

**EXPLANATORY MEMORANDUM TO
THE MEAT (OFFICIAL CONTROLS CHARGES) (ENGLAND)
REGULATIONS 2009**

2009 No. 1574

1. This explanatory memorandum has been prepared by the Food Standards Agency and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the Instrument**
 - 2.1. The instrument (which replaces the Meat (Official Controls Charges) (England) Regulations 2008 – S.I. 2008/447 – “the current Regulations” – which came into force on 31 March 2008) continues to require the Food Standards Agency (“FSA”) to charge the operators of approved meat premises in England in order to recover a percentage of the costs incurred by the Agency’s Executive Agency, the Meat Hygiene Service (“MHS”), in carrying out official controls at such premises to check for compliance with applicable meat hygiene and animal welfare at slaughter requirements (official controls are carried out by the MHS in Great Britain and by DARD in Northern Ireland). In so doing, the instrument supplements the like requirement imposed on member States by Article 27 of Regulation (EC) No. 882/2004 on Official Feed and Food Controls (“the OFFC Regulation”). References below to “meat hygiene” official controls should be taken to include animal welfare at slaughter official controls.
3. **Matters of special interest to the Joint Committee on Statutory Instruments.**
 - 3.1. None
4. **Legislative Context**
 - 4.1. Background
 - 4.1.1. The current Regulations will cease to apply at the end of 2009 as they include a provision having that effect. Their early replacement, or at least amendment to remove that provision, is therefore essential because otherwise, as from the beginning of 2010, there would no longer be in force in England any provisions supplementing Article 27 of the OFFC Regulation - with the consequence that charges could not lawfully be imposed in England and that the United Kingdom would be in breach of its obligation under EU law to enact such provisions and so at risk of successful infraction proceedings being commenced against it by the European Commission in the European Court of Justice.
 - 4.2. Scrutiny History
 - 4.2.1. A scrutiny history that was produced for the European Scrutiny Committee in the House of Commons and European Union Committee in the House of Lords during negotiation of the OFFC Regulation is attached at Appendix 1. In particular, the scrutiny of Council Directive 96/43/EC (the EC legislation on charging which Article 27 of the OFFC Regulation superseded) helps give

background context to the official controls charges required by the OFFC Regulation.

5. Territorial Extent and Application

- 5.1. This instrument applies in England.
- 5.2. Equivalent instruments have been proposed in Scotland, Wales and Northern Ireland.

6. European Convention on Human Rights

- 6.1. As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1. What is being done and why

- 7.1.1. The changes implemented under this instrument are of political importance. They relate to charges for official controls carried out in a key industry sector in order to protect public health and to ensure animal welfare at slaughter. The changes are intended to enhance collaborative working between business and the MHS and by doing so they compliment other measures to ensure official controls are risk-based and proportionate.
- 7.1.2. The requirements laid down as regards charges for meat hygiene official controls are contained in Article 27 of the OFFC Regulation. That provision requires that, as from 1 January 2007, member States must charge for meat hygiene official controls and in doing so must charge no more than the actual costs incurred in carrying them out and, from 1 January 2008 (other than in specified cases) no less than specified minimum charge rates. Also, in determining charges member States must take into account specific factors relating to the plant concerned, e.g. whether its throughput is low.
- 7.1.3. The minimum charge rates in the OFFC Regulation are minimum rates for inspection costs relating to the slaughter per species/type of animal or bird. For controls and inspections connected with cutting up of meat operations, the applicable rates are per tonne of meat brought into premises for the purpose of being cut up there.
- 7.1.4. The current national meat hygiene charging system was introduced in the UK in 2001 to provide financial support for smaller slaughterhouses and cutting plants that could not afford to pay the full cost of official controls carried out as a result of the implementation of the EC requirement contained in Council Directive 96/43/EC that official veterinarians designated by the competent authority to carry out controls at the premises concerned do so to an increased extent. This support has been achieved by providing for official control charges to be the lower of time cost charges (i.e. charges calculated on the basis of the time spent carrying them out) and charges calculated from standard rates specified (previously in the Directive and now in the OFFC Regulation) as applicable to the slaughter of particular animal/bird species or to the cutting up of meat, but it has resulted in a significantly higher proportion of businesses paying charges calculated from standard rates than

was intended and in those charges recovering an increasingly lower proportion of official control costs.

- 7.1.5. There is now a need substantially to reduce the cost of the controls. The instrument thus provides for generally applicable time-cost charging to be introduced to replace the current charging system. This will provide an incentive for each business to carry out slaughter etc. operations efficiently (and so minimise the amount of official controls needed at its premises) and for the MHS to minimise the time it needs to carry out the necessary controls effectively. In doing so, it will supplement other measures that the MHS has taken and will be taking to reduce the cost of official controls, for example, by the introduction of Business Agreements between businesses and the MHS entered into to enable the MHS to assess and plan more effectively the official control resources needed by each business.
- 7.1.6. The instrument provides for an unspecified percentage (to be determined by the Agency) of meat hygiene official control costs to be charged to businesses. This reflects the fact that, under Article 27 of the OFFC Regulation, charges must, other than in exceptional cases specified in that provision, be in amounts no less than ones equating to the relevant EC minimum charge rates, be no more than the full cost of the official controls being charged for and be determined having regard to specified plant specific factors set out in that provision, such as whether or not the plant concerned is a low throughput one.
- 7.1.7. Other than in the circumstances described in paragraphs 7.1.8, 7.1.9, 7.1.16(a) and 7.1.16(c), the impact of this instrument will be cost-neutral. That is to say each business will be charged at a rate which is discounted to the same extent in percentage terms (as compared with the full time cost of the official controls to which the charges relate) as would have been the case under the current charging system if that had remained in place under this instrument and will pay the same charge – provided the plant throughput and MHS official control time at the plant in fact remain unchanged as compared with 2008-9. This will be achieved by calculating the charge that would have been payable under the current charging system and converting that charge to the percentage of the time costs that would need to be charged to recover the same amount as would have been charged under the existing charging system.
- 7.1.8. The requirement in the instrument for the FSA to charge for an unspecified percentage of official meat control time (regulation 3 as read with paragraph 1 of Schedule 2) enables the percentage that will be charged to businesses to be adjusted without the need to amend the instrument. In December 2008, the FSA consulted on proposals for an increase to charges and in April 2009 the FSA Board decided, in the light of consultation responses and the current economic circumstances, to seek Ministerial agreement an increase in charges of 4% during the current financial year. However, Ministerial agreement across the UK has not been given for this increase. Any increase in 2010/11 and beyond would be subject to the outcome of further public consultation, of FSA Board recommendations, and of decisions of Ministers in each country of the UK. In the event of any increase to charges, the FSA would increase the percentage of official meat control time charged by revising the discounts referred to in paragraph 7.1.7 so as to adjust charges by the percentage required, as compared with current charge levels, to achieve the adjustment to

which Ministers had agreed. The level of increases that may be proposed in 2010/11 and beyond is not known, but the FSA is committed to seeking to recover a greater proportion of meat official control costs through charging, leading to a reduction in financial support to approved meat business. The FSA's aim is to reduce this financial support to £10 million by 2014/15. To achieve this, above inflation increases would be required in each financial year from 2010/11 to 2014/15 inclusive.

- 7.1.9. The FSA will continue to ensure that, other than in permitted cases, no charge will be less than one calculated from specified EC minimum charge rates.
- 7.1.10. Unlike the current Regulations, the instrument does not make provision in respect of conversion to Sterling of the minimum standard charge rates set out in Euros in the OFFC Regulation. (The OFFC Regulation does not specify the basis for converting the minimum rates into national currencies).
- 7.1.11. The system for converting OFFC minimum standard charge rates into Pounds Sterling that was adopted for the purposes of the current Regulations is the one specified in Council Directive 96/43/EC, which provided for the rate of conversion into national currency for any given calendar year to be that published in the C series of the Official Journal of the European Union on the first working day of September of the previous year or, if none was published on that day, on the next day on which one was published.
- 7.1.12. Although the OFFC Regulation contains no equivalent provision, it was inferred that that did not mean that, in countries that had not adopted the Euro, those calculating charges in the national currency had to factor in *all* changes in the exchange rate occurring in the charging period concerned. It was also considered that, as under Directive 96/43/EC, to apply one annual conversion date only would be acceptable and that, as the meat Trade was familiar with it, there was no good reason to depart from the 1 September etc. formulation.
- 7.1.13. Consequently, in the current Regulations, provision was made for the standard rates for 2008 that equate to the OFFC minima to be converted from Euros to Pounds Sterling using the exchange rate published on 3 September 2007. Moreover, provision was made in those Regulations for the Sterling rates for 2009 to be increased if necessary to equate to the OFFC minima, using the Euro/£ exchange rate published on the first working day of September 2008. There is no provision for subsequent years, given the inclusion in the current Regulations of a provision whereby they cease to have effect at the end of 2009.
- 7.1.14. The provisions in the current Regulations referred to in paragraph 7.1.13 resulted in some standard charge rates being increased substantially in January 2009 due to the reduced value of the pound against the Euro which was applicable for that year on the basis of the Euro/£ exchange rate that was published on 2 September 2008.
- 7.1.15. In the light of that, the FSA has since reviewed whether to continue to carry out this conversion exercise on a calendar year basis and concluded that there would be advantages to doing so from the start of each MHS financial year instead, starting in 2010 - a proposal which the meat trade supports. The FSA thus intends to proceed on that basis. Also from that time, in place of the 1 September etc. formulation, the FSA will make any necessary increases to

standard minimum rates using an average Euro/£ rate calculated from the first exchange rate published on the first day each month of the previous calendar year in the C series of the Official Journal of the European Union.

7.1.16. In addition to the main proposals, the instrument serves to implement a number of other, related, proposals:

- a) charges to be introduced for meat hygiene official controls that are carried out on farm (as opposed to in meat plants) in certain circumstances prescribed in EU meat hygiene legislation;
- b) for businesses to declare to the FSA their working times and working practices in order to enable MHS to determine the resources needed to carry out official controls at the business premises concerned;
- c) for businesses, on payment of a fee of £250, to be able to initiate a semi-independent review of that determination where they are dissatisfied with the outcome of the determination; and
- (d) for businesses to be able to appeal to an independent person nominated by the FSA against the MHS's decision reached as a result of such a review.

7.1.17. Additionally, the opportunity has been taken to enhance the effectiveness of an existing provision (re-enacted in the instrument) enabling the FSA to demand information from meat plant operators for the purpose of enabling them to calculate charges – by prescribing the methods by which service of such demands may be effected (regulation 5).

7.2. Consolidation

7.2.1. Not applicable, as the instrument replaces the current Regulations.

8. Consultation Outcome

- 8.1. Around 100 stakeholders in Great Britain were consulted, including industry representative organisations. In addition, around 900 operators of approved slaughterhouses, game handling establishments and meat cutting businesses were alerted to the consultation and given the opportunity to respond to it, either directly or via a representative organisation.
- 8.2. The consultation followed the Cabinet Office Code of Practice, although a 14-week consultation period proved to be necessary, instead of the usual 12 weeks, as the consultation period straddled the Christmas and New Year holiday period. (Consultations were also carried out on the equivalent instruments proposed in Scotland, Wales and Northern Ireland).
- 8.3. There was a good response to the consultations, with the receipt in Great Britain of 48 written responses, including responses from all of the main industry representative bodies; views aired at stakeholder events in England, Scotland and Wales; food business operator feedback from discussions with MHS Business Managers about plant level business agreements; consideration by the Food Advisory Committees in Scotland and Wales and a discussion of the Advisory Body on Official Meat Controls. There was a mixed but generally supportive response to the main proposal of moving to a time-based system of charging; but there were strong concerns expressed about both a proposed increase to meat hygiene official control charges of either 4%, 6% or

9% (the percentage of any increase to be selected to be decided in the light of any comments received from consultees) and the introduction of a new charge for Specified Risk Material (SRM)/ BSE controls. (SRM is those parts of cattle, sheep and goats most likely to contain BSE infectivity in an infected animal. By law, SRM must be removed as soon as possible after slaughter, stained and disposed of safely. These controls are enforced by the Meat Hygiene Service in approved slaughterhouses, cutting plants and game-handling establishments in Great Britain.). Account was taken of those views and concerns in the instrument as set out below.

