

Final Business and Regulatory Impact Assessment

Title of Proposal

The Tuberculosis (Miscellaneous Amendments) (Scotland) Order 2018

Purpose and intended effect

- **Background**

TB is a serious infectious disease of cattle, caused by the bacterium *Mycobacterium bovis* (*M. bovis*) and a major challenge currently facing large parts of the UK cattle farming industry. The disease is characterised by the development of “tuberculosis” lesions in any organ of the body. It mainly affects cattle but can be passed between most mammals. It is also a Zoonotic disease which means it can be passed from infected animals to people, causing an illness similar to human TB. The risk of people contracting TB from cattle in Great Britain (GB) is however considered to be very low.

Scotland was recognised as being officially TB free (OTF) by the European Commission in September 2009 and maintaining that OTF status and Scotland’s reputation for high quality produce is crucial to the continuing success of the Scottish cattle industry.

We are aware that in recent months both Defra and the Welsh Government have introduced substantial changes to their respective TB control programmes. This has highlighted the need for us to review Scottish TB controls and compensation arrangements, to ensure they continue to incentivise compliance and best practice while being financially sustainable in the future.

The Scottish cattle industry is already strictly regulated in terms of controls for TB by the Tuberculosis (Scotland) Order 2007 and EU Council Directive 64/432/EEC and we therefore sought to consider whether there is scope to implement the additional measures proposed in this BRIA, further encouraging farmers to follow good farming practices and keep disease out of their herds.

- **Objective**

The objective of this proposal is to ensure that TB controls in Scotland continue not only to be effective and fit for purpose but incentivise compliance with the rules and encourage farmers to follow best practice when purchasing and moving cattle throughout Scotland and the rest of the UK.

Position in the rest of GB

England – Despite implementing enhanced cattle controls in 2013, Defra has reported that in some areas of England the overall incidence of bovine TB is still increasing. In order to reverse this trend and halt the spread of disease a series of TB consultations aimed at strengthening existing controls were carried out in 2016 /17. Following these consultations Defra introduced further enhanced TB controls in November 2017 and in January 2018. These aimed to simplify testing and reduce disease risk in the high risk area. Some of the proposals which were consulted on in 2017 are still under consideration and outcomes are to be advised in due course.

Approach already taken in England to the changes proposed in Scotland

- **Reduced compensation for overdue testing** – Defra introduced powers to reduce compensation where TB testing is overdue in July 2012 and have since reported that the number of overdue tests has fallen significantly as a result. Compensation is reduced on a sliding scale depending on the length of time the test is overdue.
- **Reduced or withheld compensation for illegal movements onto restricted premises** – Defra currently have no statutory provision to reduce compensation where cattle have illegally moved on to a restricted herd and are subsequently slaughtered as TB reactors.
- **Post Movement Testing** – In April 2016 Defra introduced a requirement for post movement testing in the English low risk area. This testing is required to be carried out within 60-120 days following arrival on farm and the test must be completed before the relevant animal can move from the original holding of destination in the low risk area. Exceptions to this are permitted for animals that are:
 - Slaughtered within 120 days of arrival
 - Moved solely for veterinary treatment
 - Moved to an agricultural show in the Low Risk Area or return to the low Risk area from an agricultural show outside the low Risk area that does not involve a stay of more than 24 hours or the housing of animals at the showground, and the animal goes either directly from the showground to slaughter or back to its premises of origin.
 - Moved to the following premises in the low risk area;
 - slaughter or exempt markets
 - an approved collecting centre
 - a licensed finishing unit
 - Under the authority of a licence
- **Compensation Cap for Individual Animals** – Defra consulted on the proposal to introduce a £5,000 compensation cap in July 2017. This is one of the measures consulted on that remains under consideration and a final decision is still to be advised.

Wales - Since the introduction of the Tuberculosis (Wales) Order 2010 the Welsh Government have continued to take a proactive approach to the control of bovine TB and in 2012 introduced a framework for TB eradication. Following a series of TB consultations carried out in 2015 /16 aimed at further strengthening existing TB controls, the **Wales TB Eradication Programme** was launched in October 2017 which introduced a new regionalised approach as well as putting in place a number of refreshed TB control measures.

