
Veterinary medicine residues	70%		BIS BPE
Beef labelling	25%		N/A
Feed additives	53.33%		BIS BPE
Organics	89.75%		BIS BPE
Animal health and welfare	95.56%	66.12%	BIS BPE
National feed audit	92.80%		BIS BPE
Plant protection products	93.66%	58.43%	BIS BPE
Plant Health	60.00%		DEFRA
PRM	60.00%		DEFRA
Approvals	58.72%		BIS BPE
Authorisations	90.00%		DEFRA

10.1) Animal Feed

95.20% of businesses registered or approved for animal feed hygiene could be eligible for the exemption. Incomplete data in the BPE does not permit us to calculate this as a percentage of turnover, however, micro-enterprises will not account for 95.20% of the total cost of official controls. The animal feed manufacturing sector has a small number of large manufacturers who will consume more of the total resource than their percentage of the sector. For the purposes of our calculation, therefore, we have assumed that 80% of the total costs official controls resource is expended on micro-enterprises.

10.2) Dairy & eggs

Using animal production and mixed farming as a proxy for dairy and egg businesses, data from the BPE identifies 66.12% of the total sector turnover generated by micro-enterprises.

⁵⁷ [http://www.seafish.org/media/publications/2011 Economic Survey of the UK Fishing Fleet.pdf](http://www.seafish.org/media/publications/2011_Economic_Survey_of_the_UK_Fishing_Fleet.pdf)

⁵⁸ <https://www.uktradeinfo.com/Pages/Home.aspx>

10.3) Fish

70.50% of the value of the UK fishing fleet economy relates to vessels that may be considered micro-enterprises. Because we do not have sufficient data to calculate total official control costs, however, we cannot apply to micro exemption to assess its impact.

10.4) Imports

Using ONS survey data, approximately two thirds of importing businesses may be eligible for an exemption based on micro-enterprise status.

10.5) Shellfish

Using data for aquaculture, 85.96% of the businesses may be considered micro, accounting for only 10.75% of the total sector turnover. The majority of official controls, however, take place at shellfish beds rather than manufacturers or processors. Controls at processors are included in the calculations for registered food businesses; therefore, the figure of 85.96% is considered more representative given that the majority of gatherers are individuals.

10.6) Registered food businesses

Because IDBR does not necessarily account for multi-establishment businesses such as retail chains and that a small number of large manufacturers will account for a greater proportion of resources than multiple smaller businesses, the IDBR percentage of 85.50% has not been used.

Using data from BPE, 52% of the total sector turnover of specialised food retail businesses⁵⁹ (considered a better proxy than general retail, which will include many high value non-food items) and 28% of turnover from catering⁶⁰ are attributed to micro-enterprises. For the purposes of the impact assessment, a value of 70% has been assumed for official control resources expended on micro-enterprises.

10.7) Meat

Using plant population data supplied by FSA finance as a more accurate estimate of those businesses likely to be classified as micro, we have used a value of 17.9%.

10.8) Farm Hygiene Inspections in England

Using animal production and mixed farming as a proxy for farm liable for a hygiene inspection, data from the BPE identifies 95.56% of the total businesses as potentially micro-enterprises generating 66.12% of the total sector turnover. Because the cost associated with farm inspections is a per inspection cost of £55, regardless of size, we have used the percentage of businesses rather than turnover to calculate costs.

10.9) Aquatic health controls

Using data for aquaculture, 85.96% of the businesses may be considered micro, accounting for only 10.75% of the total sector turnover.

10.10) Veterinary medicine residues

Using data for farms and slaughterhouses, where the majority of the sampling is conducted, results in 93.32% of businesses being classed as micro. A high proportion of

⁵⁹ SIC code 472

⁶⁰ SIC codes 561, 562 and 563

samples are taken from production rather than farms, therefore, we consider a percentage of 70% to be more accurate.

10.11) Beef labelling

Official controls take place in abattoirs, cutting plants and catering butchers. Lowest quartile was used for these businesses when apportioning the costs of meat controls to micro-businesses, therefore, using the same principle, 25% of the costs of beef labelling controls can be considered as applying to micro-enterprises.

10.12) Feed additives

Using data for feed manufacturers, 53.33% of businesses could be considered as micro-enterprises.

10.13) Organics

Official controls take place at producers, processors and importers of organic food/feed at least once a year to verify compliance. Using BIS BPE data, 89.75% of businesses could be considered to qualify as micro.

10.14) Animal health and welfare

The same data based on BIS BPE data as used for animal feed controls and farm hygiene inspections have been applied to the animal health and welfare controls.

10.15) National feed audit

The same data and assumptions have been used as for animal feed in 2.1 above.

