

Business and Regulatory Impact Assessment

Title of Proposal

The Animal By-Products and Pet Passports Fees (Scotland) Regulations 2018.

Purpose and intended effect

Background

The Animal and Plant Health Agency (APHA) is the body responsible for the delivery of a wide range of animal health and welfare statutory services on behalf of the Scottish Government, Defra and the Welsh Government. The APHA primarily works to prevent, control and identify endemic, exotic, new and emerging animal and plant disease across GB through inspection and surveillance work on farms, at markets, other livestock-related premises, and through specialist veterinary laboratory and scientific services.

Many of the APHA's activities relate to the delivery of statutory functions. Presently only a small number of these functions are charged for, with the remainder covered by the public purse. Treasury Guidance 'Managing Public Money' makes clear that it is UK Government policy to charge for many of the publically provided services. Charging for such services relieves the general taxpayer of those costs and ensures that they are properly borne by those that benefit from the service. The Fees and Charges section of the Scottish Public Finance Manual also makes clear that the standard approach to setting charges for such services is full cost recovery.

The APHA now propose to introduce new charges for services provided in respect to Animal By-products and the provision of Pet Passports to veterinary practices. New charges are also being introduced in England and Wales for the licensing of Animal Gatherings. The charges associated with Animal Gatherings will not apply in Scotland.

Objective

The objective of these new Regulations is to transfer the cost of providing the aforementioned services from the taxpayer to those businesses that receive and benefit from the service, thereby reducing the cost burden on the taxpayer.

Rationale for Government intervention

HM Treasury Guidance 'Managing Public Money' makes clear that it is UK Government policy to charge for many publicly provided goods and services. Charging for services relieves the general taxpayer of costs and ensures that they are properly borne by those that benefit from a particular service. This allows for a more equitable distribution of public resources whilst contributing to lower public expenditure and borrowing. In order, therefore, to ensure that statutory services are being delivered in line with Government policy, it is necessary to introduce these new fees.

Consultation

Within Government

The APHA consulted and worked extensively with both the Scottish and Welsh Governments, DEFRA and the Treasury on the development of its proposals to introduce new fees for services provided in respect to ABPs and pet passports. The proposal to introduce charges for ABPs was subject to particular scrutiny in Scotland by both officials and the Cabinet Secretary for the Rural Economy and Connectivity. This resulted in lengthy and detailed engagement with APHA officials.

Public Consultation

From October 2015 to December 2015 the APHA ran a GB-wide public consultation on its proposals for new fees. The consultation paper can be found here:

https://consult.defra.gov.uk/apha/apha-seeks-views-on-new-fees-for-statutory-servic/supporting_documents/Tranche%202%20%20Consultation%20Document.pdf

The consultation was open to all to respond to, but given that the new fees target specific sectors (ABP operators and veterinary practices) the APHA ensured, as far as practically possible, that these sectors in particular were consulted. 61 responses to the consultation were received. The APHA's published consultation report can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/699061/charging-second-consultation-report.pdf

Business

All affected businesses in Scotland had the opportunity to express their views during the formal consultation period. In addition to this the APHA had pre consultation discussions with several of the trade body organisations that represent the ABP sector, namely, the Foodchain and Biomass Renewables Association, the Anaerobic Digestion and Bioresource Association, the Renewable Energy Association and the Pet Food Manufacturers Association. APHA continues to engage with these industry bodies. APHA advise that this engagement, primarily, occurs through quarterly or 6 monthly meetings.

Options

The APHA presented 3 options in its consultation paper. These were:

Option 1 – do nothing

Under this option no new fees would be introduced. Given that this option would not deliver Government's policy on FCR, this was not considered by the APHA to be a realistic option. It was however included as it acts as a baseline against which other feasible options can be assessed.

Option 2 – Introduce the new fees at 100% FCR in 2018-19

Under this option the new fees for ABPs and pet passports would be introduced at FCR from 2018-19.