Approach already taken in Wales to the changes proposed in Scotland

- **Reduced compensation for overdue testing** – Wales introduced powers to reduce compensation where TB testing is overdue in May 2010. Compensation is reduced on a sliding scale depending on the length of time the test is overdue. In 2016 the range of non-compliance provisions where compensation could be reduced was extended beyond just that for overdue testing.
- **Reduced or withheld compensation for illegal movements onto restricted premises** – In 2016 Wales introduced powers to specifically reduce compensation for failure to comply with a notice requiring that no animal is moved on or off restricted premises except under licence. In such situations the compensation will be restricted to 0.05% of the established market value of an animal unless the salvage value is greater in which compensation will be paid at salvage value.
- **Post Movement Testing** – In October 2017 the Welsh Government introduced post movement testing for all cattle moved into the Welsh Low TB area. The intention is that this policy will be extended to moves into the intermediate TB area from October 2018. Post movement testing must be completed on the receiving premises between 60 – 120 days of arrival. Exceptions to this are permitted for animals that move:
 - Directly to slaughter or a slaughter market within 120 days
 - Moved solely for veterinary treatment
 - To an exempt or approved or licenced finishing unit
 - Moved to an agricultural show in the Low TB Area or return to the low TB area from an agricultural show outside the low TB area that does not involve a stay of more than 24 hours or the housing of animals at the showground, and the animal goes either directly from the showground to slaughter or back to its premises of origin.
 - Any other movement approved by Welsh Ministers.
- **Compensation Cap** – The Tuberculosis (Wales) (Amendment) Order 2016 introduced a £15,000 cap on individual animals. Following consultation in 2016 this cap was reduced to £5,000 with effect from the 1 October 2017, this was aimed at preventing overvaluation of the highest value cattle and making sure the compensation system was financially sustainable.

- **Rationale for Government intervention**

Scotland was recognised as being officially TB free (OTF) by the European Commission in September 2009. This status is currently a unique position within Great Britain and recognises the low and stable incidence of TB and the high standards of animal welfare achieved in Scottish herds. Maintaining that OTF status and Scotland's reputation for high quality produce is crucial to the continuing success of the Scottish cattle industry.

The Scottish Government (SG) is therefore committed to a comprehensive, practical and proportionate programme of measures to maintain the current low levels of TB in cattle and other species and to safeguard our OTF status. This includes minimising the risks from all potential sources of infection and reducing the risk of disease spread as far as possible.

Defra has already introduced provisions to reduce compensation for those keepers who have failed to carry out TB testing on time and have recently consulted on further proposed changes to payment of compensation. Wales have gone even further and recently introduced an enhanced TB Eradication Programme which links compensation to good biosecurity, husbandry practices and adherence with the rules, that allows them to reduce compensation across a number of different non-compliance issues.

This action already taken by both Defra and the Welsh Government has highlighted the need to review the Tuberculosis (Scotland) Order 2007 including the current arrangements for payment of compensation, to ensure they continue to incentivise compliance and best practice, while being financially sustainable in the future.

We know that the vast majority of farmers abide by the rules and continue to work with Government to maintain Scotland's OTF status which is considered by most to be too valuable and important to put at risk.

In making these changes now we aim to continue to safeguard our low levels of TB and in doing so contribute to Scotland's National Performance Framework by maintaining Scotland's reputation for high quality produce and helping to increase Scotland's economic growth by increasing exports of healthy cattle and beef.

We will also be contributing to the following national outcomes;

"We have strong resilient and supportive communities where people take responsibility for their own actions"

"We value and enjoy our built and natural environment and protect and enhance it for future generations"

Consultation

- **Within Government**

SG have consulted with colleagues in both Defra and the Welsh Government to look at what disease control provisions and compensation arrangements for bovine TB are already in place in other parts of GB and to identify what other changes are being considered for the future.

SG have also consulted with the Animal & Plant Health Agency (APHA) as our operational delivery partners for Animal Health to get their veterinary opinion on some aspects of delivery and implementation of the proposed changes.

- **Public Consultation**

A 12 week public consultation ran from Thursday 7 September until Thursday 30 November 2017 on proposals to introduce changes to disease control measures and compensation arrangements for TB in Scotland.