- 8.4. The instrument provides for generally applicable time-cost charging to be introduced to replace the current charging system.
- 8.5. However, the proposals relating to the circumstances when charges will be made have been modified to introduce two limited flexibilities. These are that it is proposed not to charge for time when scheduled official controls are not being carried out (downtime) due to: a) *force majeure*, for example, where a business is unable to operate due to a utility supply failure that the business could not have prevented: or b) any other reason, for up to two hours on any two occasions in any four/five week charging period, where downtime was the result of contractual or customary practices or where the circumstances were otherwise outside of the business's control, e.g. machinery failure where an acceptable programme of maintenance is in place. Where this flexibility is required on a regular basis, the Business Agreement between the food business operator and the MHS will be reviewed to assess whether it could more accurately reflect the working times and practices of the business.
- 8.6. Currently, in poultry slaughterhouses, a deduction is made from charges otherwise payable by the operators of the slaughterhouses in an amount equating to the full cost to such operators of employing their own staff (Plant Inspection Assistants (PIAs)) to undertake official control duties under the supervision of the Official Veterinarian responsible for carrying out official controls at the slaughterhouse concerned. (EU meat hygiene legislation allows for the use of PIAs by the operators of poultry slaughterhouses where certain conditions are satisfied). The proposals to introduce a standard average rate of the hourly cost to businesses of employing such PIAs and to reduce from 100% to 95% the deduction made from charges in respect of these costs have been dropped, pending the development of a more suitable way of implementing the FSA's policy of encouraging the use of PIAs.
- 8.7. For charges to be made for meat hygiene official controls that are carried out on farm or at other places of origin, charges will be set with reference to the charging discounts that apply to slaughterhouses with similar levels of throughput rather than, as was proposed, at the full cost of the controls.
- 8.8. For businesses to pay a £250 fee, rather than the proposed £400 fee, to initiate a semi-independent review of the MHS's initial determination of the staff time and numbers it considers it needs effectively to carry out chargeable official controls at the businesses. This is on the basis that the effectiveness of the fee in deterring frivolous/vexatious cases will be monitored, with a view to raising it to £400 at some future date should that prove to be necessary.

- 8.9. The proposal to introduce a charge to recover 5% of the cost of official controls on Specified Risk Material, including additional BSE controls that apply to cattle slaughtered for human consumption that are required to be tested for BSE, has been deferred pending further consideration of it as part of the development by the FSA of future charging proposals.
- 8.10. Regarding the proposal to increase meat hygiene charges by one of the percentages referred to in paragraph 8.3, it was decided, after obtaining the views of Ministers in each UK country, that generally applicable charges should not after all be increased during the 2009/10 financial year.
- 8.11. A summary of the consultation comments and Departmental responses is attached to this memorandum at Appendix 2.

9. Guidance

- 9.1. The current MHS Charges Guide for industry is being revised and will be sent to the Operators of approved meat businesses to explain the charging arrangements that will apply from 28 September 2009.

10. Impact

- 10.1. The introduction of generally applicable time-cost charging, which the instrument effects, will not of itself impose additional costs on businesses.
- 10.2. There is no impact on the public sector, charities or voluntary bodies.
- 10.3. An Impact Assessment is attached to this memorandum at Appendix 3.

11. Regulating small business

- 11.1. The legislation applies to all approved slaughterhouses, meat cutting plants and game-handling establishments, including small businesses.
- 11.2. All businesses of the types referred to in paragraph 11.1, of all sizes, were consulted. The new system of calculating charges for meat hygiene controls based on the time-costs of carrying out these controls continues the present distribution of support/discount, which will continue to benefit small businesses by providing significant discounts from the full costs of controls.
- 11.3. That is compliant with EU legislation; under Article 27.5 of the OFFC Regulation member States are required when setting charges to consider the needs of specified types of business, including those with low throughputs.

12. Monitoring and review

- 12.1. The MHS will remain, as currently, responsible for enforcement, sanctions and monitoring in respect of the meat hygiene charging provisions set out in the instrument. The intended outcome of the changes is to provide an incentive to businesses to improve standards and compliance and make optimum use of MHS official control time, thereby helping to reduce the costs of delivering official controls whilst ensuring the effectiveness of the controls. The FSA will continue to monitor the overall costs of official controls to ensure that the overall trend is downwards and will evaluate the impact of the changes during the second half of the first year of operation (when a reasonable level of data

from the new system will be available), including the level of official controls in individual plants.

13. Contact

- 13.1. Mrs Sandie Yeats at the FSA (tel: 020 7276 8326 or e-mail: sandie.yeats@foodstandards.gsi.gov.uk) can answer any queries regarding the instrument.

Part 1

PARLIAMENTARY SCRUTINY HISTORY RELEVANT TO A PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL CONCERNING OFFICIAL FEED AND FOOD CONTROLS

EUROPEAN PARLIAMENT AND COUNCIL REGULATION No. 178/2002

Legislation	European Parliament and Council Regulation No. 178/2002
Adopted	28 January 2002
Official Journal	L31 of 1 February 2002 (Page 1 – 24)
Explanatory Memoranda	5761/00 of 2 February 2000 14174/00 of 21 January 2001 11445/01 of 11 October 2001

EXPLANATORY MEMORANDUM 5761/00

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – for debate	Date: 1 March 2000 Report ref: (20875) HC 23 – x (Session 1999-2000) Paragraph 2	Referred to Sub-Committee (List B)	Date: 8 February 2000 Sub-Committee D
Debated in European Standing Committee C	Date: 12 April 2000	Recommended for debate	Date: 16 May 2000 7 th Report HL Paper 66 (Session 1999-2000)
		Debated	Date: 23 June 2000

EXPLANATORY MEMORANDUM 14174/00

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important – for debate on the floor of the House	Date: 14 March 2001 Report Ref: (21886) HC 28 – viii (Session 2000-2001) Paragraph 1	Referred to Sub-Committee	Date: 21 January 2001 Sub-Committee D

Legally and politically important - cleared	Date: 31 October 2001 Report Ref: (21886) HC 152 – iii (Session 2001 – 2002)		Date: 23 March 2001 10 th Report HL Paper 66 (Session 2000-2001)
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EXPLANATORY MEMORANDA 11445/01

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important - cleared	Date: 31 October 2001 Report ref: (21886)(22675) HC 152 - iii (Session 2001-01) Paragraph 5	Sifted to Sub-Committee D	Date: 17 October 2001
		Cleared (Sub-Committee D)	Date: 14 November 2001

COUNCIL DIRECTIVE 95/53/EC

Legislation	Council Directive 95/53/EC
Adopted	25 October 1995
Official Journal	L265 of 8 November 1995 (Page 17-22)
Explanatory Memoranda	9612/93 of 30 November 1993 8897/94 of 29 September 1994

EXPLANATORY MEMORANDUM 9612/93

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 15 December 1993	Cleared (List A)	Date: 6 December 1993

EXPLANATORY MEMORANDUM 8897/94

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 19 October 1994	Cleared (List A)	Date: 10 October 1994

COUNCIL DIRECTIVE 70/373/EEC

Legislation	Council Directive 70/373/EEC
Adopted	20 July 1970
Official Journal	L170 of 3 August 1970 (Page 2 – 3)
Explanatory Memoranda	No Details available

COUNCIL DIRECTIVE 89/397/EEC

Legislation	Council Directive 89/397/EEC
Adopted	14 June 1989
Official Journal	L186 of 30 June 1989 (Page 23-26)
Explanatory Memoranda	4101/87 6442/89 5028/88

EXPLANATORY MEMORANDUM 6442/89

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Deferred	Date: 19 April 1989	Listed 'A'	Date: 2 May 1989
Not legally or politically important – cleared	Date: 3 May 1989		

COUNCIL DIRECTIVE 93/99/EEC

Legislation	Council Directive 93/99/EEC
Adopted	29 October 1993
Official Journal	L290 of 24 November 1993 (Page 14 – 17)
Explanatory Memoranda	4690/92 of 6 March 1992 11221/92 of 29 February 1993 9990/93 of 3 February 1994 6007/98 of 12 March 1998

EXPLANATORY MEMORANDUM 4690/92

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important not for debate	Date: 11 March 1992 Report ref: (13524) HC 24-xv (Session 1991-92) Paragraph	Cleared without Report (List A)	Date: 9 March 1992

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EXPLANATORY MEMORANDUM 11221/92

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important not for debate	Date: 3 February 1993 Report ref: (14248) HC 79-xvii (Session 1992-93) Paragraph 6	Cleared without Report (List A)	Date: 8 February 1993

EXPLANATORY MEMORANDUM 9990/93

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 9 February 1994	Cleared without Report (List A)	Date: 7 February 1994

EXPLANATORY MEMORANDUM 6007/98

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Date: 1 April 1998		Cleared without Report (List A)	Date: 16 March 1998

COUNCIL DIRECTIVE 89/662/EEC

Legislation	Council Directive 89/662/EEC
Adopted	11 December 1989
Official Journal	L395 of 30 December 1989 (Page 13 – 22)
Explanatory Memoranda	8062/88 of 7 November 1988 8062/88 SEM of 13 December 1988 8062/88 2 nd SEM of 26 March 1990 8062/883 rd SEM of 27 April 1990 8062/88 4 th SEM of 13 June 1990

EXPLANATORY MEMORANDUM 8062/88

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important not for debate	Date: 9 November 1988 Report Ref : (10534) HC 43-xxxix Session 1987-1988 paragraph 9	Referred to Sub-Committees D & E: (List B)	Date : 14 November 1988
Debated	Date : 5 June 1990 2nd Standing Committee on European Community Documents	Cleared without Report (List C)	Date : 27 January 1989 Committees D & E

EXPLANATORY MEMORANDUM 8062/88 AND SUPPLEMENTARIES

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons
<p>At its meeting on 9 November 1988, The House of Commons Select Committee on European Legislation considered the subject of Explanatory Memorandum 8062/88 to be politically important but not for debate ([10534] HC 43-xxxix[Session 1987 –1988] Paragraph 9). At its meeting on 20 December 1989, the Committee also considered the first Supplementary Explanatory Memorandum to be politically important but not for debate. However, at its meeting on 9 May 1990, the Committee considered the subject of both the second and third Supplementary Explanatory Memoranda to be politically important and recommended the proposal for debate ([10534] HC 11-xxi [Session 1989-90] Paragraph 1). At its meeting on 13 June 1990, the Committee considered the fourth Supplementary Explanatory Memorandum and confirmed the earlier recommendation that the proposal was politically important and for debate ([10534] HC 11-xxv [Session 1989-90] paragraph 2.) The proposal was debated in the Second Standing Committee on European Community Documents.</p>

Lords
<p>At its meeting on 14 November 1988, the House of Lords Select Committee on the European Communities referred Explanatory Memorandum 8062/88 to Sub-Committees D and E where it cleared on 27 January 1989. At its meeting on 18 December 1989 and 26 March 1990 respectively, the Committee referred the first and second Supplementary Memoranda to Sub-Committee D and they were subsequently debated, together with the original Explanatory Memorandum, on 5 April 1990. The first and second Supplementary Memoranda were cleared by Sub-Committee D on 24 April 1990. At its meeting on 30 April and 18 June 1990 respectively, the Committee referred the third and fourth Supplementary Explanatory Memoranda to Sub-Committee D and they were subsequently cleared without report on 4 December 1990.</p>

COUNCIL DIRECTIVE 96/43/EC

Legislation	Council Directive 96/43/EC
Adopted	26 June 1996
Official Journal	L8 of 11 January 1997 (Page 32)
Explanatory Memoranda	11316/95 of 23 October 1995 SEM 11316/95 of 2 February 1996

EXPLANATORY MEMORANDUM 11316/95

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – not for debate at this stage – further information requested	Date: 1 November 1995 Report Ref : (16491) HC 70-xxvi (Session 1994-95) Paragraph 9	Cleared (List A)	Date : 30 October 1995