Option 3 – Phased introduction of new fees: 50% in 2018-19, 100% from 2019-20

Under this option the fees for ABPs would initially be introduced at 50% FCR in year 1 (2018-19), moving to 100% FCR in year 2 (2019-20). The costs associated with the production and provision of pet passports would however be charged at 100% FCR in year 1 (2018-19).

Sectors and groups affected

ANIMAL BY-PRODUCTS

The APHA propose to charge businesses for ABP approvals and ABP routine risk-based inspections for both approved and registered businesses. ABPs means entire bodies or parts of animals, products of animal origin or other products obtained from animals, which are not intended for human consumption, including oocytes, embryos and semen.

ABPs are a potential source of risk to the public and animal health. For example, improper use of ABPs has resulted in outbreaks of serious diseases such as foot and mouth disease, classical swine fever, avian influenza and bovine spongiform encephalopathy (BSE). Incorrect use, handling, processing or disposal of ABPs can have a significant cost impact on society, both directly on farming communities and indirectly, for example, on trade.

Legislation setting out rules for collection, storage, transport, treatment, use and disposal of ABPs has been in place for some time. The Animal By-Products Regulation (EC) No. 1069/2009 requires Competent Authorities to carry out approval or registration of plants, establishments and other operators involved in the handling, use or disposal of ABPs; to undertake regular risk-based inspections of such operations and to enforce the requirements of the legislation. The requirements of Regulation (EC) 1069/2009 are implemented in Scotland by The Animal By-Products (Enforcement) (Scotland) Regulations 2013. The new charges for ABPs will be set out in a new Scottish Statutory Instrument to be made under section 56 of the Finance Act 1973.

A range of businesses handle, use and dispose of ABPs. New premises or operators are either 'approved' or 'registered' depending on the requirements of the EC ABP Regulations. Plants carrying out higher risk operations require approvals, for example, rendering plants, on-farm incinerators and composters. Lower risk activities may simply require registration, for example, transportation of ABPs or the manufacture of technical products using ABPs.

The approval process varies depending on the operation, but generally includes an authorised veterinarian or authorised technician assessment of the application. This may include discussing the application with the operator, undertaking a number of site visits to inspect the facility, taking samples if necessary, checking computer records, supervising validating exercises and issuing approval documentation.

For those ABP operators where registration rather than approval is required, plants or operators need only notify the competent authority that they are carrying out ABP activities without the need for prior authorisation. In such circumstances registration is a simple process, with operators simply being added to a list on the APHA's web

site. Operators will not be charged for straightforward registrations. If, however, a risk-based assessment of any notification received concludes that an inspection is warranted, that inspection will be chargeable to the operator.

ABP Approved Facilities

Plants using or disposing of ABPs must obtain approval before they begin to operate. Approved ABP plants vary considerably in size and complexity, and include rendering (processing) plants, composting and biogas plants, anaerobic digestion facilities, incineration plants, pet food plants, organic fertiliser plants and various intermediate ABP handling and storage plants.

Plants are approved on a one-off basis (re-approvals only take place if there is a substantive change in the material received, equipment used or treatment process). In 2017 there were 325 approved ABP plants in Scotland (2,062 in GB), and APHA estimate that about 40 new plants will seek approval/re-approval each year in GB.

ABP Registered Facilities

Although a registration fee will not be charged, for the reasons set out above, certain registered plants will still be subject to a chargeable risk-based inspection. Registered ABP plants vary considerably in size and complexity, and include game trophy producers, taxidermists, producers of medical devices, wool processors and tanneries, maggot farms, zoos and certain collection centres. In 2017 there were 563 registered plants and operators in Scotland (4,368 in GB).

ABP routine risk-based inspections

All approved and certain registered ABP plants are subject to a regime of risk-based inspections to ensure that operators are meeting the terms of their approval and the legislative requirements. A risk-based inspection typically includes a site visit, sampling if required, analysis of any results and associated admin tasks. Time taken varies considerably depending on the size and complexity of the plant.