10.16) Plant protection products controls

Plant protection product controls are split between farms and the pesticide industries. The applicable SIC codes (011, 012, 014, 015 and 202) from BIS BPE have, therefore been used to determine an approximation of businesses that could be classified as micro-enterprises.

10.17) Plant health and plant reproductive materials

Based on conversations with Defra, who are responsible for the official controls for plant health and plant reproductive materials in England and Wales, approximately 60% of businesses operating in the sector could be considered as micro-enterprises.

Data for Scotland and Northern Ireland is being gathered and will be included when available.

10.18) Approvals and authorisations

We have used 3,128 as the starting number of businesses requiring approval under EC 853/2004 with 58.72% potentially qualifying as micro based on SIC codes.

Costs for plant health and plant reproductive material authorisation are included in 2.17 above.

Table 2: Current Charge Attributable to Micro Businesses

Control sector	Current Charge to All Businesses (UK Agri-Food Industry)	Share (£) of Current Charge Attributable Micro Businesses	Percentage (%) of Current Charge Attributable Micro Businesses
Animal Feed	£0	£0	0%
Dairy	£17,000	£11,240	66%
Egg	£0	£0	0%
Imports	£10,558,582	£7,039,407	67%
Shellfish	£0	£0	0%
FBOs	£0	£0	0%
Meat	£31,686,000	£9,752,218	31%
Radioactivity	£1,780,000	£0	0%
Farm hygiene inspections	£0	£0	0%
Aquatic health	£0	£0	0%
Veterinary medicine residues	£4,000,000	£2,800,000	70%
Beef labelling	£0	£0	0%
Feed additives	£220,000	£117,326	53%
Organics	£0	£0	0%
Animal health and welfare	£2,379,000	£1,572,995	66%
National feed audit	£0	£0	0%
Pesticide residues	£1,562,031	£912,640	58%
Plant Health	£4,640,000	£2,784,000	60%
PRM	£2,000,000	£1,200,000	60%
Approvals and authorisations	£5,640	£3,312	59%
Total	£58,848,253	£26,193,137	45%

Annex E – List of interested parties

2-Sisters Food Group
A B Agri
Abacus Organic Services Ltd
ABP food group
Aconbury Sprouts

ADAS
ADM Milling Ltd
Advisory Committee on Organic Standards
AFBI
Agri- Food Strategy Board
Agricultural Engineers Association (AEA)
Agricultural Industries Confederation
Agriculture and Horticulture Development Board
Agri-Food and Biosciences Institute for Northern Ireland
AHVLA
AIC Ltd
Air Conditioning and Refrigeration Industry Board
Airline Operators Committee for Cargo
Alan Turner Consultancy
Allergy Northern Ireland
Allied Bakeries Ltd

Allied Technical Centre
American Peanut Council

Amphibian and Reptile Conservation
Angling Trust

Anglo Beef Processors

Anglo-North Irish Fish Producers Organisation
Angus Council Trading Standards
Animal and Reptile Conservation
Animal Defenders International
Animal Health and Veterinary Laboratories Agency
Animal Health and Welfare Board for England (AHWBE)

Animal Health and Welfare Strategy Steering Group (Wales)
Animal Health Distributors Association (UK) Ltd

Animal Health Trust
Animal Transportation Association
Antrim Hills Spring Water Co Ltd
APB
Approved Livestock Identification Manufacturers Association (ALIDMA)
Aquaculture Initiative NI
Ards Borough Council
Arla Foods
Armagh City and District Council
Artisan Biscuits Limited
Asda Stores Ltd
Asia Supermarket
Aspall Cyder Limited
Assentra Ltd

Associated British Foods plc.
Association of Chief Trading Standards Officers
Association of Convenience Stores
Association of Independent Meat Suppliers
Association of Meat Inspectors (UK) Ltd
Association of Port Health Authorities
Association of Private Pet Cemeteries & Crematoria (APPCC)
Association of Public Analysts
Association of Registered Incinerator Operators (ARIO)
Association of Scottish Shellfish Growers
Association of Show & Agricultural Organisations
Association of Unpasteurised Milk Producers and Co
Association of Veterinarians in Industry
Atlantic Salmon Trust
Badger Trust
Bakkavor Group UK
Ballyrashane CA and DS Ltd