SUPPLEMENTARY EXPLANATORY MEMORANDUM 11316/95

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – not for debate	Date: 14 February 1996 Report Ref : (16491) HC 51-ix (Session 1995-96) Paragraph 7	Cleared (List A)	Date : 5 February 1996

Part 2

PARLIAMENTARY SCRUTINY HISTORY RELEVANT TO A PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL CONCERNING OFFICIAL FEED AND FOOD CONTROLS

EUROPEAN PARLIAMENT AND COUNCIL REGULATION No. 178/2002

Legislation	European Parliament and Council Regulation No. 178/2002
Adopted	28 January 2002
Official Journal	L31 of 1 February 2002 (Page 1 – 24)
Explanatory Memoranda	5761/00 of 2 February 2000 14174/00 of 21 January 2001 11445/01 of 11 October 2001

EXPLANATORY MEMORANDUM 5761/00

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – for debate	Date: 1 March 2000 Report ref: (20875) HC 23 – x (Session 1999-2000) Paragraph 2	Referred to Sub-Committee (List B)	Date: 8 February 2000 Sub-Committee D
Debated in European Standing Committee C	Date: 12 April 2000	Recommended for debate	Date: 16 May 2000 7 th Report HL Paper 66 (Session 1999-2000)
		Debated	Date: 23 June 2000

EXPLANATORY MEMORANDUM 14174/00

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important – for debate on the floor of the House	Date: 14 March 2001 Report Ref: (21886) HC 28 – viii (Session 2000-2001) Paragraph 1	Referred to Sub-Committee	Date: 21 January 2001 Sub-Committee D
Legally and politically important - cleared	Date: 31 October 2001 Report Ref: (21886) HC 152 – iii (Session 2001 – 2002) Paragraph 5	Cleared	Date: 23 March 2001 10 th Report HL Paper 66 (Session 2000-2001)

EXPLANATORY MEMORANDUM 11445/01

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important - cleared	Date: 31 October 2001 Report ref: (21886)(22675) HC 152 - iii (Session 2001-01) Paragraph 5	Sifted to Sub-Committee D	Date: 17 October 2001
		Cleared (Sub-Committee D)	Date: 14 November 2001

COUNCIL DIRECTIVE 95/53/EC

Legislation	Council Directive 95/53/EC
Adopted	25 October 1995
Official Journal	L265 of 8 November 1995(Page 17-22)
Explanatory Memoranda	9612/93 of 30 November 1993 8897/94 of 29 September 1994

EXPLANATORY MEMORANDUM 9612/93

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 15 December 1993	Cleared (List A)	Date: 6 December 1993

EXPLANATORY MEMORANDUM 8897/94

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 19 October 1994	Cleared (List A)	Date: 10 October 1994

COUNCIL DIRECTIVE 99/20/EC (LAST AMENDMENT TO COUNCIL DIRECTIVE 95/53/EC)

Legislation	Council Directive 99/20/EC
Adopted	22 March 1999
Official Journal	L80 of 25 March 1999 (Page 20- 21)
Explanatory Memoranda	10514/98 of 5 October 1998

EXPLANATORY MEMORANDUM 10514/98

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important - cleared	Date: 21 October 1998	Cleared (List A)	Date: 12 October 1998

COUNCIL DIRECTIVE 70/373/EEC

Legislation	Council Directive 70/373/EEC
Adopted	20 July 1970
Official Journal	L170 of 3 August 1970 (Page 2 – 3)
Explanatory Memoranda	No Details available

COUNCIL DIRECTIVE 89/397/EEC

Legislation	Council Directive 89/397/EEC
Adopted	14 June 1989
Official Journal	L186 of 30 June 1989 (Page 23-26)
Explanatory Memorandum	4101/87 6442/89 5028/88

EXPLANATORY MEMORANDUM 6442/89

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Deferred	Date: 19 April 1989	Listed 'A'	Date: 2 May 1989
Not legally or politically important – cleared	Date: 3 May 1989		

COUNCIL DIRECTIVE 93/99/EEC

Legislation	Council Directive 93/99/EEC
Adopted	29 October 1993
Official Journal	L290 of 24 November 1993 (Page 14 – 17)
Explanatory Memoranda	4690/92 of 6 March 1992 11221/92 of 29 February 1993 9990/93 of 3 February 1994 6007/98 of 12 March 1998

EXPLANATORY MEMORANDUM 4690/92

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important not for debate	Date: 11 March 1992 Report ref: (13524) HC 24-xv (Session 1991-92) Paragraph 16	Cleared without Report (List A)	Date: 9 March 1992

EXPLANATORY MEMORANDUM 11221/92

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important not for debate	Date: 3 February 1993 Report ref: (14248) HC 79-xvii (Session 1992-93) Paragraph 6	Cleared without Report (List A)	Date: 8 February 1993

EXPLANATORY MEMORANDUM 9990/93

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 9 February 1994	Cleared without Report (List A)	Date: 7 February 1994

EXPLANATORY MEMORANDUM 6007/98

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Date: 1 April 1998		Cleared without Report (List A)	Date: 16 March 1998

COUNCIL DIRECTIVE 92/118 (LAST AMENDMENT TO COUNCIL DIRECTIVE 89/662)

Legislation	Council Directive 92/118/EEC
Adopted	17 December 1992
Official Journal	L 62 of 15 March 1993 (Page 49)
Explanatory Memorandum	4796/90 of 12 March 1990 SEM 4796/90 of 12 June 1992

EXPLANATORY MEMORANDUM 4796/90

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – for debate in Standing Committee	Date: 28 March 1990 Report Ref: (11908) HC 11-xvi (Session 1989–90) Paragraph 10	Referred to Sub-Committee (List B)	Date: 19 March 1990 Sub-Committee B
Debated	Date: 5 June 1990	Cleared (List C)	Date: 24 April 1990

SUPPLEMENTARY EXPLANATORY MEMORANDUM 4796/90

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – not for debate	Date: 24 June 1992 Report Ref: (11908) HC 79-ii (Session 1992-93) Paragraph 4	Referred to Sub-Committee (List B)	Date: 22 June 1992 Sub-Committee B
		Cleared (List C)	Date: 27 October 1992

COUNCIL DIRECTIVE 97/78/EC

Legislation	Council Directive 97/78/EC
Adopted	18 December 1997
Official Journal	L24 of 30 January 1998 (Page 9 – 30)
Explanatory Memoranda	

COUNCIL DIRECTIVE 96/43/EC

Legislation	Council Directive 96/43/EC
Adopted	26 June 1996
Official Journal	L8 of 11 January 1997 (Page 32)
Explanatory Memoranda	11316/95 of 23 October 1995 SEM 11316/95 of 2 February 1996

EXPLANATORY MEMORANDUM 11316/95

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – not for debate at this stage – further information requested	Date: 1 November 1995 Report Ref : (16491) HC 70-xxvi (Session 1994-95) Paragraph 9	Cleared (List A)	Date : 30 October 1995

SUPPLEMENTARY EXPLANATORY MEMORANDUM 11316/95

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – not for debate	Date: 14 February 1996 Report Ref : (16491) HC 51-ix (Session 1995-96) Paragraph 7	Cleared (List A)	Date : 5 February 1996

COUNCIL DIRECTIVE 85/73/EEC

Legislation	Council Directive 85/73/EEC
Adopted	29 January 1985
Official Journal	L32 of 5 February 1985 (Page 14 – 15)
Explanatory Memoranda	No details available

EUROPEAN PARLIAMENT AND COUNCIL REGULATION (EC) No. 999/2001

Legislation	European Parliament and Council Regulation (EC) No. 999/2001
Adopted	22 May 2001
Official Journal	L.147 of 31 May 2001 (Page 1 – 40)
Explanatory Memoranda	

COUNCIL DIRECTIVE 89/662 (LAST AMENDED BY COUNCIL DIRECTIVE 92/118)

Legislation	Council Directive 89/662/EEC
Adopted	11 December 1989
Official Journal	L395 of 30 December 1989 (page 13)
Explanatory Memoranda	8062/88 of 7 November 1988 8062/88 SEM of 13 December 1988 8062/88 2nd SEM of 26 March 1990 8062/88 3rd SEM of 27 April 1990 8062/88 4th SEM of 13 June 1990

EXPLANATORY MEMORANDUM 8062/88 AND SUPPLEMENTARIES

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons	<p>At its meeting on 9 November 1988, The House of Commons Select Committee on European Legislation considered the subject of Explanatory Memorandum 8062/88 to be politically important but not for debate ([10534] HC 43-xxxix [Session 1987-88] paragraph 9). At its meeting on 20 December 1989, the Committee also considered the first Supplementary Explanatory Memorandum to be politically important but not for debate. However, at its meeting on 9 May 1990, the Committee considered the subject of both the second and third Supplementary Explanatory Memoranda to be politically important and recommended the proposal for debate ([10534] HC 11-xxi [Session 1989-90] paragraph 1). At its meeting on 13 June 1990, the Committee considered the fourth Supplementary Explanatory Memorandum and confirmed the earlier recommendation that the proposal was politically important and for debate ([10534] HC 11-xxv [Session 1989-90] paragraph 2). The proposal was debated in the Second Standing Committee on European Community Documents</p>
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Lords

At its meeting on 14 November 1988, the House of Lords Select Committee on the European Communities referred Explanatory Memorandum 8062/88 to Sub-Committees D and E where it cleared on 27 January 1989. At its meeting on 18 December 1989 and 26 March 1990 respectively, the Committee referred the first and second Supplementary Explanatory Memoranda to Sub-Committee D and they were subsequently debated, together with the original Explanatory Memorandum, on 5 April 1990. The first and second Supplementary Explanatory Memoranda were cleared by Sub-Committee D on 24 April 1990. At its meeting on 30 April and 18 June 1990 respectively, the Committee referred the third and fourth Supplementary Explanatory Memoranda to Sub-Committee D and they were subsequently cleared without report on 4 December 1990.

COUNCIL DIRECTIVE 91/67/EEC (LAST AMENDED BY COUNCIL DIRECTIVE 98/45/EC)

Legislation	Council Directive 91/67/EEC
Adopted	28 January 1991
Official Journal	L 46 of 19 February 1991 (Page 1)
Explanatory Memorandum	4783/90 of 14 March 1990

EXPLANATORY MEMORANDUM 4783/90

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Politically important – for debate in Standing Committee	Date: 28 March 1990 Report Ref: (11892) HC 11-xvi (Session 1989 - 90) Paragraph 6	Referred to Sub-Committee (List B)	Date: 19 March 1990
Debated with 4699/90 and 4779/90	7 June 1990	Cleared without report (List C)	Date: 24 April 1990

COUNCIL DIRECTIVE 98/45/EC (LAST AMENDMENT TO COUNCIL DIRECTIVE 91/67/EEC)

Legislation	Council Directive 98/45/EC
Adopted	24 June 1998
Official Journal	L 189 of 3 July 1998 (Page 12)
Explanatory Memorandum	8823/96 of 30 July 1996

EXPLANATORY MEMORANDUM 8823/96

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important	Date: 16 October 1996	Cleared (List A)	Date: 9 October 1996

COUNCIL DIRECTIVE 93/43

Legislation	Council Directive 93/43
Adopted	14 June 1993
Official Journal	L 175 of 19 July 1993 (Page 1)
Explanatory Memorandum	Dept of Health lead

EXPLANATORY MEMORANDUM 10427/00

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important – for debate in European Standing Committee C	Date: 17 January 2001 Report Ref. (21499) HC 28-iii (Session 2001) Paragraph 1 (Third Report of Session 2000-2001)	Referred to Sub-Committee (List B)	Date: 3 October 2000
Legally and politically important – cleared	Date: 3 May 2002 Report Ref. 21499 HC 152 – xxv and HCP 152 – xxvi 25 th and 26 th Reports of Session 2001 – 2002	Cleared without report	Date: 27 October 2000

EXPLANATORY MEMORANDUM 10427/00

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important – for debate in European Standing Committee C	Date: 17 January 2001 Report Ref. (21499) HC 28-iii (Session 2001) Paragraph 1 (Third Report of Session 2000-2001)	Referred to Sub-Committee (List B)	Date: 3 October 2000