Approved ABP facilities are risk assessed on initial application, and then inspected annually, quarterly or monthly depending on their risk rating. This is determined by the type of operation, material being handled and the compliance record of the operator concerned. In practice, although, on notification, all registered ABP facilities are subject to risk-based assessments, where the risk is assessed as minimal many are unlikely to require an inspection visit. In 2017 APHA carried out 624 (routine and follow-up) risk-based inspections of ABP premises, registered plants and operators in Scotland.

Benefits

Option 1. If this option were adopted then the benefactors would be ABP operators. The key benefit to this sector would of course be that they would continue to receive a service or services from the APHA free of charge. Adoption of this option would however necessitate this service continuing to be funded by the tax payer at a time when public finances are considerably stretched. As option 1 would not deliver Government policy on FCR it is not considered to be a viable option.

Option 2. The key benefit arising from the adoption of this option is the full transfer of cost from the tax payer to those businesses that benefit from the services provided by the APHA.

Option 3. There are two key benefits arising from the adoption of this option. Firstly, due to the phased introduction (50% FCR year 1; 100% year 2), it provides ABP operators some time to adjust to new charges. During this period of adjustment APHA will seek to work with operators to identify and implement measures, where appropriate, to reduce both the frequency and duration of inspections, thereby minimising the cost to businesses. The second key benefit is that it transfers the cost of providing ABP related services from the taxpayer to those businesses benefiting from the services provided by the APHA.

Costs

Charges for services provided in respect to Animal By-products will apply across GB. The costs presented in this impact assessment reflect the likely cost impact to businesses in Scotland.

The APHA advise that as of 2017 there were 888 existing ABP related businesses in Scotland. Of this 888 some 54% will be exempt from charging as they have previously been registered for approval and are considered low risk. APHA advise that 346 businesses (39%) in Scotland can expect to be charged a maximum £283 p.a. for their annual visit / inspection, raising a total of approx. £69K. APHA class these businesses as low risk. 56 businesses can expect their 4 annual visits to cost them a total of £1,065 p.a. raising a total of approx. £42K. 6 businesses in Scotland are on the APHA's most stringent monthly visit regime. They can expect to pay a total of £3,170 p.a. raising a total of approx. £13K. APHA consider these operators to be the highest risk and therefore warranting of monthly visits / inspection.

APHA anticipate that additional income will be generated from an estimated 25 new ABP operator applications annually throughout the whole of GB, potentially raising income in the region of £20K. Additionally, based on historic activity levels, some £90K of income may be generated annually as a consequence of additional, unscheduled visits and extension of existing visits. The necessity for such visits is determined on a case-by-case basis, with the level of risk usually being the determining factor.

The total annual cost to existing ABP businesses in Scotland, assuming no new applications and no additional visits or extension of visits, is anticipated to be £124K (see table 3 below).

The new ABP charges being introduced by the APHA comprise of various chargeable elements. These are:

- **APHA staff costs**, namely, salary, national insurance and pension costs.
- **Travel & Subsistence** costs associated with delivering the ABP work. It should be noted that following APHA's consultation it has been agreed that a 90 min cap on travel time will be introduced. This is to protect rurally based ABP

businesses from excessive travel time charges. APHA has also confirmed that travel time will always be calculated from the clients nearest APHA office, thereby keeping the travel time element of the charge to a minimum.

- **Hard charges** which relate to support costs for activities undertaken outside of the agency but which support the agency's work and are recharged back to it. This includes certain IT functions (IBM), accommodation (Defra / SG estates), SSCL (shared service provider which supplies the invoicing, payment and payroll services for Government agencies), HR (Defra) Legal (Defra) and depreciation levied charges on capital equipment (where appropriate).
- **APHA central overheads** which include Health & Safety, Finance and internal IT systems.
- **APHA direct costs** which include office running costs such as consumables, telephone and postage.

The following table (table 1) sets out the various components that make up the hourly chargeable rate to be charged for each grade of staff and how it is calculated.