Barbour EHS

Barfoots of Botley Ltd
Barrow Lane and Ballard Ltd

Bartlett Media Ltd	British Association for Shooting and Conservation
Basildon Chemical Company Ltd	British Association of Feed Supplement & Additive Manufacturers Ltd
Bat Conservation Trust	British Beekeepers Association
Battersea Dogs and Cats Home	British Beer and Pub Association
Bayer HealthCare AG	British Blonde Society
Beck & Scott Ltd	British Blue Cattle Society
Bee Farmers Association	British Bottled Water Producers (BBWPA)
Bee Health Ltd	British Cattle Breeders' Club
Beechwood Laboratories	British Cattle Veterinary Association
Bernard Matthews Farms Ltd	British Chambers of Commerce
Berry Ottaway and Associates Limited	British Charolais Cattle Society
Besana UK Ltd	British Coatings Federation
BEUC - The European Consumers Organisation	British Coffee Association
BFP Wholesale	British Council Movement Service
Biodynamic Agricultural Association	British Dairy Consortium
Biotechnology & Biological Sciences Research Council	British Deer Farmers Association
Birdlife International	British Deer Farms and Parks Association
Birds Eye Ltd	British Deer Society
Blue Cross	British Deer Society
Blue Diamond (CP) Ltd	British Ecological Society
BMA Scotland	British Egg Industry Council
Boehringer Ingelheim	British Egg Information Service
Booker Ltd	British Equestrian Industry Council
Boots UK Limited	British Equestrian Trade Association (BETA)
Born Free Foundation	British Food Importers and Distributors Association
BPEX	British Free Range Egg Producers Association
Braehead foods	British Friesian Breeders Club
Braid Soft Drinks	British Frozen Food Federation
Brakes Group	British Fruit Juice Association
Brands2Life	British Goat Society
Brewers of Europe	British Growers' Association
Brighton & Hove City Council	British Honey Association
Bristol City Council Scientific Services	British Honey Importers and Packers Association
British Alpaca Society	British Horse Society
British and Irish Association of Zoos and Aquariums (BIAZA)	British Horseracing Society

British Hospitality Association	Campden BRI
British Independent Fruit Growers™ Association	Cardiff Scientific Services
British International Freight Association	Care Commission
British Leafy Salads Association	Cargill Europe Limited
British Limousin Cattle Society	Castlewood Farm Products Ltd
British Llama Society	Cat Group
British Meat Processors Association	Cats Protection League
British Medical Association	CCFRA
British Peanut Council Ltd	CEFAS
British Pharmacopoeia Secretariat	Central Association of Agricultural Valuers
British Pig Association	Centre for Agricultural Strategy
British Pigs Executive (MLC)	Centre for Environment, Fisheries & Aquaculture Science (CEFAS)
British Ports Association	Cereal Partner UK
British Potato Trade Association (BPTA)	Chamber of Shipping
British Poultry Council (BPC)	Chartered Institute of Environmental Health
British Poultry Federation	Chemical Business Association
British Retail Consortium	Chief Environmental Health Officers
British Sandwich Association	Chilled Food Association Ltd
British Society of Animal Science	Chinese Chamber of Commerce
British Soft Drinks Association Ltd	City of London Corporation
British Specialist Nutrition Association	Claymore Dairies
British Sugar plc.	Clearspring Limited
British Trout Association	Clwyd Young Farmers Club
British Veterinary Association	CMI Certification Ltd
British Veterinary Association (Scottish Branch)	Coarse Fish Farmers
British Veterinary Poultry Association	Coca-Cola Great Britain & Ireland
British Veterinary Zoological Society	Coca-Cola HBC Northern Ireland
British Wildlife Management	COCERAL
British Wildlife Rehabilitation Council	Coffee Science Information Network Limited
British Wool Marketing Board	College Mill Trout Farm
Britvic plc.	Combined Edible Nut Trade Association
Brookfield Foods Ltd	Comhairle nan Eilean Siar Trading Standards and Advice
Brown Brothers Ltd.	Community Foods Limited
Brown Swiss Cattle Society	Companion Animal Welfare Council
Business Services Association	Compassion in World Farming
CAFRE	Confederation of British Industry
Calder Millerfield Ltd	Confederation of the Food and Drink Industries in the EU
Cambridge Manufacturing Limited	Consumer Council for Northern Ireland
Cameron McKenna	Consumer Focus Scotland