There were 15 written responses to the consultation. Disease control for Bovine TB is quite a specialised subject, and so a limited number of responses is not entirely unexpected. The low response rate may be indicative of the majority accepting the proposals as being sensible and proportionate.

The responses provided some useful feedback which has been used to inform our thinking on how we would want to see Scotland's TB policy develop. It was also clear that there is support among the various respondent groups for the changes proposed. SG has therefore decided to take forward four out of the five changes consulted on.

Changes being implemented

- Compensation to be withheld (£1 nominal payment) for animals illegally moved onto TB restricted herds that subsequently become TB reactors.
- Where statutory TB testing obligations have not been met the compensation paid for any subsequent TB reactors will be reduced on a sliding scale depending on the length of time the test is overdue.
- A process of appeal for any decision to either reduce or withhold compensation in the above circumstances will be introduced to ensure that this policy is administered fairly and allows for any mitigating circumstances to be considered.
- Post movement testing will have to be completed on the original holding of destination before animals are permitted to move again.
- Introduction of a £5,000 cap on compensation for individual animals.

Changes **not** being implemented

It was decided as a result of the consultation feedback received not to introduce a £3,000 Automatic Justification Threshold. SG agreed with those respondees that were against the proposal (No 33% - Yes 27% - Not sure 40%) that the present valuation process is already satisfactory and fit for purpose and that the small number of reactor cattle likely to be affected by such a justification threshold did not warrant the additional resource required to implement this change.

- **Business**

As well as being made publically available on the Scottish Government website, the consultation was issued directly to a wide range of stakeholder groups including livestock businesses and associations, enforcement agencies and those animal health organisations with a potential interest.

The proposals outlined in the consultation were also discussed with a range of stakeholder groups at the regular SG Animal Health and Welfare General Stakeholder Meeting, with an update on the outcome of the consultation provided at the meeting held on 13 February 2018.

The consultation specifically included the following financial questions in order to help assess the business impact. A summary of the findings are provided below.

Business Impact Questions and answers

Q1 - *What financial effects, if any, do you think that payment of either reduced or no compensation in the circumstances proposed would have on your business.*

A – The majority of respondents (66%) either didn't respond (33%) or indicated this was not applicable to them as Animal Health Organisations or Associations (33%). Three livestock keepers (20%) answered that reduced or no compensation would have little or no impact on their business and expressed the view that it was more important financially to remain TB free and that this measure would encourage responsible sourcing when buying in stock.

Only the remaining two respondents (14%) felt this proposal could potentially have a major financial impact if stock of high genetic merit were lost or where a significant proportion of a herd was affected. However, it should be noted that payment of reduced or no compensation is completely avoidable and will only affect those that have broken the rules.

Q2 - *What financial effects, if any, do you think that the introduction of a £5,000 statutory cap on compensation payments would have on your business.*

A – The majority of respondents (53%) either didn't respond (26.5%) or indicated this was not applicable to them as Animal Health Organisations or Associations (26.5%). Six respondents (40%) felt that the introduction of a

£5,000 cap would have little or no impact on their business. Those that offered further comment advised that it was more important financially to remain TB free and also because they had very few animals that were valued over £5,000. Only one respondent (7%) felt that this proposal could potentially result in a major financial impact that could put them out of business.

Options

Two policy options have been considered:

Option 1 - Do Nothing – (Status Quo)

Under this option further regulation would not be introduced and current arrangements in relation to bovine TB controls and compensation arrangements provided by the Tuberculosis (Scotland) Order 2007 as amended would continue as they are now.

The early identification and removal of test positive cattle under the existing disease control policy has kept Scotland Officially TB free for the last eight years and we hope that would continue to be the case in future.

TB Freedom does not mean that there are no cases of bovine TB in Scotland; it is instead recognition of a disease incidence below the threshold set by the EU in Council Directive 64/432/EEC where the percentage of bovine herds confirmed as infected with TB must not exceed 0.1% of all herds per year, for six consecutive years. We still have a small number of new confirmed breakdowns each year which can generally be attributed in the most part to imported infection from other parts of the UK where TB continues to be a significant problem for both the cattle industry and Government alike.