Table 1

Component	Admin Officer	Animal Health Officer	Veterinary Officer
Basic salary	£19,543	£27,226	£52,276
NI & Pension	£4,105	£5,717	£10,978
Total payroll cost	£23,648	£32,943	£63,254
Total hrs per annum	1924 (37pw)	1924 (37)	1924 (37)
Paid days	260	260	260
Holidays	35	35	35
Training	5	5	5
Other activity	34	34	34
Balance of days to be charged for	186 (260 - 74)	186 (260 - 74)	186 (260 - 74)
Total hrs (186 x 7.4)	1377	1377	1377
Chargeable rate	£17.17	£23.92	£45.91

The following table (table 2) provides further detail on the various elements that make up the total hourly rate to be charged for each grade of staff.

Table 2

Per hour charge	Admin Officer	Animal Health Officer	Veterinary Officer
Salary	£17.17	£23.92	£45.91
Direct costs	£1.77	£2.46	£4.73
Hard charges / overheads	£5.52	£7.69	£14.76
Total	£24.46	£34.07	£65.40

The following table (table 3) provides a breakdown of each cost element for each inspection regime (annually/quarterly/monthly) for existing businesses (at full FCR).

Table 3

No of visits	Salary	Direct costs	APHA Central & Hard charges	Invoice	Travel	Total
1 visit per year, one invoice	£35,445	£3,649	£11,395	£2,332	£15,947	£68,768
4 visits per year, one invoice	£21,787	£2,243	£7,004	£387	£10,584	£42,005
12 visits per year, one invoice	£6,954	£716	£2,236	£41	£3,402	£13,349
Total	£64,185	£6,607	£20,635	£2,761	£29,933	£124,121

PET PASSPORTS

The sector affected by the introduction of charges for the production and provision of pet passports will be veterinary practices that prepare pet animals for international travel in accordance with article 22 of Commission Regulation 576/2013 on the non-commercial movement of pet animals. Pet passports (for dogs, cats and ferrets) are an integral part of the Pet Travel Regulations which are designed to keep the UK free of rabies and the tapeworm *Echinococcus multilocularis* (EM) which can infect animals and humans. Currently pet passports are provided free of charge by the APHA.

Benefits

The key benefit arising from the introduction of charges for the production and provision of pet passports is that it will remove a cost burden currently borne by the public purse. The introduction of this charge is likely to save the tax payer around £14K annually. It is likely that charging will also help to reduce wastage as veterinary practices will be much more inclined to order only the number of passports required as opposed to bulk ordering which can lead to wastage.

Options

Option 1 - If this option were adopted then the benefactors would be veterinary practices that prepare pets for international travel, as they would continue to receive blank passports from the APHA free of charge. The tax payer would need to continue to fund the production and provision of pet passports at a time when public finances are considerably stretched. As this option would not deliver Government policy on FCR it is not considered to be a viable option.

Option 2 – This would result in the full transfer of costs linked to the production and provision of pet passports from the tax payer to veterinary practices thereby freeing

up funds that can be directed to vital public services. It will also ensure that those who benefit from a service pay for it.

Costs

The cost to be passed on to veterinary practices will be £56 for a batch of 20 pet passports. This equates to £2.80 per passport. This charge covers the cost to the APHA of purchasing blank passport documents from the central printer and administration and postage costs. According to the APHA, some 4,960 pet passports were issued to 193 Scottish veterinary practices in 2017. The total annual cost to Scottish veterinary practices is expected to be in the region of £14K per annum (this will no doubt be passed on to individual customers at a cost of £2.80/passport). As pet passports will generally last for the life of the pet, the cost to the client will be minimal.

Scottish Firms Impact Test

The APHA had face to face discussion with a number of ABP operator umbrella bodies before, during and after the formal period of consultation. This engagement continues to date. In the course of their normal inspection activities the APHA also routinely engage with their customers on any number of issues including charging.