Convention of Scottish Local Authorities
 Co-operative Group
 COPA-Cogeca
 Corporation of London
 COSLA
 Cottage Catering
 Council of National Beekeeping Associations UK
 Country Land and Business Association Ltd (CLA)
 Countryside Alliance
 Countryside Alliance Ireland
 Countryside Council for Wales
 CP Foods
 Craft Guild of Chefs
 Crop Protection Association
 Crown Chicken Limited
 Crown Packaging UK plc.
 Crowshall Veterinary Services
 Cuan Sea Fisheries Ltd
 Curleys Supermarkets Ltd
 Dairy Co
 Dairy Council
 Dairy Council for Northern Ireland
 Dairy Crest Group plc
 Dairy Development Centre
 Dairy Produce Packers Ltd
 Dairy UK
 Dairy UK - Scotland
 Dairy UK (NI)
 Dale Farm Dairies Ltd
 Dalehead Foods
 Danisco UK Limited
 Danish Agriculture & Food Council
 Danone Baby Nutrition UK
 Danone Group
 DARD AfIB
 DARD Chief Veterinary Officer
 DARD Deputy Secretary
 Deer Breeders South West England Ltd
 Defra - Animal Health
 Del Monte Foods (UK) Ltd
 Demos Ciclitira Ltd
 Denhay Farms Ltd
 Department for Business, Innovation and Skills
 Department for Environment, Food and Rural Affairs
 Department for International Development
 Department of Agriculture and Rural Development Northern Ireland (DARD NI)
 Department of Enterprise, Trade & Investment
 Department of Health
 Devon Cattle Breeders Society
 Devro plc
 DHSSPS
 Diageo
 Directors of Public Protection Wales
 Dogs Trust
 Domestic Waterfowl Club of Great Britain
 Donkey Sanctuary
 DSM Nutritional Products (UK) Ltd
 Duchy Originals Limited
 Dunbia
 Dungannon Meats (Dungannon)
 Dunnes Stores
 Ebrahimoff & Sons
 EC, DG Health & Consumers (SANCO)
 Eclipse Scientific Group
 EcoS Consultancy Ltd
 Edinburgh Scientific Services
 Edinburgh Smoked Salmon Company (1992) Ltd.
 Elanco Animal Health
 English Apples & Pears Ltd
 English Beef & Lamb Executive
 English Guernsey Cattle Society
 Environment Agency (EA)
 Equine Council for Northern Ireland
 Eurofins

European Association of Livestock Markets
 European Chemical Industry Council
 European Dairy Association
 European Fat Processors and Renderers Association
 European Federation of Food, Agriculture, and Tourism Trade Unions
 European Livestock and Meat Trading Union
 European Snacks Association / SNACMA
 EUWEP: European Union of Wholesale with Eggs, Egg Products, and Poultry and Game EWOS Ltd
 Exotic Farm Produce Ltd
 F Duerr & Sons Ltd

 F R Benson & Partners Ltd.
 Fairway Food Service plc
 Fallon-Currie Consulting
 Family Farmers' Association
 Fane Valley
 Fane Valley Co-Op Society

 Farm Animal Welfare Council
 Farm Crisis Network
 Farmers Union of Wales
 Farming & Wildlife Advisory Group
 FBE Services Limited
 Federation of Bakers
 Federation of British Wholesale Port Fish Merchant
 Federation of City Farms & Community Gardens
 Federation of Cocoa Commerce
 Federation of Fresh Meat Wholesalers
 Federation of Small Businesses
 Federation of the Retail Licensed
 Federation of Veterinarians of Europe
 Federation of Wholesale Distributors
 Feed Fat Association
 Felis Britannica
 Fish Veterinary Society
 Fisheries Conservancy Board for NI
 Flagship Fruit & Nut Limited

 Food & Environment Research Agency
 Food Additives & Ingredients Association
 Food And Drink Federation
 Food and Environment Research Agency

 Food Certification Scotland Ltd

 FoodChain Europe Ltd
 Food Chemical Risk Analysis (FCRA)
 Food Dialog Limited

 Food Industry (North) Development Services
 Food Innovation Institute (F2i)
 Food Microbiology, Fish Handling and Processing
 Food Safety Authority of Ireland
 Food Safety Promotion Board
 Food Solutions Publishing Ltd
 Food Storage & Distribution Federation
 Food Training & Consultants Company
 Foodchain and Biomass Renewables Association (FABRA)
 FOSFA International
 FPC/BRC
 Freedom Food Limited
 Fresh Potato Suppliers Association (FPSA)
 Fresh Produce Consortium
 Friends of the Earth UK, Ltd
 Frontier Agriculture

 Fuerst Day Lawson Ltd
 G McWilliam (Aberdeen) Ltd
 Game & Wildlife Conservation Trust
 Game Farmers Association (GFA)
 Garden Organic
 General Consumer Council NI
 George Milligan & Sons Ltd
 Gerald McDonald & Company Limited
 Gerber Foods
 Germinal Holdings
 Glanbia Foods
 Glasgow Metropolitan College

Glasgow Scientific Services
 Glasgow University Veterinary School
 Glaxosmithkline
 GMB Scotland
 Goat Veterinary Society
 Golden Cow Dairies
 Good4U
 Good4U
 Governing Council of the Cat Fancy
 Graig Producers
 Grain and Feed Trade Association
 Grampian Oat Products
 Greencore Group
 Grimsby Fish Dock Enterprises Ltd