To do nothing could therefore potentially put our OTF status and the future of the Scottish cattle industry at risk and would result in strong criticism from the cattle industry for appearing complacent in not taking strong enough action to incentivise compliance and best practice and keep disease out of Scotland.

Option 2 - Introduce changes to current TB controls and compensation arrangements - amend the Tuberculosis (Scotland) Order 2007

The second option is to make legislative changes to the way we pay compensation for bovine TB reactors and to the post movement testing requirements for bovine animals coming to Scotland from high incidence TB areas.

The proposed amendment to the Tuberculosis (Scotland) Order 2007 would contain a number of new provisions, including:

- Reduced or non-payment of compensation (£1 nominal payment) where animals illegally moved onto restricted herds go on to become TB reactors.
- Reduced compensation where the owner has failed to have his cattle TB tested within the allotted time period and TB reactors are

subsequently disclosed.

- A process of appeal for any decision to either reduce or withhold compensation in the above circumstances will be introduced to ensure that this policy is administered fairly and allows for any mitigating circumstances to be considered.
- Strengthened post movement testing rules, requiring that the post movement TB test is completed on the destination holding within 60-120 days of arrival and before any further movement of that animal is permitted.
- Introduction of a £5,000 cap on compensation paid for individual animals.
- Prohibition on TB testing without written consent extended to include any test for tuberculosis.
- Revised definition of “high incidence area” to mean an area in Great Britain where bovine animals are subject to routine TB testing on a two yearly or more frequent basis.

We would also intend to take this opportunity to tighten up the wording of some of the existing provisions to remove any ambiguity in the following situations and ensure they are properly applied;

- Cost recovery where removal of a reactor animal is refused – Historically this is something that rarely happens in Scotland, but we would look to recover costs from the owner should such a situation arise.
- Non-payment of compensation for NoR animals – In order for cattle to be eligible for compensation they must be identified with an eartag and have a full cattle passport issued in accordance with the Cattle Identification (Scotland) Regulations 2007. Cattle that have been issued with a Notice of registration (NoR) instead of a cattle passport are therefore only eligible for a £1 nominal compensation payment.

Sectors and groups affected

The Scottish cattle industry and those owning or keeping bovine animals on premises in Scotland that may be affected or suspected of being affected by bovine TB caused by *Mycobacterium bovis* (M.bovis) the bacterium that causes TB in cattle and other species.

Benefits

Option 1 – Do Nothing (Status Quo)

The current system generally works well and livestock keepers are familiar with the existing requirements for TB testing and control.

Doing nothing would not however be in the best interest of the cattle industry as a whole, and we do not consider there to be any real financial or disease control benefits for either Government or industry.

Option 2 - Introduce changes to TB controls and compensation arrangements - amend the Tuberculosis (Scotland) Order 2007

Under this option we will have the opportunity to strengthen our existing TB controls, and provide fairer compensation arrangements that will help to maintain our current low levels of TB in cattle and to safeguard our valuable OTF status.

Since 2012 cattle herds categorised as “low risk” have been exempt from routine herd testing for bovine TB and so with 57% of the national herd now exempt it is more important than ever that testing of the remaining herds is completed within the allotted time period and that all steps are taken to prevent disease incursion at the point of movement.

In introducing the proposed changes we expect to incentivise livestock keepers to reduce the number of overdue TB tests and discourage non-compliance by removing compensation (£1 nominal payment) for those that have illegally moved cattle onto restricted herds.

Other benefits include;

- Reduced bovine TB compensation payments to livestock keepers who have moved animals illegally or failed to meet their statutory testing obligations and where TB reactors are subsequently disclosed.
- A reduction in the number of tests that are delayed or become overdue without good reason.
- Tighter controls on testing of bovine animals moving to Scotland in order to maintain current low levels of TB and to safeguard our OTF status.
- A more financially sustainable compensation system that is fair to all and safeguarded from the potentially significant compensation costs associated with the highest value animals.
- TB policy now more consistent with the rest of GB

We know that the vast majority of farmers abide by the rules and continue to work with Government to maintain the current low levels of TB in Scotland. Accordingly for the vast majority the impact of the proposed changes will be minimal.