As a consequence of this engagement and having taken on board the views of ABP operators (the charge for pet passports is considered non contentious with minimal impact anticipated) the APHA has agreed to the following:

- Introduction of a 90 min cap on the travel time that can be charged for.
- A phased introduction of ABP charges- 50% FCR in year 1, moving to 100% FCR in year 2.
- Commitment only to deploy staff from the APHA office nearest to the client to be visited. Where not possible travel costs still to be calculated from the clients nearest office.

Competition Assessment

APHA do not anticipate any impact on competition. All ABP businesses that currently receive services from APHA will, in future, need to pay, unless of course they are exempt due to already being registered and/or being of such low risk as not to warrant inspection. Because the charges will apply equally to each category of operator of similar risk (unless there are compliance issues), no particular business will be unfairly disadvantaged.

Given that the fee to be applied to veterinary practices for the production and provision of pet passports is modest, and the fact that it will apply to all practices that provide pet passports to their clients, no impact on competition is anticipated.

Will the measure directly or indirectly limit the number or range of suppliers?

The APHA do not expect the introduction of charges to directly or indirectly limit the number or range of suppliers. The charges apply equally to all ABP operators and therefore no one operator (supplier) will be disadvantaged.

Will the measure limit the ability of suppliers to compete?

As the operators apply to all ABP operators, the APHA do not expect the introduction of charges to limit the ability of suppliers to compete.

Will the measure limit suppliers' incentives to compete vigorously?

The APHA cannot foresee any reason why the introduction of charges would limit any suppliers incentive to compete.

Will the measure limit the choices and information available to consumers?

The APHA can see no reason why the introduction of charges for ABP operators would limit the choice and information available to consumers.

Test run of business forms

The introduction of charges by the APHA for ABPs and pet passports will not necessitate the introduction and/or use of new forms. The statutory services to be charged for are already delivered by the APHA and accordingly the necessary systems and processes already exist. The only difference is that businesses will now need to pay for the services being delivered.

Legal Aid Impact Test

As the APHA's proposals only relate to the introduction of charges for statutory services currently provided free of charge, no impact on the legal aid fund or on individuals rights to access justice via legal aid is anticipated. Additionally, the APHA do not expect the introduction of charges to result in more people being taken to court. In fact, the APHA anticipate that the introduction of charges will indirectly drive improvements in ABP operator practices resulting in fewer infringements of ABP legislation. This is because ABP operators are likely to want to minimise the time that APHA staff need to spend on site as less time on site means lower charges.

The APHA's consultation on proposals to introduce charges for services provided in relation to ABPs and the production and provision of pet passports can be found here: https://consult.defra.gov.uk/apha/apha-seeks-views-on-new-fees-for-statutory-servic/supporting_documents/Tranche%20%20%20Consultation%20Document.pdf

Enforcement, sanctions and monitoring

ABPs

No new sanctions or penalties are being introduced. The APHA, on behalf of the Scottish Ministers, are responsible for the enforcement of ABP statutory requirements. The APHA already ensure that the requirements of the Control Regulation are complied with and powers already exist under section 46 of that Regulation that enable the APHA to take enforcement action in the case of non-compliance. The APHA already has well-established systems in place that allow for the monitoring of ABP operator activities and this will continue regardless of the new fees.

Implementation and delivery plan

Implementation

The legislation required to introduce these charges in Scotland will come into force on 30 June 2018.

Delivery Plan

As the approvals and inspection regime delivered by the APHA is already established, no specific delivery plan is necessary. The services currently provided free of charge by APHA will simply become chargeable from 30 June 2018. To assist ABP operators to adjust to the new charges however, the APHA will phase in the new charges. In financial year 2018-19 charges will be set at 50% FCR, moving to 100% FCR in 2019-20. The APHA, through its established approvals and inspection regime, will continue to liaise with ABP operators in order to identify any difficulties arising as a consequence of charging.