 Group Chief Environmental Health Officers
 Growers NI

 Guide Dogs for the Blind Association
 H J Heinz Company Limited
 H R Higgins (Coffee-Man) Ltd
 Haemolytic Uraemic Syndrome Help
 Halal Food Authority
 Hall Mark Meat Hygiene Ltd
 Hallmark Meat Hygiene Ltd/ AA Duncan & Son

 Hapico

 Harper Adams University College
 Health & Sport Committee
 Health Food Manufacturers Association

 Health Nutrition and Research UK Limited
 Health Protection Scotland
 Heineken UK
 Helen Browning's Organics

 Hereford Cattle Society
 HFWI County Office

 Highfield.co.uk ltd
 Highland Drovers Ltd.
 Highland Game

 Hilton Belfast
 Holland & Barrett Retail Limited
 Holstein UK
 Home Grown Cereals Authority
 Honeycomb Company
 Horse Trust
 Horticultural Development Company
 Horticultural Forum for Northern Ireland
 Horticultural Trades Association
 Horticulture Development Company
 Hospital Caterers Association
 Hospital Caterers Association, NI Branch
 Hospitality Matters
 Hotel Catering & International Management Association
 HPA, FWEM Network, Southampton Laboratory
 Humane Slaughter Association and Universities Federation
 Humane Society International
 Humdinger Ltd
 Huntingdon Life Sciences
 Hutchison's Flour
 Hybu Cig Cymru - Meat Promotion Wales
 Ice Cream Alliance Ltd
 IDACE - Association of Dietetic Food Industries in the EU
 IFAH Europe (International Federation for Animal Health)
 IFIS Publishing Ltd
 IFQC Ltd
 IGD – (formerly known as the Institute of Grocery Distribution)
 ILS Limited
 Imported Food Office
 Ingredion UK Limited
 Institute of Agricultural Secretaries and Administrators
 Institute of Arable Crops Research
 Institute of Biological , Environmental and Rural Sciences
 Institute of Brewing and Distilling
 Institute of Food Research
 Institute of Food Science & Technology

Institute of Northern Ireland Bee Keepers	League Against Cruel Sports
Institute of Organic Training and Advice	Leatherhead Food International
Institute of Rural Health	Leo Laboratories
International Cat Association	LGC Ltd
International Federation of Organic Agriculture Movements	Licensed Animal Slaughterers' & Salvage Association (LASSA)
International Fund for Animal Welfare	Lidl UK GmbH
International Meat Traders Association	Limagrain UK Ltd
International Nut and Dried Fruit Foundation	Linden Foods (Granville)
International Pectin Producers' Association	Linwoods
Invest NI	Livestock & Meat Association for NI
Irish Food Board	Livestock and Meat Commission
Isles of Scilly Inshore Fisheries and Conservation Authority	Livestock Auctioneers Association
Isotron Limited	Livestock Auctioneers Association
J Pao & Co Ltd	Local Authorities
J Sainsbury plc.	Local Government Association (LGA)
J&T Enterprises	London Chamber of Commerce and Industry
James A.S Finlay Ltd	London Hillingdon Environmental Services
James White Drinks Limited	London PHA
Jersey Cattle Society of the United Kingdom	London Wildlife Trust
Jewell Group	Longday Foods Ltd
John Bowler Eggs	Lough Erne Fisherman's Association
John Henderson Group	Lough Neagh Fisherman's Association
John Lewis Partnership	M & W Mack Limited
Jordans & Ryvita Company Limited	MacPhie of Glenbervie Ltd
JWC Services Ltd.	MacRae Food Group
K & S Fruit Washers Limited	MacRoberts LLP
Kellogg Europe Trading Limited (KETL)	Maltsters Association of Great Britain
Kennel Club	Mammal Society
Kent County Council	Manchester PHA
Kentish Cobnuts Association	Mardon plc
Kestrell Foods	Marine Harvest Scotland
Kettle Foods Limited	Marine Laboratory
Laboratory Animal Breeders Association	Marine Scotland
Lactalis McLelland Limited	Marks and Spencer plc
Lakeland Dairies (Ireland) Ltd	Master of Foxhounds Association (MFHA)
Lamex Food Group	Maud's Ice Cream
LEAF - Linking Environment And Farming	McCormick (UK) Ltd