Legally and politically important – cleared	Date: 3 May 2002 Report Ref. 21499 HC 152 – xxv and HCP 152 – xxvi 25 th and 26 th Reports of Session 2001 – 2002	Cleared without report	Date: 27 October 2000
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EXPLANATORY MEMORANDA 8868/02 & 8869/02

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Not legally or politically important - cleared	Date: 26 June 2002 Report Refs. (23566 & 23567) HC 152-xxxiv (Session 2001-02) Paragraph 16	Cleared	Date: 25 June 2002 (Sift 1108)

COUNCIL DIRECTIVE 96/23/EC

Legislation	Council Directive 96/23/EC
Adopted	29 April 1996
Official Journal	L125 of 23 May 1996 (Page 10 – 32)
Explanatory Memoranda	8988/93 Part II

EXPLANATORY MEMORANDUM 8988/93 PART II

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important- not for debate	Date: 19 January 1993 Report Ref : (14869) HC 48 –iv (Session 1993-94) Paragraph 5	Referred to Sub-Committee (List B)	Date: 10 January 1994 Sub-Committee D
		Cleared (List F cleared by letter to the Minister)	Date: 29 March 1994

COUNCIL REGULATION (EC) No. 882/2004

Legislation	Regulation (EC) No. 882/2004 of the European Parliament and of the Council
Adopted	29 April 2004
Official Journal	L165 of 30 April 2004, p. 1 (corrected version: OJ L 191, 28.5.2004, p.1)
Explanatory Memoranda	6090/03 of 3 March 2003 SEM 6090/03 of 1 April 2004

EXPLANATORY MEMORANDUM 6090/03

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important - For debate	Date: 29.10.2003 Report ref: HC 63-xxxiv, paragraph 2	Sifted to sub-Committee D in Sift 1135 Held under scrutiny (see Progress of Scrutiny Report of 01.12 2003)	Date: 11.03.2003

SUPPLEMENTARY EXPLANATORY MEMORANDUM 6090/03

SCRUTINY COMMITTEES' RECOMMENDATIONS

Commons		Lords	
Legally and politically important - Cleared on basis of SEM and Minister's letter.	Date: 01.04.2004 Report ref: HC 42-xvii, paragraph 15	Sifted to sub-Committee D in Sift 1176 Cleared by Chair of EU Committee	Date: 06.04.2004 Date: 23.04.2004

CONSULTATION ON PROPOSED CHANGES TO THE CHARGING ARRANGEMENTS AND CHARGING LEVELS FOR OFFICIAL MEAT CONTROLS CARRIED IN GREAT BRITAIN

THE MEAT (OFFICIAL CONTROL CHARGES) (ENGLAND) REGULATIONS 2009

SUMMARY REPORT OF RESPONSES TO CONSULTATION FROM STAKEHOLDERS

1. The consultation on the proposed changes to the charging arrangements and charging levels for official meat controls carried in Great Britain (GB) was issued on 18 December 2008 and it closed on 25 March 2009. The reason for consulting was to obtain comments and views on the proposals described below, where possible accompanied by supporting evidence. The consultation documents were sent to around 75 stakeholders in England, to members of the Food Standards Agency's (FSA's) Meat Hygiene Policy Forum and its Advisory Body for the Delivery of Official Controls. In addition, around 900 operators of approved slaughterhouses, game handling establishments and meat cutting businesses in England were sent a letter alerting them to the consultation and giving them the opportunity to respond to it either directly or via a representative organisation. Consultations were also carried out by the devolved administrations in Scotland, Wales and Northern Ireland on the equivalent legislative proposals. 48 responses from around GB were received. The consultation was also posted on the FSA website

<http://www.food.gov.uk/consultations/ukwideconsults/2008/proposedcharging>

2. The proposals were in line with decisions made by the FSA Board at an open meeting on 17 July 2008.

3. The FSA is grateful for the comments received and has taken them into account in the decisions it has taken regarding implementation of the proposals on which it consulted.

4. The main proposals on which the consultation sought views were:

- to introduce a new method of calculating charges for meat hygiene and animal welfare at slaughter official controls based on the time-costs of carrying out these controls;
- to increase charges for meat hygiene and animal welfare at slaughter official controls;
- to introduce a charge to recover 5% of the costs of official controls on Specified Risk Materials (SRM), including additional BSE controls applicable to cattle slaughtered for human consumption that are required to be tested for BSE;

- to enable charges to be made for official controls that are carried out on farm or place of origin;
- to require businesses to declare their working hours and working practices that are relevant to charging;
- to charge a £400 fee for businesses to initiate a review of the FSA's initial assessment of the staff resources needed to carry out chargeable official controls at approved meat premises;
- to provide a right of appeal against the FSA's final assessment of the staff needed to carry out chargeable official controls at approved meat premises;
- regarding details of the proposed method of calculating meat hygiene charges from 29 June 2009;
- regarding the introduction of Business Agreements between the FSA and the operators of approved meat businesses.

The proposals are listed in full in the summary of consultation responses below.

5. There were 48 GB responses to the consultation, including 22 from representative industry organisations and 26 from operators of approved meat plants.

6. The table below summarises the responses to the consultation in terms of the specific questions posed. The FSA's considered responses to stakeholders' comments are given in the last column of the table.

7. A list of stakeholders who responded can be found at the end of the document.

SUMMARY OF CHANGES MADE:

Proposal 1: to introduce a new system of calculating charges for meat hygiene controls based on the time-costs of carrying out these controls. (Q.1 to Q.12)

1. It has been decided to implement generally applicable time-cost charging from 28 September 2009. However, in response to stakeholder comments, the proposals relating to the circumstances when charges will not be made have been revised to introduce two limited flexibilities (Q.7). These are that charges will not be made for time when scheduled official controls are not being carried out (downtime) that is due to:

- a) *force majeure*, for example, where a business is unable to operate due to a utility supply failure that the business could not have prevented; or
 - b) any other reason, for up to two hours on any two occasions in any four/five week charging period where downtime was the result of contractual or customary practices or where the circumstances were outside of the businesses control, e.g. machinery failure where an acceptable programme of maintenance is in place. Where this flexibility is required on a regular basis, the BA would be reviewed to assess whether it could more accurately reflect the working times and practices of the business.
- 2. For charges to poultry slaughterhouses, the proposals to introduce a standard average rate of the hourly cost to businesses of employing Plant Inspection Assistants (PIAs) and to reduce from 100% to 95% the deduction made from charges in respect of these costs have been dropped. (Q.4 and Q.5)**

3. Regarding UK compliance with EC minimum charges rates, to change the implementation date for future changes to UK minimum charge rates that are required due to variations of the £/Euro exchange rate from the start of each calendar year to the start of each financial year . (Q.11). It has been decided to implement this change and, in response to a suggestion arising from the consultation, to change from applying an exchange rate prevailing at one point in time to applying an average exchange rate based on the previous calendar year.
Proposal 2: to increase charges for meat hygiene and animal welfare at slaughter official controls by: 4%, 6%, or an increase that would recover an additional £3 million over a full year, estimated in the consultation paper to be just under 9%. The last of these was the FSA's preferred option. (Q.13)

The FSA Board agreed to recommend to Ministers a 4% increase to official control charges from 29 June 2009.

Proposal 3: to introduce a charge to recover 5% of the cost of official controls on Specified Risk Material, including additional BSE controls that apply to cattle slaughtered for human consumption that are required to be tested for BSE. (Q.14 to Q.16)

The FSA Board decided to defer this proposal pending consideration as part of the development by the FSA of future charging proposals.

Proposal 4: to enable charges to be made for official controls carried out on-farm or place of origin. (Q.17 to Q.18)

It has been decided to implement this proposal from 28 September 2009, but the charge will be set with reference to the charging discounts that apply to slaughterhouses with similar levels of throughput rather than at the full cost of the controls.

Proposal 6 – to charge a £400 fee for businesses to initiate a review of the MHS’s initial assessment of the staff resources needed to carry out chargeable official controls. (Q.20)

It has been decided to implement this proposal, but with a reduced level of fee of £250 from 28 September 2009.

Comments relating to consultation proposals		Response
Q1. Proposal 1 – Do you agree with the proposal to replace the Maclean charging system with generally applicable time-cost charges?		
1	Supports/accepts time cost charging. AHDB , BMPA , BPC , HCC Improve , NFU , NFU Cymru , QMS , Rhinds of Elgin , Ruse & Son Butchers , SAMW , SBCA , Scotbeef Ltd , SP , Wishaw Abattoir Ltd .	Noted
2	Essential MHS continues to reduce costs. AHDB , HCC . Opposes time-based charges as it would reduce pressure on MHS as extra costs could be foisted onto the industry. CLA . No. Time-cost charging would not provide any benefits for medium to small plants. The effect on MHS costs would be insignificant compared with the reductions that could be achieved if the MHS removed the inefficiencies found during the Optimisation Review. NBA , NBAS . No. The MHS should complete its transformation process to provide an organisation fit for purpose. James Chapman (Butchers) Ltd NFUS , SBA Ltd .	The FSA accepts that more can and must be done to maximise the efficiency and minimise the cost of the MHS. See response to Q13, item 1. However, the introduction of time-cost charges is a key change that would help deliver these improvements and, as such, should not be deferred.
3	The incentive for service provider to improve efficiency may be less than it is for processors, as income would fall. For this reason, important that businesses have right to query charges and to regularly review Business Agreements (BA). QMS .	Given the small proportion of the cost of meat official control time that is charged to many businesses, the MHS will frequently have the greater incentive to reduce the time it takes to carry out the controls that are legally required. The negotiation of BAs is to ensure that the needs of the business can be met efficiently and to enable the MHS to carry out Official Controls (OCs) at least practical cost. The Agency will evaluate the impact of time-cost charges during the second half of the first year of operation, including the outcome of the BA and associated appeal processes in achieving agreement between businesses and the MHS on the level of OC time/resource that is required in each business.

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
Q1. 4	Time-based charging should not disadvantage small, rural or island premise. Improve , Mull Slaughterhouse , Reediehill Deer Farm , Rhinds of Elgin , SAMW , SBCA , SP , Wishaw Abattoir Ltd .	The introduction of time-cost charges will continue the present distribution of support/discount and will continue to significantly benefit small and medium sized slaughterhouses and all game handling establishments. Any change to this in the longer term will need to be reviewed separately in liaison with rural affairs Departments and stakeholders and will need to be within the legal framework set out in European legislation, including the requirement to consider the needs of low throughput and geographically isolated businesses.
5	Discounts will keep charges in line with the Maclean formula until 29 June 09. After which time-costing will leave the way open for the eventual full recovery of MHS costs. Bakers of Nailsea , Hashams Hampshire Game .	Agree. The FSA considers that the proportion of meat OC costs that is charged to the industry should be increased, whilst reducing the cost of the controls. It is intended to work towards this gradually and the FSA Board agreed in principle on 21 April 2009 (Paper 09/04/06) to a long term MHS financial plan that indicated that charging levels would need to increase by 3% - 4% in 2009/10 and 2010/11 and by 7% - 8% in each year thereafter if the level of FSA/taxpayer support to the meat industry is to be reduced to £10m by 2014/15. Any general increase to charges in 2010/11 and thereafter would be subject to consideration of responses to a further consultation and be subject to the agreement of the FSA Board and of Ministers.