Post-implementation review

Once implemented the APHA propose to assess the impact of the new charges for ABPs and pet passports on an ongoing basis. Given that these charges will need to be reviewed at some point in the future to ensure that the fees being charged still cover APHA's costs, it is anticipated that any formal consultation undertaken will provide an opportunity to review the impact of charging.

Summary and recommendation

Having considered all relevant factors, including the formal stakeholder engagement and consultation and Government's stated policy of charging for statutory services, the recommended approach for ABP charges is the adoption of option 3. In adopting this option, the APHA, in response to stakeholder comments, has agreed to the following:

- Introduction of a 90 min cap on the travel time that can be charged for.
- A phased introduction of ABP charges- 50% FCR in year 1, moving to 100% FCR in year 2.
- Commitment only to deploy staff from the APHA office nearest to the client to be visited. Where not possible travel costs still to be calculated from the clients nearest office.

For pet passports there are only 2 realistic options, either introduce the charge at 100% FCR or not. Having considered all relevant factors (not least the small sums involved) including the responses to the formal consultation and Government's stated policy of charging for the provision of statutory services, we recommend adoption of option 2.

Animal By-products

	Total benefit per annum- Economic, environmental, social.	Total cost per annum- Economic, environmental, social, administrative.
Option 1 (Do nothing)	No economic benefit to APHA, Government or, more importantly, the public purse would arise. Clearly, however,	Maintaining the status quo through the adoption of option 1 would, based on current levels of activity, cost the tax payer in the region of £124K per

	<p>ABP operators would continue to benefit from the provision of taxpayer funded services.</p> <p>No environmental benefit would arise from the adoption of this option.</p> <p>This option fails to deliver SG / UK Government policy on charging the end user for the delivery of statutory services.</p>	<p>annum.</p> <p>No measurable environmental cost would arise as this option essentially means business as usual.</p> <p>In light of ongoing fiscal pressures on operational budgets and wider demands on the public purse, this option is unlikely to be socially acceptable to the tax payer.</p> <p>This option fails to deliver SG / UK Government policy on charging the end user for the delivery of statutory services.</p>
<p>Option 2 (100%) FCR - no phased approach</p>	<p>This option delivers maximum economic benefit to the APHA and the public purse as it transfers the <u>full</u> cost of delivering ABP services to the industry from 30 June 2018.</p> <p>Potentially, in the mid to longer term this option may deliver some environmental benefits as a consequence of fewer visits being needed due to improved compliance levels in the ABP sector (with operators having to pay for APHA's time on site, they will be keen to do all they can to ensure that visit frequency and inspection duration are minimised as far as possible). This may then result in less journeys being undertaken by APHA staff with a corresponding drop in vehicle emissions.</p> <p>The tax payer will no doubt consider this to be the more socially acceptable option also, as it ensures that those that receive a service from APHA pay for it, thereby freeing up financial resources for vital public</p>	<p>This option would see the transfer of annual costs from the tax payer to the ABP sector in the region of £124K annually.</p> <p>Potentially, in the mid to longer term this option may deliver some environmental benefits as a consequence of fewer visits being needed due to improved compliance levels in the ABP sector (with operators having to pay for APHA's time on site, they will be keen to do all they can to ensure that visit frequency and inspection duration are minimised as far as possible). This may then result in less journeys being undertaken by APHA staff with a corresponding drop in vehicle emissions.</p> <p>The ABP sector would be unlikely to favour this approach as it introduces charges at 100% FCR from day one. Their preference, not surprisingly, was for a phased introduction. It would however no doubt be the most socially acceptable option to the tax payer as it ensures that those that receive a service from APHA pay for it, thereby freeing up financial</p>