McDonalds™ Restaurants Ltd	National Council of Women of Great Britain
McIntosh Donald	National Dried Fruit Trade Association
Meat & Livestock Commercial Services Ltd	National Edible Oil Distributors Association
Meat Training Council	National Equine Health and Welfare Council
Menter a Busnes	National Fallen Stock Company (NFSCo)
Meirian Dwyfor College	National Farmers Union
Merial Animal Health	National Farmers Union Cymru
Meridian Foods Limited	National Farmers Union Scotland
MHS	National Federation of Fishermens™ Organisations
Microgram	National Federation of Fishmongers Ltd
Milk Link Ltd	National Federation of Meat and Food Traders
Minerva Scientific Ltd	National Federation of Women's Institutes
Minton Treharne & Davies Ltd	National Federation of Young Farmers Clubs
MNGP Technologies Limited	National Game Dealers Association
Monitor Laboratories	National Gamekeepers Association
Moray Seafood Ltd	National Market Traders™ Federation
Moredun Research Institute	National Office of Animal Health Ltd
Morrisons plc	National Pharmaceutical Association
Mourne Shellfish Limited	National Pharmacy Association
Moy Park Ltd	National Pig Association
MPP Holdings Ltd	National Sheep Association
Murray Grey Beef Cattle Society	National Sheep Association Scotland
Musgrave Retail Partners GB	National Trust
Musgrave Supervalu Centra	National Trust for Scotland
Mycotoxin Laboratory (UK) Ltd	Natural Check LLC
Nafferton Ecological Farming Group	Natural England
National Animal Health & Welfare Panel (Local Authorities)	Natural Hydration Council (NHC)
National Animal Welfare Trust	Natural Resources Wales
National Assembly for Wales (Rural Affairs Department)	Neogen Europe Ltd.
National Association of Agricultural Contractors	Nestle UK Limited
National Association of British and Irish Millers	Neville Craddock Associates
National Association of Catering Butchers	NHS Argyll & Clyde
National Association of Cider & Perry Makers	NHS Fife
National Association of Health Stores	NI Agricultural Producers Assoc.
National Association of Valuers and Auctioneers	NI Agricultural Producers Association
National Bee Unit	NI Amusement Caterers Trade Association
National Beef Association	NI Cooks & Chefs Association
National Cattle Association (Dairy)	NI Co-Op
National Consumers Federation	NI Eggs Merchants Association

NI Fish Producers Association
 NI Fish Salesmans Association
 NI Fishery Harbour Authority
 NI Food Advisory Committee
 NI Food and Drink Association
 NI Food Chain Certification
 NI Food Liaison Group
 NI Grain Trade Association
 NI Hotels Federation
 NI Independent Trade Association
 NI Local Government Association
 NI Master Butchers Association
 NI Meat Exporters Association
 NI Poultry Breeders
 NI Poultry Federation
 NI Poultry Processors Association
 NI Produce Processors Association
 NI Public Health Laboratories
 NI School Caterers Association
 NI Sea Fishermans Association
 NI Seafood Ltd
 NI Soft Drinks Association
 Nisa Today's (Holdings) Ltd
 NOAH

 North of Ireland Wholesale Confectioners
 Association
 North of Scotland Milk Co-operative
 North Yorkshire East Federation Of Women's
 Institutes
 Northern Ireland Goat Club
 Northern Ireland Seed Potatoes Ltd.
 Nottingham University of Veterinary Medicines
 and Science
 NPHS Microbiology Rhyl
 NRM
 NSF CMi Certification Ltd
 Nutec Ltd
 O'Kane Food Services
 O'Kane Poultry Ltd
 One Kind
 Operators of Approved Cutting Plants in NI
 Operators of approved Slaughterhouses in NI
 Organic Arable

 Organic Centre Wales
 Organic Farmer & Growers Ltd
 Organic Food Federation
 Organic Growers Alliance
 Organic Herb Trading Company
 Organic Milk Suppliers Association
 Organic Research Centre
 Organic Trust Limited
 Ornamental Aquatic Trade Association
 OVS, Suffolk Coastal Port Health Authority
 Oxford University
 Park Gate Foods Ltd
 Passports for Pets
 Pauls Freight Services Ltd
 People 1st
 People's Dispensary for Sick Animals
 Peoples Trust for Endangered Species
 PepsiCo UK & Ireland
 Perrigo UK
 Pesticide Residues in Food Committee
 Pesticides Action Network UK (PAN UK)
 Pet Advisory Committee
 Pet Food Manufacturers Association
 PETA People for the Ethical Treatment of
 Animals
 Peterhead and Fraserburgh Fish Processors
 Association
 Pfizer Animal Health Group
 Pharmaq Ltd

 Port Health Inspector
 Port of Dover
 Port of Felixstowe

 Positive Action Publications Ltd
 Potato Council
 Poultry Club of Great Britain
 Poultry World
 Pre-basic Growers Association (PBGA)
 Premier Analytical Services
 Premier Foods
 Premier Nutrition Products Ltd
 PRiF
 Primary Diets Ltd