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
<p>Q1. 6</p> <p>Do not agree to time cost charging. Contend that throughput charging is fairer. AIMS, R. E. Williams & Sons, SBA Ltd, Withheld 1.</p> <p>Disagree with time-cost charging. Bakers of Nailsea Ltd, Eville & Jones Ltd.</p>	<p>The current Maclean system means most slaughterhouses and game handling establishments and about half of meat cutting plants pay charges calculated from their throughput. These charges bear little relationship to the cost of carrying out the OCs and provide little incentive to businesses to help reduce this cost.</p> <p>Time-cost charging will clarify how much of the full cost of controls is being met by the charge and will reward businesses that can work to reduce OC time. Conversely it will penalise inefficient and/or non-compliant plants that require additional OC time. It will build on the momentum started by the MHS Optimisation Project and being continued by the BA process to focus attention of MHS and Food Business Operators (FBOs) on the need to scrutinise the OCs that are necessary in order to cut out unnecessary OC time for the benefit of FBOs through lower charges and taxpayers through lower levels of public funding.</p>	
<p>7</p> <p>Charges should be made on a throughput basis or, for large plants on a time basis. NBA, NBAS, NFUS, St Andrews Abattoirs/Scott Brothers Butchers.</p> <p>Contract kill abattoirs should (along with small and medium size plants) be allowed to carry on with headage charge. James Chapman (Butchers) Ltd.</p> <p>Concerned about impact of time-based charges for small and medium sized businesses that do not benefit from economies of scale. Antony Coates, FUW.</p> <p>Time based charging would close lower throughput abattoirs. SFMTA.</p>	<p>The system for calculating discounts against the full cost of OCs has been designed so that charges will not go up if everything else (business practices & and OC time) remains constant. It is important to note, therefore, that the move to time-cost charging will not in itself increase the level of charges. It will actually provide that charges could fall if OC time is reduced.</p> <p>Increases to charges may occur as a consequence of other things such as a decision to increase charges, legal requirements (e.g. to comply with EC minimum charge rates based on throughput levels) and where additional OC time is required.</p> <p>The discount from full costs that each plant will receive will be based on the current system of charging. Whilst this will make setting the initial level of discounts complex, it is considered important and necessary to guard against the creation of winners and losers and associated market distortion on moving to a new charging system.</p>	

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
Q1.8	Businesses should not incur cost due to distances travelled by (MHS) staff to their premises as this would be inequitable. FUW	Travel time will be included as an overhead included in the MHS's hourly charge rates and will not be charged directly to plants.
9	Charges should be no more than those required by European law (i.e. the EU minimum rates per animal or per tonne of beef). FUW .	Noted. The FSA agrees that charges must be kept as low as is consistent with carrying out legally required OCs effectively, with Government policy, e.g. on cost recovery and rural sustainability, and with the EC requirement to consider the needs of specified types of business, e.g. those with low throughputs. This is consistent with EU law, which requires that charges should generally be no more than the full costs of OCs and no less than a charge calculated from minimum rates per animal or per tonne of meat.
10	Wholesale markets differ from slaughterhouses, game handling establishments and cutting plants. They present a different risk that probably requires a different supervision regime and a unique charging mechanism. Smithfield Market . Failing a more appropriate system, throughput charging should be retained. SMTR .	The FSA considers that time-cost charging is appropriate to all approved meat businesses. However, the MHS is working with the wholesale markets to tailor the services it provides to meet their unique needs and is investigating the specific issues and risks of wholesale markets and individual stalls, including in relation to how meat OC charges should be applied in respect of them.
11	FSA must pursue the work programmes that have commenced to: revise EC legislation in the longer term such that OCs are more risk based: and ensure that all available flexibilities available in current EC legislation for proportionate controls are utilised.	Agree. Work continues on these programmes.

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
Q2.	Do you agree with the use of the Maclean formula to calculate the discount to be applied to the full cost of controls for each plant on transferring to the proposed system of time-cost charges?	
1	Agree to basing discount on current Maclean formula - although it is not ideal as current discounts have little or no logic, e.g. in some cases they will reward businesses that have remained inefficient and will penalise those that have improved efficiency. AHDB , AIMS , BMPA , NBAS , Rhinds of Elgin , SAMW , SBCA , Scotbeef SP , Wishaw Abattoir Ltd . Agree in principle, but this should not disadvantage small, rural or island premises. Improve . Appreciate the principle of using the Maclean formula for discounts. NFUS .	See response to Q1, item 4. Also, The FSA agrees that the distribution of discounts will need to be reviewed. This will be done as part of the evaluation of the time-based charging system.
2	The game sector is a specialised rural discontinuous industry and should be entitled to the full subsidies available, BASC .	See response to Q1, item 4.
Q3.	Do you agree that the discount for new businesses should be determined by reference to the discounts applicable to businesses of a similar type and size?	
1	This is not inherently sound but it is difficult to see an alternative other than not to allow discounts at all. This could make new businesses uncompetitive. The initial discount would have to be monitored over time to ensure that it was still justifiable. Mull Slaughterhouse , NBAS , SAMW , SBCA , Scotbeef Ltd , SP , Wishaw Abattoir Ltd .	Noted. The MHS will monitor the initial discount as the business becomes established to ensure it is still justifiable.
2	Yes, but the location of business should also be taken into consideration. Improve .	Agree.

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
Q3. 3	Any charge to be applied to a new business should be based upon estimations using industry knowledge. Eville & Jones Ltd.	The FSA will evaluate the impact of time-cost charges during the second half of its first year of operation and if appropriate will make proposals for change, including in respect determining discounts for new businesses.
Q4.	Do you agree, in relation to poultry slaughterhouses, with the proposal to introduce a standard hourly rate of £11 for Plant Inspection Assistants' employment costs?	
1	<p>It would be inappropriate to introduce standard rate for PIA costs. BPC, Cargill, Cymru Country Chickens Ltd, Eville & Jones Ltd. £11 per hour would be too low should be approx £11.58. Vion UK. Those FBOs under the standard rate would be supported at the expense of those over the standard rate.</p> <p>Strongly recommend keeping PIA rate on a plant-by-plant basis. AIMS, BPC.</p> <p>Actual PIA costs for each business should be offset against charges. AIMS.</p> <p>Not clear of the basis for setting proposed hourly rate: it would seem more straightforward to use a discount system based on the actual cost of PIAs. Improve.</p>	<p>The comments have been noted. The proposal has been dropped.</p> <p>See also the response to Q5, item 1.</p>

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
Q5.	Do you agree, in relation to poultry slaughterhouses, to the MHS deducting from the official control charge 95% of PIA costs calculated from the proposed standard hourly rate?	
1	It would be inappropriate to reduce deduction of these costs (from 100% to 95%) from MHS charges. Focus must be on encouraging recruitment of PIAs. These measures make recruitment less attractive than now. Delay any such changes until PIA recruitment is more embedded across the sector. AIMS , BPC , Cargill , Cymru Country Chickens Ltd , Eville & Jones Ltd , NFUS , Vion UK , Withheld 1 .	Noted. The proposal has been dropped. The FSA is considering with the poultry industry and other interested parties how employment of PIAs can best be encouraged, either as part of the charging system or by other means. This is consistent with FSA policy that businesses should, where legally possible, take greater responsibility for the safety of their product and to provide a means to reduce the overall cost of poultry OC. It should be noted that OC charges payable by poultry FBOs would still be affected by any general increase in charges.
2	100% of the PIA cost should be retained. The cost of training of PIAs has not been taken into consideration. Vion UK .	The current system of deducting 100% of the PIA cost from poultry OC charges will be retained, subject to the outcome of the consideration outlined in response to Q5, item 1 above.

Note - This table provides a summary of the consultation responses only. Copies of the individual responses have been filed with the Agency's Library and Information Service.

Comments relating to consultation proposals		Response
Q6.	Do you agree with the proposal to take account of audit frequencies in calculating the rate of discount for meat cutting plants?	
1	<p>Yes – but the audit system needs to be truly risk-based. BMIPA Cutting plant operators will not have any control over the number of audits they receive, nor the length of those audits. AIMS.</p> <p>Audit frequency may be due to a number of factors, not just weak operations. Mull Slaughterhouse.</p> <p>Full-time vet on both shifts 6 days a week, audits are conducted daily – so why is there a need to conduct special audits? Vion UK.</p> <p>Agree in principle and see no reason why a discount cannot be calculated based on reviewing the previous year's audit activity and the likelihood of doing more or less audit activity. Improve..</p>	<p>MHS is currently undertaking a full review of the process of audit to establish whether the fixed and variable risk factors are appropriate and categorised correctly. This may affect how often individual businesses are audited.</p> <p>Appropriate evidence is gathered during the inter-audit period at establishments with a full-time veterinary presence, for inclusion when the next audit carried out.</p>
2	<p>Better premises should incur less costs and worse premises to be charged for more visits. Rhinds of Elgin, SAMW, SBCA, Scotbeef Ltd, SP, Withheld 2, Wishaw Abattoir Ltd.</p>	Agree.
3	<p>Audit frequencies should not impact on discounts. Time-cost charging would give an incentive to contract OVs to maximise cutting plant audit time. Therefore, there is no reason to move from the fairer throughput charging system. NBA, NBAS.</p>	<p>About half of cutting plants are already charged time-costs because these are less than throughput charges. Audit times will be monitored as part of the evaluation of the impact of time-cost charges. Remedial action will be taken, if necessary.</p>
4	Yes. Reediehill Deer Farm .	Noted.

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Comments relating to consultation proposals		Response
<p>Q7. Charging Implications of Business Agreements: Do you agree with the proposal that the MHS should charge each business at the appropriate discount rate for:</p> <ul style="list-style-type: none"> - all chargeable working hours set out in the Business Agreement; and - any chargeable additional hours that are required? 		
<p>1</p> <p>Charging for all hours in BA and extra hours needed is unfair to contract kill plants that cannot give sufficient notice of changes in OC requirements. AIMS. Flexibility is needed for time at start and/or end of the day so that a period is not charged for down time or extra time required because of issues outside the control of plants. AIMS. Some flexibility will be required in applying this to small, remote and island plants. Rhinds, of Elgin, SAMW, Scotbeef Ltd, SBICA, SP, Wishaw Abattoir Ltd. There is a need to be responsive to change to ensure that businesses are allowed to operate efficiently and to encourage them to reduce risk. SMTA.</p>		<p>Implementation of this proposal will be modified in response to stakeholders comments to introduce two limited charging exemptions in respect of:</p> <ul style="list-style-type: none"> a) <i>force majeure</i>, for example, where a business is unable to operate due to a utility supply failure that the business could not have prevented; and b) any other reason, for up to two hours on any two occasions in any four/five week charging period where downtime was the result of contractual or customary practices or where the circumstances were outside of the FBOs control, e.g. machinery failure where an acceptable programme of maintenance is in place. Where this flexibility is required on a regular basis, the BA will be reviewed to assess whether it could more accurately reflect the working times and practices of the business.
<p>2</p> <p>There should not be scope for frivolous use of MHS resources without a cost attached. This would impact negatively on FBOs that act in a responsible manner. BPC.</p>		<p>Noted. See response to Q7, item 1 above.</p>
<p>3</p> <p>The hours charged should be those agreed in the Business Agreement and in line with the planned operating times in the Agreement. SAMW, SP.</p>		
<p>4</p> <p>Yes. BMPA, NBA, NBAS, NFUS, Reediehill Deer Farm.</p>		

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Comments relating to consultation proposals		Response
Q7. 5	Agree in principle but close working in each plant will be needed so that charging is fair, proportionate and not unduly rigid. Improve. Small, rural and island facilities experience wide variation in throughput dependant on season and this should be accommodated. Improve, Mull Slaughterhouse.	Noted. See response to Q7, item 1 above
Q8.	Do you agree that all hours charged should be at the discounted rate applicable to each individual business?	
1	Agree. Bakers of Nailsea, BMPA, Improve, NBAS, Reediehill Deer Farm, Rhinds of Elgin, SAMW, SBCA, Scotbeef Ltd, SP, Wilshaw Abattoir Ltd.	Noted.
2	The discounted rate should apply while the new charging system is being introduced and the new BA is trialled. BPC	Agree.
Q9.	Do you agree that the proposal that all charges should be at the discounted rate applicable to each business sufficiently balances the interests of taxpayers and those of a business that may wish to vary its hours at short notice, e.g. due to its traditional working practices?	
1	Some FBOs may wish to vary their hours at short notice and this need for flexibility should be reflected in the B A. SBCA, NBA, NBAS This is one reason why the BA process should be given time to bed-in, and the discounted rate maintained. BPC.	See response to Q7, item 1.
2	There is a need to be responsive to change to ensure that businesses are allowed to operate efficiently and to encourage them to reduce risk. SMTA.	See response to Q7, item 1.