	<p>services.</p> <p>This option delivers from day one SG / UK Government policy on charging.</p>	<p>resources for vital public services.</p> <p>This option delivers from day one SG / UK Government policy on charging.</p>
<p>Option 3 (50% FCR year 1, 100% FCR year 2)</p>	<p>This option delivers economic benefits to the APHA, the ABP sector and the public purse. Whilst ABP operators would be required to pay APHA the new charges, it would be at 50% of FCR for the first year. This would not only provide operators with time to assess and where necessary amend business plans, but also to liaise with the APHA to identify new ways of working with a view to reducing inspection frequency and therefore costs where appropriate.</p> <p>Potentially, in the mid to longer term this option may deliver some environmental benefits as a consequence of fewer visits being needed due to improved compliance levels in the ABP sector (with operators having to pay for APHA's time on site, they will be keen to do all they can to ensure that visit frequency and inspection duration are minimised as far as possible). This may then result in less journeys being undertaken by APHA staff with a corresponding drop in vehicle emissions.</p> <p>Overall, this option brings benefits to both the tax payer and the ABP sector. It provides businesses with time to adapt to new charges whilst also reducing some of the burden on the public purse. It also goes some way to delivering SG / UK Government</p>	<p>This option would see the transfer of annual costs from the tax payer to the ABP sector in the region of £62K in year one rising to £124K in year two.</p> <p>Potentially, in the mid to longer term this option may deliver some environmental benefits as a consequence of fewer visits being needed due to improved compliance levels in the ABP sector (with operators having to pay for APHA's time on site, they will be keen to do all they can to ensure that visit frequency and inspection duration are minimised as far as possible). This may then result in less journeys being undertaken by APHA staff with a corresponding drop in vehicle emissions.</p> <p>Overall, this option brings benefits to both the tax payer and the ABP sector. It provides businesses with time to adapt to new charges whilst also reducing some of the burden on the public purse. It also goes some way to delivering SG / UK Government policy on charging.</p>

	policy on charging in year 1, delivering it fully by year 2.	
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Pet Passports

	Total benefit per annum- Economic, environmental, social.	Total cost per annum- Economic, environmental, social, administrative.
Option 1	<p>No economic benefit to APHA, Government or, more importantly, the public purse would arise. Clearly, however, veterinary practices would continue to benefit from the provision of pet passports free of charge.</p> <p>No environmental benefit would arise from the adoption of this option.</p> <p>This option fails to deliver SG / UK Government policy on charging the end user for the delivery of statutory goods and services.</p>	<p>Maintaining the status quo through the adoption of option 1 would, based on historical data, cost the tax payer in the region of £14K per annum.</p> <p>No measurable environmental cost would arise as this option essentially means business as usual.</p> <p>In light of ongoing fiscal pressures on operational budgets and wider demands on the public purse, this option is unlikely to be socially acceptable to the tax payer.</p> <p>This option fails to deliver SG / UK Government policy on charging the end user for the delivery of statutory goods and services.</p>
Option 2	<p>This option delivers maximum economic benefit to the APHA and the public purse as it transfers the <u>full</u> cost of the production and provision of pet passports to veterinary practices from 30 June 2018.</p> <p>Environmental benefits are likely to be minimal. However, the introduction of a charge for pet passports may help to reduce both wastage and energy use due to veterinary practices moving from bulk ordering to only ordering enough to meet customer demand. Practices will also be much less inclined to discard surplus passports if they have had to pay for them.</p>	<p>This option would transfer in the region of £14K from the public purse to veterinary practices, thereby ensuring that the cost is borne by those that benefit from the provision of a service.</p> <p>It is not possible to quantify the environmental cost arising from adoption of this option, but it is likely to be negligible.</p> <p>This option delivers from day one SG / UK Government policy on charging and therefore the taxpayer is likely to consider this to be the more socially acceptable option.</p>

	<p>The tax payer will no doubt consider this to be the more socially acceptable option as it ensures that those benefiting from the provision of goods and/or services pay for it, thereby freeing up financial resources for vital public services.</p> <p>This option delivers from day one SG / UK Government policy on charging.</p>	
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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 MSP

Minister's title: Cabinet Secretary for the Rural Economy & Connectivity

Scottish Government contact point: John Nicolson
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