Pritchitt Foods
 Product Authentication Inspectorate (PAI) Ltd
 Professional Anglers Association Scotland
 Pro-pak Foods Ltd
 Prospect
 Prospect Ireland Ltd
 Protected Food Names Association/Melton
 Mowbray Pork Pie Association
 Provision Trade Federation
 PSD
 Public Analyst Scientific Services Ltd.
 Public Health Agency
 Public Health England
 Punjana Ltd
 Purchasing Partnerships
 Puremalt Products Ltd.
 Quaker Oats Limited
 Quality Meat and Livestock Alliance
 Quality Meat Scotland
 Quality Welsh Food Certification Ltd
 Racehorse Owners Association
 Randox Laboratories Ltd
 Raps UK Ltd
 Rare Breeds Survival Trust
 R-Biopharm Rhone Ltd
 Reading Scientific Services Ltd
 Red Tractor Assurance
 Renewable Energy Association (REA)
 Restaurateurs Association
 Road Haulage Association Ltd
 Robin Appel Ltd
 Ross Biosciences Limited
 Rothampsted Research
 Rowse Honey Ltd
 Royal Agricultural College
 Royal Agricultural Society of England
 Royal Association of British Dairy Farmers
 Royal Botanic Gardens Edinburgh
 Royal College of Veterinary Surgeons
 Scottish Creel Fishermen's Federation
 Scottish Crofting Foundation
 Royal Environmental Health Institute of Scotland
 Scottish Egg Producer Retailers' Association
 Royal Highland & Agricultural Society of
 Scotland
 Royal Pharmaceutical Society of Great Britain
 Royal Society for Public Health
 Royal Society for the Prevention of Cruelty to
 Animals
 Royal Society for the Protection of Birds
 Royal Society of Chemistry
 Royal Society Wildlife Trusts
 Royal Welsh Agricultural Society
 RPPC
 RSPB Scotland
 RSPCA
 RSPCA Wales
 Rural Community Network
 Rural Development Council
 Rural Payments Agency
 Rural Support Network
 S D Bell & Co Ltd
 S W Trading Ltd
 Safefood
 SAI Global
 Salers Cattle Society
 Salmon Net Fishing Association of Scotland
 Saxon Agriculture Limited
 Science and Advice for Scottish Agriculture
 Scientific Analysis Laboratory Ltd
 Scobie and Junior
 Scottish Egg Producer Retailers Association
 Scotch Whisky Association
 Scotland Food and Drink
 Scotland's Rural College (SRUC)
 Scottish Anglers National Association
 Scottish Association for Marine Sciences
 Scottish Association of Meat Wholesalers
 Scottish Bakers
 Scottish Beef Association
 Scottish Beef Cattle Association
 Scottish Beekeepers Association
 Scottish Corn Trade Association Ltd
 Seed Crushers & Oil Producers Association
 Senior Trading Legislation Advisor
 Scottish E.coli Reference Laboratory
 Sheepdrove Farm

Scottish Environment Protection Agency	Shellfish Association of Great Britain
Scottish Environmental Research Centre	Shetland Aquaculture
Scottish Federation for Coarse Angling	Shetland Catch Ltd
Scottish Federation of Meat Traders Association	Shetland Salmon Farmers Association
Scottish Federation of Small Businesses	Shipton Mill Ltd
Scottish Fishermen's Federation	Shoreham Port
Scottish Food and Drink Federation	Shorthorn Society of the UK
Scottish Food Enforcement Liaison Committee	Sidani Consultancy
Scottish Food Enforcement Officers Association	Small Abattoirs Federation
Scottish Food Quality Certification Ltd	Small Farms Association
Scottish Game Dealers and Processors Association	Smithfield Foods Ltd
Scottish Government	Smithfield Market Tenants Association
Scottish Government (Food, Drink and Rural Communities Division)	Smiths Flour Mills Head Office
Scottish Government Criminal Justice Directorate	SNH - Deer Commission For Scotland
Scottish Government Rural Directorate	Society of Biology
Scottish Grocers Federation	Society of Chief Officers of Environmental Health
Scottish Licensed Trade Association	Society of Food Hygiene and Technology
Scottish Natural Heritage (SNH)	Society of Independent Brewers
Scottish Pelagic Fisherman's Association	Soil Association Certification Ltd
Scottish Pelagic Processors Association	Soil Association Charity
Scottish Pig Producers	Soil Association Scotland
Scottish Retail Consortium	Solvay SA
Scottish Rural College	South Devon Society
Scottish Salmon Producers Organisation	South Hams District Council
Scottish Salmon Smokers Association	South Yorkshire Federation Of Women's Institutes
Scottish Salmonella Reference Laboratory	Southampton Port Health Authority
Scottish Scallop Association	Spar (UK) Ltd
Scottish Seafood Processors Federation	Speedibrews
Scottish Seafood's	Spitalfields Market Tenants Association
Scottish White Fish Producers Association	SRUC
Scottish Women's Rural Institutes (SWRI)	St Patrick's Slemish Spring Water
Seafish	Staffordshire County Council
Seafood Scotland	State General Laboratory (SGL)
Sectoral Councils	States of Guernsey Department of Commerce and Employment, Agriculture Section
Scottish Seafood Association	States of Jersey Department of Agriculture and Fisheries
Sera Laboratories International	Stilton Cheese Makers' Association
Sheep Health and Welfare Council	Stonegate
Strathroy Dairy Ltd	UK Major Ports Group Ltd
Stuart Lodge	UK Renderers Association (UKRA)