Costs

Option 1- Do Nothing (Status Quo)

No additional costs or savings are anticipated with this option although compensation would continue to be paid at full market value for all cattle that become diseased and are slaughtered as a result of poor farming practices or non-compliance.

Option 2 - Introduce changes to TB controls and compensation arrangements - amend the Tuberculosis (Scotland) Order 2007

The proposed changes will provide Scottish Ministers with powers enabling them to reduce or withhold compensation where a keeper has broken the rules and illegally moved cattle onto a restricted herd or allowed their statutory herd testing to go overdue.

Reduced or non-payment of compensation for illegal moves onto restricted herds

Two options considered

- Reduced compensation
- No compensation (£1 nominal payment)

Illegal moves onto restricted herds do not happen often in Scotland and therefore data on this is not routinely held by APHA. We have therefore been unable to quantify exactly how many herds have been or are likely to be affected by this change and can only say that the number of illegal moves onto restricted herds in the last five years have been very few and the number of those animals moved illegally that have gone on to be TB reactors are fewer still. Any additional costs or savings to government or industry are therefore expected to be minimal.

As our operational delivery partners, APHA have carried out a Change Management Assessment and have advised that they do not anticipate any significant additional costs as a result of the changes required to implement this policy.

Reduced compensation for overdue testing

Two options considered

- Reduced compensation on a sliding scale. **(Agreed Option)**
- No compensation (£1 nominal payment)

We have used data provided by APHA to quantify how many herds have had overdue tests in the last five years and also how many reactor animals were subsequently disclosed. The figures set out in the table below show that there have been relatively few TB reactor cattle identified from overdue testing in Scotland in recent years and so the impact on Scottish cattle keepers from implementing this policy is likely to be limited.

Year	Total number TB tests completed	Number of TB tests overdue	Overdue < 60 Days	Overdue between 60-90 days	Overdue > 90 Days	Total number of TB reactors identified from overdue tests
2013	3068	350 (11%)	328	11	11	3
2014	3404	331 (8%)	312	9	10	0
2015	3521	304 (9%)	260	9	4	1
2016	3244	271 (8%)	252	8	11	14
2017	2635	220 (8%)	175	7	10	0
Total	15,872	1476 (9%)	1327	44	46	18

Change to rules for Post Movement Testing

Two options considered

- Statutory requirement that post movement test is completed on original destination holding before the animal is permitted to move again. **(Agreed Option)**
- Statutory obligation on seller to inform both purchaser and APHA where post movement test has not been completed prior to sale and on the purchaser to complete the test within the original 60-120 day testing window.

Cattle keepers who opt to purchase animals from high risk areas will now have to keep the animal on the original holding of destination for a minimum of 60 days before they can be moved or sold on. The possible additional costs associated with this would be those incurred from keeping these animals on farm for this set period of time i.e. feeding, housing, medicines etc.

The table below provides the number of Post Movement tests carried out on individual animals in the last five years. However It has not been possible to quantify exactly how many of these animals were sold on before the post movement test was completed at 60 -120 days and would therefore have been affected by this change although actual numbers affected are expected to be low.

Year	Number of Post Movement Animal tests done in Scotland
2013	5531
2014	5482
2015	2292
2016	1414
2017 (Jan-Sep)	1017
Total	15,736

Introduction of a Cap on compensation levels for individual animals

In Scotland we currently pay compensation at full market value to the owner of any animals which are disclosed as TB reactors with no fixed upper limit. This is not the case in other areas of GB where valuation and compensation arrangements differ significantly.

In order to protect our OTF status we want to ensure that compensation values in Scotland are relatively consistent with those in the rest of GB, and so we propose to introduce a £5,000 cap on the amount of compensation paid for individual animals. Owners of high value animals would instead be encouraged to explore insurance options to cover any animal valued in excess of £5,000, which if they opted to do so would be at an additional cost to the cattle owner.

We have used data provided by APHA to calculate the actual number of cattle valued over £5,000 in the last four years. The figures set out in the tables below show that there have been relatively few high value TB reactor cattle in Scotland in recent years and so the impact on Scottish cattle keepers from implementing this cap is likely to be limited.