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Comments relating to consultation proposals		Response
Q10.	Are there any other aspects of the Business Agreement process or content that may impact on the charges payable by businesses that are of concern to you?	
1	Have advised members not to sign BA until outcome of charging consultation is known. AIMS	FBO not signing the BA would not prevent time cost charging as the MHS will charge for the hours it expends on carrying out meat OCs. Business might be put at a financial disadvantage if not signing the BA is accompanied by the FBO declining to discuss with the MHS how meat OCs can be carried out effectively at least practical cost..
2	Flexibility – to be able to service our customers is very important in the current economic climate. BPC , William Lloyd Williams .	See response to Q7, item 1 above.
3	Inflexibility in applying the terms of the agreement and lack of consistency of treatment by MHS Business Managers across GB. Rhinds of Elgin , SAMW , SBCA , Scotbeeff Ltd, SP .	The MHS will monitor the outcome of the BA and the associated review/appeal processes in achieving agreement between the FBO and the MHS on the level of OC time that each business requires.
4	MHS projections suggest that few savings in staff numbers would occur as a result of BAs. NBA , NBAS .	See response to Q13, item 3 regarding MHS staff numbers.
5	There is an incentive for contractors to seek to maximise time in plant and FBOs could be vulnerable to additional inspection charges driven by the service providers' need to maximise revenue. BMPA .	This concern is as important to the FSA and MHS as it is to industry. This risk will be monitored via the BA process, the associated review/appeal processes and through monitoring of MHS progress in reducing the overall cost of OCs and associated overheads without compromising public health, animal health and animal welfare.

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Comments relating to consultation proposals		Response
Q11.	Compliance with EC minimum charge rates Are you content for the date for adjusting charging rates to comply with the EC minima to move from January to April in each year starting from 2010?	
1	We believe this is likely to have limited impact but may give those businesses working to the financial year an opportunity to make clearer financial forecasts. BMPA .	Noted. The proposal will be implemented and, in response the consultation responses, will change from applying an exchange rate prevailing at one point in time to applying an average exchange rate based on the previous calendar year.
2	Rate should be set retrospectively or reviewed quarterly. Eville & Jones Ltd . Suggest that at least two dates are set for the adjusting of charging rates to take into account large shifts in the exchange rate between the Euro and the Pound Sterling. Improve	
3	This is cosmetic and does not address concerns that were set out in correspondence to the FSA. Judgement was therefore reserved. SAMW	Noted.
Q12.	Regarding the proposed general increase to charges (see Q 13), do you agree with the way in which it is proposed to take account of the increases to some standard charges that apply from January 2009?	
1	No increase is justified until MHS transformation has been successfully completed satisfactorily. Rhinds of Elgin, SBA Ltd, SAMW, Scotbeef Ltd, SFMTA, SP, Wishaw Abattoir Ltd . Opposes any increase because the industry has no wish to pay for MHS inefficiencies. SFMTA .	Noted. See responses to Q13.
2	In any event, all proposed increases contain an inflation element of 4% when inflation is in fact zero and falling. Rhinds of Elgin, SBA Ltd, SAMW, Scotbeef Ltd, SFMTA, SP, Wishaw Abattoir Ltd .	Noted. See responses to Q13.

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Comments relating to consultation proposals		Response
Q12. 3	It is difficult to understand why only cattle are subject to the amended headage charge. Bakers of Nailsea Ltd.	The UK is required by EC legislation to comply with EC minimum charge rates for meat hygiene official controls. From January 2009 it was necessary for a number of charge rates, including those for bovines aged 8 months or more, to rise to ensure that the UK remained compliant with the minima.
Q13.	Views were sought on a proposal to apply from 29 June 2009 a 4% or 6% general increase to charges, or to increase total industry charges by an increase that would recover an additional £3 million over a full year (the FSA's preferred option), estimated in the consultation document to be a general increase of just under 9%. All the proposed increases took account of inflation. Do you agree that the FSA's preferred option balances the interests of businesses and taxpayers appropriately?	
1	There are justified grounds for reviewing decisions [on the above proposals] that were instigated before the advent of the current economic crisis. FUW.	The FSA Board agreed to recommend to Ministers a 4% increase to OC charges. This decision took the general economic climate and other factors into account.

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Comments relating to consultation proposals		Response
<p>Q13. 2</p> <p>Most definitely disagree. Cheshire Food Services Ltd, Eville & Jones Ltd, Reediehill Deer Farm, Rhinds of Elgin, SBA Ltd, SAMW, Scoatbeef Ltd, SFMTA, SP, Wishaw Abattoir Ltd.</p> <p>FSA's pre-stated preference for 9% renders it biased and contrary to sound consultation principles. SAMW, SP.</p> <p>Any increase in these turbulent economic times is unrealistic and inappropriate. AHDB, HCC, NBA, NBAS.</p> <p>The business and economic climate is not good. Low throughput abattoirs and butchers are not in a position to pay more. Any increase could be damaging to the meat industry and not good for consumers either. SMTA.</p> <p>The consultation highlights that 4% of the current increase is for 'inflation'. The latest RPI calculation show inflation is currently at 0%. It is important that this is reflected in the proposals. James Chapman (Butchers) Ltd, BMPA.</p> <p>Opposed as the effect of increases businesses have had to deal with since January 2009 is not clear yet. Current inflation rate is well below 4%. Improve.</p> <p>As a local authority operating under financial constraints the increased charges should be no greater than inflation. City of London Corporation.</p> <p>In order not to penalise businesses that have complied with the new game meat hygiene regulation, charges should not be increased. BASC.</p> <p>Increasing business costs would reduce the number of smaller regional abattoirs and this would make it difficult to have animals killed close to home. CLA.</p>	<p>The FSA considers that the response to Q13, item 1 strikes a reasonable balance between the need to take account of consultation responses, of the factors outlined in the response to Q1, item 9 and the current economic circumstances.</p> <p>The inflation factor relevant to OC costs is MHS cost inflation.</p>	

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Comments relating to consultation proposals		Response
<p>Q13. 2 cont.</p> <p>The consultation document highlights the issue of the EU minimum and the significant increases that occurred due to exchange rates in late 2008. The fact that the meat sector as a whole was penalised by such significant changes in 2008 also underlines why no further increase should be applied in 2009 unless it is legally required due to further exchange rate changes later this year. BMPA, NFUS.</p> <p>In the challenging business environment of 2009/10, we would urge that the current charges, subject to EC legislation requirements, are rolled-over for 12 months. QMS.</p> <p>Without a dramatic turn around, all charges will rise by 12.5% when minimum rates are re-calculated. Against that background no increase above current inflation rates should be contemplated. AIMS, NBA, NBAS.</p>		
<p>3</p> <p>Industry should see the benefit off MHS Transformation first. BPC, Improve, SFMTA.</p> <p>Meat businesses have already taken increased responsibility through HACCP so MHS costs must be reducing significantly; say by 50%, so it is not appropriate to put a further burden on businesses. SFMTA.</p> <p>MHS have declared a 20% reduction in staff – why the 9% increase in inspection (charge)? William Lloyd Williams</p>	<p>Since July 2007, the MHS has delivered significant efficiencies and cost cutting measures, reducing its gross expenditure from £91.3m in 2006/07 to an expected £78.4m in 2008/09 (down 14%); allowing for the effects of inflation the real reduction is down £17.4m to £73.9m (19%).</p> <p>MHS Staff Numbers have been reduced in both operational and administrative areas. The full-time equivalent headcount has been cut by 20% between 2006/07 and 2008/09. This represents a reduction of 410 staff, comprising of 319 frontline and 91 administrative posts. A further reduction of 200 posts is planned by 2010/11. This will mean that the full-time equivalent headcount will reduce by 600 (30%) between 2006/07 and 2010/11. This puts transformation well ahead of the original staff reduction target of 15% by 2010/11.</p> <p>Paper 09/04/05, presented to the FSA Board on 21April 2009, provides full detail on MHS cost reductions to date.</p>	

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Comments relating to consultation proposals		Response
Q13. 4	Want better information on what is to happen to surplus staff if there is to be confidence in the transformation programme and believes that optimisation has not led to staff being removed from plants. AIMS , Cheshire Food Services .	Staff numbers will be reduced, as appropriate. Also see response to Q13, item 3.
5	The costly regulatory system must be modernised first. AHDB HCC , NBA , NBAS .	Agree. Work continues on these programmes.
6	The interests of businesses and taxpayers would be served appropriately by reducing the overall cost of inspection. For the poultry industry this means the use of PIAs, the savings from which would significantly outweigh the proposed charge increase and be of benefit to FSA, MHA and FBOs. BPC .	See response to Q5, item 1.
Q14.	Proposal 3 – to introduce a charge to recover 5% of the cost of official controls on Specified Risk Material (SRM), including additional BSE controls applicable to cattle slaughtered for human consumption that are required to be tested for BSE. Do you agree that this proposal is an appropriate step towards balancing the interests of businesses and taxpayers?	
1	A new charge is inappropriate – either now or in 2010/11 because: (Individual responses continue on page 19.)	All the responses have been noted. The proposal has been deferred for consideration as part of the development of future charging proposals.

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Comments relating to consultation proposals	Response
	<p>a. industry already covers some costs associated with BSE controls (i.e. plant staff carry out work assoc. with SRM removal) and Defra has transferred cost of testing to business. CLA, NFUS.</p> <p>b. controls are public health protection measure, so government/taxpayer should pay. BMPA, James Chapman (Butchers) Ltd, Eville & Jones Ltd, Improve, NBA, NBAS, QMS, Rhinds of Elgin, SAMW, SBCA, Scotbeef Ltd, SFMTA, SP, St Andrews Abattoir/Scott Brothers Butchers, Wishaw Abattoir Ltd.</p> <p>c. the beef industry cannot take on any further cost implications. NBA.</p> <p>d. charges should be no more than those required by EU law. FUW.</p> <p>e. likely that such charges would be passed to the farming industry. FUW.</p> <p>f. of the current economic circumstances. AHDB , HCC.</p> <p>g. there needs to be more discussion at UK and EU level as to whether current levels of controls are now appropriate. Improve.</p> <p>h. control measures are not proportionate. NBAS.</p> <p>i. such a charge would be illegal under Article 27.7 of Regulation 882/2004, as many of the SRM controls are carried out at the same time and by the same people as hygiene controls. AIMS.</p> <p>j. industry contest cost of SRM/BSE official controls and contest that costs must be verified prior to any introduction of charges. AIMS.</p>

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Comments relating to consultation proposals		Response
Q15.	Do you agree that this proposal should come into effect from 29 June 2009?	
1	Do not believe the proposals should be implemented. James Chapman (Butchers) Ltd, Eville & Jones Ltd, Mull Slaughterhouse, NBAS, NFUS, QMS, Reediehill Deer Farm, Rhinds of Elgin, St Andrews Abattoir Co Ltd/Scott Brothers Butchers, SAMW, SBCA, Scotbeef Ltd, SFMTA, SP, Wishaw Abattoir Ltd.	See response to Q14, item 1.
Q16.	Do you favour deferring the implementation of this proposal until the 2010/11 financial year?	
1	No, because there is not enough time for consultation views to be considered and new proposals developed for industry to consider. Reediehill Deer Farm.	See response to Q14, item 1.
2	If charges are to be levied against industry then these should be put off for as long as possible given the current economic situation. Eville & Jones Ltd.	See response to Q14, item 1.
3	Would welcome this. QMS.	See response to Q14, item 1.
Q17.	Proposal 4 – to enable charges to be made for official controls that are carried out on farm or place of origin. Do you agree with this proposal?	
1	Yes. Rhinds of Elgin, NFUS, QMS,SAMW, Scotbeef Ltd, SP, Wishaw Abattoir Ltd.	Noted.
2	The MHS does not carry out controls outside approved premises. These controls are carried out by approved veterinarians, who are experienced clinicians, and more fitted for these tasks than OV's with little or no clinical experience. In any case it is unlikely the MHS could compete financially with the private sector. AIMS, Bakers of Nailsea, NBAS.	Noted. See responses to Q18. The MHS does carry out meat OCs at approved on farm slaughter facilities and may be asked to carry them out at places that are not approved.