Suffolk Coastal Port Health Authority	UKEP
Suffolk County Council Trading Standards	Ulster Arable Society
Sustain	Ulster Bee Keepers Association
Syngenta	Ulster Curers Association
T M Duche & Sons Ltd	Ulster Farm By-Products
Taylor's of Harrogate	Ulster Farmers Union
Tayside Scientific Services	Ulster Farmers' Union - Fish Farming Committee
Tayto NI Ltd	Ulster Grassland Society
Tenant Farmers Association	Ulster Pork and Bacon Forum
Tesco Stores Ltd	Ulster Poultry Federation
The Association of Meat Inspectors	Ulster Wildlife
The British Dietetic Association	Unilever UK Limited
The British Society of Plant Breeders (BSPB)	Union of Shop Distributive and Allied Workers
The Centre for Dairy Information	Unipork Ltd
The Consumer Council for Northern Ireland	Unison
The Co-operative Farms	Unison Scotland
The Cross Border Aquaculture Initiative	UNITE
The Dairy Council	United Biscuits (UK) Ltd
The Deer Initiative	United Coffee Limited
The Environment Agency	United Dairy Farmers Ltd
The Glenside Group	United Distillers
The James Hutton Institute	United Fish Industries
The Learning Ladder	United Kingdom Accreditation Service
The Livestock and Meat Commission	United Kingdom Egg Producers Association
The Pig Site (e news publication for pig industry)	United Kingdom Vineyards Association (UKVA)
The Roslin Institute	Universities Federation for Animal Welfare
The Scottish Seed Trade Association	University of Aberdeen
Thomas Tunnock Ltd	University of Bristol
Thorntons plc.	University of Reading
Torhouse Trout Ltd	University of Ulster Faculty of Health and Life Sciences
Townswomen's Guilds	Vale Of Mowbray Ltd
Trading Standards (North East Lincolnshire Council)	Vandermoortele (UK) Ltd
Trading Standards Institute	Vega Research
Traditional Farm Fresh Turkey Association	Vegan Society
Tropicana	Vegetarian Economy and Green Agriculture
UK Electronic Identification Association (UKEIDA)	Verner Wheelock Associates

Veterinary Association for Wildlife Management	Wolverhampton Environmental Health
Veterinary Deer Society	Women's Food and Farming Union
Veterinary Medicines Directorate	Woodland Trust
VETNI	World Horse Welfare
Vitrition	World Society for the Protection of Animals (WSPA0)
Vitrition UK Limited	World Wildlife Fund
VOICEVALE LTD	Worshipful Company of Fishmongers
Voluntary Initiative for pesticides (VI)	York Foods
W.G Buchanans & Sons Ltd	Yorkshire and Lincolnshire Fish Farmers
Waitrose Ltd	Young Farmers Club of Ulster
WalesYoung Farmers Club	Zorba Foods
Walker & Sons (Leicester) Ltd	ZSL London Zoo
Walkers Shortbread Ltd	
Waste & Resources Action Programme (WRAP)	
Waveney Wildlife	
WCF Ltd	
WD Meats	
Weetabix Ltd	
Welsh Government	
Welsh Government (Food Market Development Division)	
Welsh Lamb & Beef Producers	
Welsh Livestock Auctioneers Association	
Welsh Local Government Association	
Welsh Organic Scheme	
Wensleydale Dairy Products	
West Town Farm	
West Yorkshire Analytical Services	
Westbridge Foods Ltd	
Western International Market Tenants Association Ltd	
Westmill Foods Limited	
Which?	
Whitby Seafoods Limited	
Whole Organic Plus	
Wildlife and Countryside Link (WCL)	
Wildlife and Wetlands Trust	
Wine and Spirits Trade Association	
Wing Yip	
WL Duffield & Sons Ltd	
Wm Morrison Supermarkets plc.	