In the years 2014-2017 there were 767 animals slaughtered with compensation paid at an average of £2,126 per animal. Only 18 (2%) of the animals slaughtered were valued at over £5,000 and therefore if this cap had been in place during these years we would have saved £72,650 from the total compensation bill of £1,630,661 (4.5%) The savings are progressively less if the cap was raised to £10,000, £15,000 or £20,000.

Year	Culled	Total Comp paid (£)	Average comp (£)
2014	221	635,642	2,876
2015	128	248,471	1,941
2016	150	331,498	2,209
2017	268	415,050	1,548
2014-17	767	1,630,661	2,126.00

Year	Cattle value over £5k	Cattle value over £10k	Cattle value over £15k	Cattle value over £20k	Over 5k Saved £	Over 10k saved £	Over 15k Saved £	Over 20k Saved £
2014	6	0	0	1	9,050	0	0	15,000
2015	3	2	0	1	7,600	10,000	0	12,000
2016	3	2	0	0	7,000	12,000	0	0
2017	0	0	0	0	0	0	0	0
2014-17	12 1.5%	4 0.5%	0 0%	2 0.3%	23,650	22,000	0	27,000

As our operational delivery partners, APHA have carried out a Change Management Assessment and have advised that they do not anticipate any significant additional costs as a result of the changes required to implement this cap.

Cost recovery where removal of a reactor animal is refused by the owner

This policy is already in place and the amendment is simply to provide clarification for the avoidance of doubt. There are no additional costs anticipated in making this change.

Non-payment of compensation for NoR animals (£1 Nominal payment)

This policy is already in place and the amendment is simply to provide clarification for the avoidance of doubt. There are no additional costs anticipated in making this change.

Extended Prohibition on testing

There are no additional costs anticipated in making this change.

Scottish Firms Impact Test

Competition Assessment

An initial competition assessment has been carried out as provided below, but no detrimental effects on competition are envisaged from these legislative amendments.

Question	Answer
Will the measures directly or indirectly limit the number or range of suppliers?	No
Will the measures limit the ability of suppliers to compete?	No
Will the measures limit suppliers' incentives to compete vigorously?	No
Will the measure limit the choices and information available to consumers?	No

Test run of business forms

No new business forms are required to be completed by herd owners affected by these legislative amendments. Some amendments will be made to existing forms to reflect the changes and these will be actioned by the APHA as required.

Legal Aid Impact Test - It is not anticipated that these changes will give rise to any additional need for legal aid.

Enforcement, sanctions and monitoring

APHA as SG's operational delivery partners are responsible for all aspects of disease control for bovine TB (inspections, test notifications, testing, reactor removal, valuation and payment of compensation) for reported or suspected cases of disease including any follow up in relation to non-compliance and all activity associated with the judicial process.

The Local Authority are responsible for enforcement of the Tuberculosis (Scotland) Order 2007 under the Animal Health Act 1981 (AHA) due to the potential health risk to both humans and animals as a result of non-compliance with the rules.

Scottish Ministers are required to pay compensation for any bovine animals slaughtered in relation to bovine TB under section 32 of the AHA. Under the proposed changes where a keeper has acted illegally or failed to comply with the statutory testing requirements for their herd, we would have the powers to either withhold (£1 nominal payment) or reduce the amount of compensation paid, depending on the circumstances. It is considered only fair and reasonable that where a keeper has knowingly broken the rules, they should not then be able to recover the full market value for animals that become diseased and are slaughtered as a result of their poor farming practices or non-compliance.

This TB Order is made under the AHA and so inspector powers of entry, testing, seizure and slaughter are all contained in that Act. Obstruction of inspectors in exercise of their duties and non-compliance with any requirements of the Order will be prosecuted under the AHA. A person guilty of an offence under the AHA is liable on summary conviction to a term not exceeding 6 months imprisonment or to a fine not exceeding level 5 on the standard scale or to both.

Implementation and delivery plan

Implementation

The legislation required to introduce these changes to TB policy in Scotland will come into force on 10 July 2018.

Delivery Plan

TB controls in Scotland are already well established and delivered by APHA as our operational delivery partners. APHA have carried out the required Change Management Assessment for all the proposed changes and which are now in the process of being adopted into “business as usual” by the APHA project delivery team.