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Comments relating to consultation proposals		Response
Q17. 3	Disagree – there is no a case for industry to pay for public services whether in plants or on farms. SBCA .	Noted. See responses to Q18.
4	Accept the need to "tidy up" this measure so as not to competitively disadvantage veterinary practices. QMS .	Noted. See responses to Q18.
5	Supports competition being introduced at all levels of the food chain. CLA .	Noted. See responses to Q18.
6	Charges should be made at all places of relevance. Improve .	Noted. See responses to Q18.
Q18.	If proposal 4 is implemented, do you agree that the full cost of the controls should be charged?	
1	Very concerned that the revised costs are likely to make our business non-viable in the future. Reediehill Deer Farm .	Noted. It has been decided to implement the proposal, but charges will be set with reference to the charging discounts that apply to slaughterhouses with similar levels of throughput, i.e. charges will not be at full cost.
2	The full charge should be made to promote openness and competition to allow local vets to compete. Improve .	Noted. FSA acknowledges that the revised proposal, see Q18, item 1, will not resolve the problem that private veterinary practices that might want to do this work would be placed at a commercial disadvantage.
3	There should be a common cost between MHS staff and local vets. Improve .	Noted. See Q18, item 1 and 2.
Q19.	Proposal 5 – to require businesses to declare their working hours and working practices that are relevant to charging. Do you agree with this proposal?	
1	Could only agree with this statement if business agreements were able to provide the flexibility of hours of operation, (NBA , NBAS) that all Small and Medium Enterprises need to be able to respond to their customers' requirements. AIMS . Opposed. The MHS should be flexible enough to cope with the needs of efficient businesses that are able to respond rapidly to customers requirements. CLA .	The requirement is intended to assist the MHS in providing effective OCs to the business at the least practical cost. See response to Q7 item 1 regarding charges and the response at Q21.

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Comments relating to consultation proposals		Response
Q19. 2	<p>This could lead to increased risk if businesses under-estimate. SMTA. Not appropriate to market situation. SMTA. Concerned that if obliged to speed up process of dressing carcasses due to financial constraints this could be deleterious to the quality of the product produced. Reediehill Deer Farm.</p> <p>3 Only as part of the Business agreement process and not as a mandatory requirement of new legislation. SAMW, SP.</p>	<p>This will be managed by MHS, in liaison with FBOs, through the Business Agreement process and by MHS taking corrective action as necessary in-plant. The priority of the FSA is to ensure that food safety controls in meat businesses remain effective.</p> <p>Businesses are at present required to agree their working time and working practices with the MHS. Requiring them to declare these recognises that FBOs must be responsible for the working times and working practices of their businesses. The provision of this information is an essential step in the BA process if MHS is able to assess and plan the OC resources needed by each business. Whilst we would expect that a great majority of businesses would provide this information on a voluntary basis, a legal requirement will ensure that all businesses comply.</p>
Q20.	<p>Proposal 6 – to charge a £400 fee for businesses to initiate a review of the MHS’s initial assessment of the staff resources needed to carry out chargeable official controls. Note: we propose that the £400 fee would be refunded if the review, or a subsequent appeal, was decided in the businesses favour. Do you agree with this proposal?</p>	
1	<p>Unfairly deprives businesses of their right to seek justice/fair outcome. Eville & Jones Ltd.</p>	<p>The FSA Board agreed that this proposal should be pursued, but with the fee reduced to £250, to meet the concerned that one of £400 could be disproportionately high to some small businesses. The Board discussed whether £250 was a sufficiently significant amount to deter frivolous and vexatious actions and suggested that the review of the charging system, six months from its introduction, should include a review of this particular charge.</p>

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Comments relating to consultation proposals		Response
Q20. 2	Opposed, as the fee would reward error and penalise business. CLA.	Disagree. The fee will be refunded to businesses where the semi independent review or subsequent appeal finds in favour of the business.
3	Operators should be required to undertake to pay £400 should the challenge to the assessment fail. BMPA.	The up-front fee is meant to dissuade businesses from initiating frivolous or vexatious reviews at a cost to both them and the Agency/taxpayer. Charging the fee after the review, as suggested, might weaken this disincentive and could lead to non-payment that would need to be followed by debt recovery action.
4	Agree if the aim of the charge is to discourage frivolous appeals. The need for the charge should be assessed on a regular basis. BPC.	Agree. It is accepted that the need for the fee should be included in the monitoring and evaluation of the proposed system of time-cost charging.
5	A challenge mechanism is important. We do not object to a £400 initiation charge, subject to it being refundable if the review or appeal finds in favour of the business. QMS	Agree.
6	This is inappropriate and disproportionate when MHS resources are compared with an FBO. NFUS, Reediehill Deer Farm, Rhinds of Elgin, SAMW, Scotbeef Ltd, SP, Wishaw Abattoir Ltd.	See the response to Q20, item 4 above.
Q21.	Proposal 7 – appeals against the MHS’s final assessment of the staff needed to carry out chargeable official controls at the premises. Do you agree that businesses should be able to appeal against MHS’s final assessment of staff needed?	
1	A clear and unbiased route of appeal is essential to instil confidence in the whole system. BPC, NBA, NBAS.	Agree. The FSA agrees that there must be full liaison with industry representative bodies regarding the processes for nominating the independent person(s) and the industry representative for the first stage review panel. There is a joint MHS and industry working group reviewing the implementation of the BA process,
2	Yes, there should be a right to a second opinion. Improve.	Agree.
3	Supports giving right of appeal. This must be an independent panel. CLA.	Noted.

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Comments relating to consultation proposals		Response
Q21 4	The mechanism to nominate an independent person needs to be clearer. We would strongly favour and recommend that this nomination is made by the FSA Chief Executive to ensure accountability and transparency. BMPA .	Noted. which representatives of four major industry trade associations regularly attend. The group is discussing the process for nominating the independent person(s), their role and key qualities that they will need to carry out that role effectively.
5	It might be worthwhile to consider a third party service provider. Eville & Jones Ltd .	Noted. The outcome of review cases and of appeals will be monitored and the process will be amended, in liaison with trade representatives, if necessary.
Q22.	If proposal 4 is implemented, do you agree that the independent person who determines the appeal should be able to award costs against the business or the MHS?	
1	Not for the first year until 'case-law' has been built up and the industry knows what is being factored into the regime. Mull Slaughterhouse .	Noted. See response to Q21.
2	Clear guidelines of chargeable/reclaimable costs should be developed to limit the extent of financial liability for both MHS and FBOs. BMPA .	Noted. The award of costs would be decided by the independent person according to well established nominated person procedures. Any costs awarded would be no higher than those incurred by the successful party and the independent person would need to be satisfied that the costs incurred were reasonable.
3	'Reasonable costs' should be explored as an option. BPC .	Noted.
4	The proposed procedure needs tightening up to ensure that any appeal is dealt with by an independent body. SBCA .	Noted.
5	Yes. QMS .	Noted.
6	It is not clear how a person appointed by the FSA could be considered independent. Improve .	Noted.
7	The proposed (appeals) system needs to be reviewed and revised to earn our acceptance that it can be fair and just. AIMS, Rhinds of Elgin, SAMW, Scotbeef Ltd, SP, Wishaw Abattoir Ltd	Noted.
8	Final decision on awarding costs should be a committee decision. NBA, NBAS	Noted.

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Comments relating to consultation proposals		Response
Q23. Red meat slaughterhouses and game handling establishments. Do you agree with the proposed method of calculating the charging discount for each business?		
1	Charges should be made on a throughput basis or for large plants a time basis. NBA , NBAS .	Disagree. The system for calculating discounts against the full cost of OCs has been designed to mean that charges will not go up if everything else (business practices rates & and OC time) were to remain constant.
2	The method is incredibly contrived and lacks essential clarity to enable a judgement to be made. We are not sure that the methodology can cope with the scale and scope of the variables in the formula and it would be difficult to apply transparency, which is an essential prerequisite. Rhinds of Elgin , SAMW , Scotbeef Ltd , SP , Wishaw Abattoir Ltd .	The discount from full costs that each plant will receive will be based on the current system of charging. Whilst this provides some complexity due to the system of setting the initial level of discounts it will guard against the creation of winners and losers and associated market distortion on moving to a new charging system. As part of the consultation each FBO has been given the opportunity to obtain from the MHS an estimate of their new charges under the proposed time-cost charging system.
Q24. Poultry slaughterhouses. Do you agree with the proposed method of calculating the charging discount for each business?		
1	Charging at poultry slaughterhouses should be considered separately from red meat abattoirs and a system introduced which will encourage the replacement of PMIs with PIAs, whilst at the same time protecting vulnerable small plants. Is willing to work with BPC and FSA to agree a viable system. AIMS	See responses to Q4, item 1 and Q5, item 1.
2	Cannot support a system that does not give clear incentives for FBOs to move to using PIAs. BPC .	See responses to Q4 and Q5.
3	Not clear of basis for setting proposed hourly rate: it was seen more straightforward to use a discount system based on actual cost of PIAs. Improve .	See responses to Q4 and Q5.

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Comments relating to consultation proposals		Response
Q25. Cutting plants. Do you agree with the proposed method of calculating the charging discount for each business?		
1	Given that regular audits are the only consideration for cutting plants a calculation based on their frequency seems a reasonable approach. BPC .	Agree.
2	Charges should be made on a throughput basis or for large plants a time basis. NBA , NBAS .	See responses to Q1, item 6.
Q26. Do you agree with the proposed resolution procedures if a business and the MHS do not agree MHS resource?		
1	The input required to judge the amount of official controls needed at slaughterhouses can only be provided by veterinarians experienced in meat hygiene controls and with a detailed knowledge of the legislation. AIMS , NBA , NBAS . The MHS CE does not have those qualifications. AIMS The services of the Veterinary Meat Hygiene Adviser should be sought. AIMS , NBA , NBAS .	See responses to Q21 and Q 22.
2	Opposed: there should be a resolution procedure but this should not involve a charge and needs to be fully independent. Improve .	See responses to Q21 and Q 22.
3	A dispute resolution mechanism is needed but will only be acceptable if it is 100% independent. Improve , Rhinds of Elgin , SAMW , Scotbeef Ltd , SP , Wishaw Abattoir Ltd .	See responses to Q21 and Q 22.

ACTIONS TO BE IMPLEMENTED:

The measures described at Q 1 to 3, 6 to 8, 17 and 19 to 26 will be implemented from 28 September 2009.

Food Standards Agency
June 2009

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Respondents to the consultation

	Respondent
1.	Aberdeen City Council
2.	AHDB Meat services
3.	Antony Coates
4.	Association of Independent Meat Suppliers
5.	Bakers of Nailsea Ltd
6.	British Association for Shooting and Conservation
7.	British Meat Processors Association
8.	British Poultry Council
9.	Cargill Meats Europe
10.	James Chapman (Butchers) Ltd
11.	City of London Corporation (Smithfield Market)
12.	Cheshire Food Services Ltd
13.	Country Land and Business Association
14.	Cymru Country Chickens Ltd
15.	East Ayrshire Council
16.	Eville & Jones Ltd
17.	Farmers Union of Wales
18.	Hampshire Game
19.	Hashams Halal Poultry Company
20.	Hybu Cig Cymru
21.	Improve Ltd
22.	Details withheld
23.	Mull Slaughterhouse
24.	National Beef Association
25.	National Beef Association Scotland
26.	National Farmers Union
27.	National Farmers Union Cymru
28.	National Farmers Union Scotland
29.	National Federation of Meat and Food Traders
30.	Quality Meat Scotland
31.	Rare Breeds Survival Trust
32.	Reediehill Farm
33.	Rhinds of Elgin
34.	Ruse and Son Butchers
35.	St Andrews Abattoir Co Ltd/Scott Brothers Butchers Dundee
36.	Scotbeef Ltd
37.	Scotch Premier
38.	Scottish Association of Meat Wholesalers
39.	Scottish Beef Cattle Association
40.	Scottish Borders Abattoir Co Ltd
41.	Scottish Federation of Meat Traders' Associations Inc
42.	Smithfield Market Tenants' Association
43.	Details withheld 2
44.	Vion UK
45.	Wild Meat Company
46.	RE Williams and Sons
47.	William Lloyd Williams
48.	Wishaw Abattoir Ltd

Summary: Intervention & Options

Department /Agency: Food Standards Agency	Title: Impact Assessment of measures to change the charging arrangements and charging levels for meat official controls carried out in Great Britain from 28 September 2009.	
Stage: Final	Version: Final	Date: June 2009
Related Publications: Food Standards Agency Board papers: Review of the Delivery of Official Controls in Approved Meat Premises: Final Report, 19 July 2007 - http://www.food.gov.uk/multimedia/pdfs/fsa070706.pdf ; Future Delivery of Official Controls in Approved Premises - http://www.food.gov.uk/multimedia/pdfs/board/fsa080504.pdf ; Future of Charging for Official Meat Controls - http://www.food.gov.uk/multimedia/pdfs/board/fsa080705.pdf .		

