

POLICY NOTE

THE ANIMAL BY-PRODUCTS AND PET PASSPORT FEES (SCOTLAND) REGULATIONS 2018

SSI 2018/176

Introduction

The above instrument was made by the Scottish Ministers in exercise of the powers conferred by paragraph 1A of schedule 2 to the European Communities Act 1972 and section 56(1) and (2) of the Finance Act 1973. The Instrument is subject to negative procedure.

Policy Objective

The purpose of this instrument is to introduce new fees for certain statutory functions delivered by the Scottish Ministers. Under an Agency Agreement made under section 93 of the Scotland Act 1998, these services are currently delivered by the Animal & Plant Health Agency (APHA) on behalf of the Scottish Ministers. APHA, as an Executive Agency of the Department of Environment, Food and Rural Affairs also has responsibility for delivering statutory functions in England and Wales.

Presently only a small number of the functions delivered by the APHA are charged for, with the remainder covered by the public purse. HM Treasury Guidance 'Managing Public Money' makes clear that it is UK Government policy to charge for many 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. This instrument will therefore transfer the cost of delivering Animal By-product (ABP) and Pet Passport services from the taxpayer to those businesses that receive and benefit from the service.

Relevant Legislation

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 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 Regulation (EU) No 576/2013 ("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.

Consultation

From October 2015 to December 2015 the APHA ran a GB-wide public consultation on its proposals for new fees. This was a joint consultation between the UK Government and the devolved administrations. APHA's consultation included proposals for charging for the licensing of animal gatherings in England and Wales. This fee will not apply in Scotland. APHA's consultation paper 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.

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. Over 370 interested trade organisations and businesses were directly invited to respond and 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. Unsurprisingly, the majority of respondents don't support the introduction of fees. When questioned about how any new charges should be introduced however, the majority of ABP respondents favoured a phased introduction.

In response to pre-consultation discussions with ABP sector organisations and having considered the responses to the formal consultation, the APHA agreed to the following:

- Introduction of a 90 minute cap on the travel time that can be charged for.
- A phased introduction of ABP charges- 50% Full Cost Recovery ("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.

Impact Assessments

A Business & Regulatory Impact Assessment (BRIA) has been prepared to support the introduction of this Instrument.

Financial Effects

Animal By-products

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 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 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 inspection. 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. More detailed information on the financial impact of these new charges is set out in the associated BRIA.

Pet Passports

The cost to be passed on to veterinary practices will be £56 for a batch of 20 blank pet passport identification documents. This equates to £2.80 per passport. This charge covers the cost to the APHA of purchasing blank pet passport identification 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 individual client will be minimal.

Post-implementation review

The APHA propose to assess the impact of the new charges for ABPs and pet passports on an ongoing basis (by engaging with individual ABP operators during routine inspections and through meetings with trade bodies representing the sector). Given that these charges will need to be reviewed at some point in the future to ensure that the fees being charged continue to cover the cost of delivering the service, it is anticipated that any future formal consultation undertaken will also provide an opportunity to review the impact of these new charges.

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