As part of the agreed communications plan APHA will write to all private vets and active cattle keepers in Scotland to ensure they are made fully aware of the changes and implementation dates.

- **Post-implementation review**
Disease Control measures for bovine TB are subject to continuous monitoring and review.

Summary and recommendation

Scotland was recognised as being officially TB free (OTF) by the European Commission in September 2009. This status is a unique position within Great Britain and recognises the low and stable incidence of TB and the high standards of animal welfare achieved in Scottish herds.

Defra and the Welsh Government have both recently introduced substantial changes to their respective TB Programmes, which highlighted the need for us to also review Scottish TB controls and compensation arrangements. This will ensure that they continue to be fit for purpose, incentivise compliance and best practice and are financially sustainable in the future.

Maintaining Scotland’s OTF status and reputation for high quality produce is crucial to the continuing success of the Scottish cattle industry. For this reason the recommended option is;

- **Option 2 – Introduce changes to TB controls and compensation arrangements - amend the Tuberculosis (Scotland) Order 2007**

Responses to the consultation provided useful feedback on the proposals and gave

a clear indication that there is support among the various respondent groups for the changes proposed and the importance attached to maintaining the OTF status by the Scottish cattle industry.

• **Summary costs and benefits table**

Option	Total benefit per annum: - economic, environmental, social	Total cost per annum: - economic, environmental, social - policy and administrative
<p>Option 1 Do Nothing (Status Quo)</p>	<p>The current system generally works well and livestock keepers are familiar with the existing requirements for TB testing and control.</p> <p>To do nothing would not be in the best interest of the cattle industry as that could potentially put Scotland's OTF status at risk</p>	<p>No additional costs or savings are anticipated with this option.</p> <p>Compensation would continue to be paid at full market value for all cattle that become diseased even as a result of poor farming practices or non-compliance.</p>
<p>Option 2 Introduce changes to TB controls and compensation arrangements - amend the Tuberculosis (Scotland) Order 2007</p>	<p>This options provides the opportunity to;</p> <ul style="list-style-type: none"> • strengthen our existing TB controls in order to maintain current low levels of TB and to safeguard OTF status. • provide a more financially sustainable compensation system that is fair to all and safeguarded from the potentially significant compensation costs associated with the highest value animals. OTF status. • Reduction in numbers of overdue TB tests. • Policy which is more consistent with the rest of GB. 	<p>As our operational delivery partners, APHA have carried out a Change Management Assessment for all proposals and do not anticipate any significant costs to implement any of the proposed changes.</p> <p>The possible additional costs associated with the change to post movement testing requirements would be those incurred from keeping these animals on farm for this set period of time i.e. feeding, housing, medicines etc. It has not been possible to quantify the numbers of cattle likely to be affected by this change or the associated costs.</p> <p>Compensation can be reduced or withheld (£1 nominal payment) where livestock keepers have broken the rules and illegally moved cattle onto restricted premises or allowed their statutory herd testing to go overdue. We know that the majority of farmers abide by the</p>

rules and continue to work with Government to maintain low levels of TB in Scotland. The proposed reductions in compensation related to non-compliance are entirely avoidable except for the imposed £5,000 cap which will have some impact on those with higher value animals. However only eighteen TB reactor animals would have breached this cap over the last five years and so we would anticipate that numbers affected are likely to be limited. (see table below)

Year	Cattle value over £5k	Cattle value over £10k	Cattle value over £15k	Cattle value over £20k	Over 5k Saved £	Over 10k saved £	Over 15k Saved £	Over 20k Saved £
2014	6	0	0	1	9,050	0	0	15,000
2015	3	2	0	1	7,600	10,000	0	12,000
2016	3	2	0	0	7,000	12,000	0	0
2017	0	0	0	0	0	0	0	0
2014-17	12 1.5%	4 0.5%	0 0%	2 0.3%	23,650	22,000	0	27,000

Declaration and publication

I have read the Business and Regulatory Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed:**Date:****Minister's name - Fergus Ewing****Minister's title – Cabinet Secretary for the Rural Economy and Connectivity****Scottish Government Contact point:**

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