Available to view or download at: <http://www.food.gov.uk/foodindustry/regulation/ria/>

Contact for enquiries: John Bush

Telephone: 020 7276 8341

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

Consumers and food manufacturers need to be confident that meat is of the nature, substance and quality that they wish to buy, but they cannot assess this fully from its appearance when it is offered for sale. Government intervention is needed to ensure that meat is of the standard necessary to ensure that a good level of confidence is maintained and that the risk of meat-borne disease is managed appropriately. Meat official controls are carried out in order for the Government to achieve these objectives.

What are the policy objectives and the intended effects?

The main objective of the policy is to encourage increased efficiency in the conduct of official controls at approved meat businesses.

What policy options have been considered? Please justify any preferred option.

A range of options have been considered, with the measures at 1 to 6 below being pursued:

Option 1: do nothing;

Measure 1: introduce generally applicable time-cost charging for meat hygiene and animal welfare at slaughter controls;

Measure 2: defer increases in charges

Measure 3: defer the introduction of charges for controls on Specified Risk Material and for additional controls that apply to cattle slaughtered for human consumption that are tested for BSE;

Measure 4: introduce charges for meat controls carried-out on-farm by the MHS;

Measure 5: introduce measures relating to business declaration of work practices, review of and appeal against official control staff levels.

Measure 6: to amend the timing and calculation of adjustments to charge rates to comply with EC minima.

Measures 1, 4, 5 and 6 in combination are being pursued. These will provide an incentive to minimise official control costs and make small improvements to the operation of the charging system.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? 6 months after the implementation date.

Ministerial/CEO Sign-off For final proposal /implementation Impact Assessments:

I have read the 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) the benefits justify the costs.

Signed by the responsible Minister/Chief Executive*:

Gillian Merron.....**Date: 24th June 2009**

* for Impact Assessments undertaken by non-ministerial departments/agencies and NOT being considered by Parliament

Summary: Analysis & Evidence

Policy Option: Measure 1	Description: to introduce a new method of calculating charges for meat hygiene and animal welfare at slaughter official controls (referred to as meat hygiene controls hereafter) based on the time-costs of carrying them out.
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' None identified
	One-off (Transition)	Yrs	
	£	1	
	Average Annual Cost (excluding one-off)		
	£		Total Cost (PV) £
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' None quantified
	One-off	Yrs	
	£	1	
	Average Annual Benefit (excluding one-off)		
	£		Total Benefit (PV) £
Other key non-monetised benefits by 'main affected groups'			
Increased efficiency in meat hygiene and animal welfare at slaughter official controls and increased levels of compliance, leading to a reduction in the total cost of these controls.			

Key Assumptions/Sensitivities/Risks			

Price Base Year: N/A	Time Period Years: N/A	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A		
What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			28/09/09		
Which organisation(s) will enforce the policy?			FSA (MHS)		
What is the total annual cost of enforcement for these organisations?			£0.1m for debt recovery		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			No		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?		No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)	
Increase of	£ Negligible	Decrease of	£ Nil	Net Impact	£ Negligible

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Measure 2	Description: to defer increases in charges for meat hygiene controls..
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' None
	One-off (Transition) Yrs	
	£ 0	
	Average Annual Cost (excluding one-off)	
£ 0	Total Cost (PV)	£ 0
Other key non-monetised costs by 'main affected groups'		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' None
	One-off Yrs	
	£ 0	
	Average Annual Benefit (excluding one-off)	
£ 0	Total Benefit (PV)	£ 0
Other key non-monetised benefits by 'main affected groups'		

Key Assumptions/Sensitivities/Risks

Price Base Year: N/A	Time Period Years: N/A	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £ 0		
What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			N/A		
Which organisation(s) will enforce the policy?			FSA (MHS)		
What is the total annual cost of enforcement for these organisations?			N/A		
Does enforcement comply with Hampton principles?			N/A		
Will implementation go beyond minimum EU requirements?			N/A		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro £0	Small £0	Medium £0	Large £0
Are any of these organisations exempt?		No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)	
Increase of	£ Nil	Decrease of	£ Nil	Net Impact	£ Negligible

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Measure 3	Description: to defer the introduction of charges for Specified Risk Material official controls and for additional controls that apply to cattle slaughtered for human consumption that are tested for BSE..
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' None
	One-off (Transition)	Yrs	
	£ 0		
	Average Annual Cost (excluding one-off)		
	£ 0		Total Cost (PV) £ 0
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' None
	One-off	Yrs	
	£ 0		
	Average Annual Benefit (excluding one-off)		
	£ 0		Total Benefit (PV) £ 0
Other key non-monetised benefits by 'main affected groups'			

Key Assumptions/Sensitivities/Risks					
Price Base Year: N/A	Time Period Years: N/A	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £ 0		
What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			N/A		
Which organisation(s) will enforce the policy?			FSA (MHS)		
What is the total annual cost of enforcement for these organisations?			N/A		
Does enforcement comply with Hampton principles?			N/A		
Will implementation go beyond minimum EU requirements?			N/A		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro £0	Small £0	Medium £0	Large £0
Are any of these organisations exempt?		No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)	
Increase of	£ Nil	Decrease of	£ Nil	Net Impact	£ Negligible

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Summary: Analysis & Evidence

Policy Option: Measure 4	Description: to enable charges to be made for official controls carried out on-farm or at another place of origin by the MHS.
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' None quantified
	One-off (Transition) Yrs	
	£	
	Average Annual Cost (excluding one-off)	
£	Total Cost (PV)	£
Other key non-monetised costs by 'main affected groups' New charges for a proportion of the costs of the limited services currently carried out on farms or other places of origin by the MHS.		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' None quantified
	One-off Yrs	
	£	
	Average Annual Benefit (excluding one-off)	
£	Total Benefit (PV)	£
Other key non-monetised benefits by 'main affected groups' New charges for a proportion of the costs of the limited services currently carried out on farms or other places of origin by the MHS. Additional choice in services provided on farm or at another place of origin.		

Key Assumptions/Sensitivities/Risks

Price Base Year: 2008	Time Period Years: one	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A		
What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			28/09/09		
Which organisation(s) will enforce the policy?			FSA (MHS)		
What is the total annual cost of enforcement for these organisations?			Negligible debt recovery		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			Yes		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?		No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)		
Increase of	£ Negligible	Decrease of	£ Nil	Net Impact	£ Negligible

Key: Annual costs and benefits: (Net) Present

Summary: Analysis & Evidence

Policy Option:
Measure 5

Description: to require businesses to declare working hours and practices, to introduce a £250 fee to initiate a review of the initial MHS assessment of required staff levels, and to

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' None quantified.
	One-off (Transition) Yrs		
	£		
	Average Annual Cost (excluding one-off)		
£		Total Cost (PV)	£
Other key non-monetised costs by 'main affected groups' Cost of reviews of Business Agreements to Government where agreement cannot be reached (estimated at £1k-£2k per review, but expected number of reviews is not known at this stage).			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' None quantified.
	One-off Yrs		
	£		
	Average Annual Benefit (excluding one-off)		
£		Total Benefit (PV)	£
Other key non-monetised benefits by 'main affected groups' Greater collaborative working between businesses and the MHS will achieve increased efficiency in meat hygiene and animal welfare at slaughter official controls leading to a reduction in the total cost of controls.			

Key Assumptions/Sensitivities/Risks Assumed that there is no additional cost to agreeing the Business Agreement rather than the current Operating Hours Agreement

Price Base Year: 2008	Time Period Years: one	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A		
What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			28/09/09		
Which organisation(s) will enforce the policy?			FSA (MHS)		
What is the total annual cost of enforcement for these organisations?			Negligible		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			Yes		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?		No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)	
Increase of	£ Negligible	Decrease of	£ Nil	Net Impact	£ Negligible

Key: Annual costs and benefits: (Net) Present

Summary: Analysis & Evidence

**Policy Option:
Measure 6**

Description: to amend the timing of adjustments to charge rates to comply with EC minima from January to April each year and to use an average exchange rate for the previous

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' None quantified.
	One-off (Transition) Yrs		
	£		
	Average Annual Cost (excluding one-off)		
£		Total Cost (PV)	£
Other key non-monetised costs by 'main affected groups' The average exchange rate for a calendar year may be higher or lower than the rate prevailing at the single point in time, so the impact may lead to higher or lower charges than would have been the case.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' None quantified.
	One-off Yrs		
	£		
	Average Annual Benefit (excluding one-off)		
£		Total Benefit (PV)	£
Other key non-monetised benefits by 'main affected groups' As for costs, plus administrative savings for MHS and business from all charge rates changing at the same time instead of two separate occasions.			

Key Assumptions/Sensitivities/Risks

Price Base Year: 2008	Time Period Years: one	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A		
What is the geographic coverage of the policy/option?			GB		
On what date will the policy be implemented?			28/09/09		
Which organisation(s) will enforce the policy?			FSA (MHS)		
What is the total annual cost of enforcement for these organisations?			Negligible		
Does enforcement comply with Hampton principles?			Yes		
Will implementation go beyond minimum EU requirements?			No		
What is the value of the proposed offsetting measure per year?			£ N/A		
What is the value of changes in greenhouse gas emissions?			£ N/A		
Will the proposal have a significant impact on competition?			No		
Annual cost (£-£) per organisation (excluding one-off)		Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?		No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)	
Increase of	£ Negligible	Decrease of	£ Nil	Net Impact	£ Negligible

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

Rationale for Government intervention and intended outcomes

1. Consumers and food manufacturers need to be confident that meat is of the nature, substance and quality that they wish to buy, but they cannot assess this fully from its appearance when it is offered for sale. Government intervention is needed to ensure that meat is of the standard necessary to ensure that a good level of confidence is maintained and that the risk of meat-borne disease is managed appropriately. Meat official controls are carried out in order for the Government to achieve these objectives.
2. Approved meat businesses derive benefit from the meat official controls and they are currently required to pay a proportion of the cost of them. However, since 2001 the proportions of the cost that are borne by businesses and by taxpayers have become unbalanced with the result that most slaughterhouses and game handling establishments, and some meat cutting plants are charged much less than the cost of the controls.
3. At present, there is little incentive for the majority of businesses to use official control time efficiently. To overcome this, the system of charging is to be changed. The Statutory Instrument to which this Impact Assessment refers will replace the current charging system under which most slaughterhouses and game handling establishments are charged on the basis of the number of animals that they process and about half of cutting plants are charged on the tonnage of meat that they cut up. The measures will replace this with a system that charges a proportion of the official meat controls cost calculated from the time it takes to carry out those controls. This will provide each business with an incentive to reduce the number of official control hours that it requires and for it to work cooperatively with the official controls authority, the Meat Hygiene Service (MHS), to achieve that end.

Background

4. The EC requirements for charges for official controls are set out in Regulation (EC) No. 882/2004, known as the OFFFC¹ Regulation.
5. The Regulation:
 - i. requires that charges be made to businesses for the cost of meat hygiene and animal welfare at slaughter official controls (referred to as meat hygiene controls hereafter) carried out at approved meat premises². These charges must be no more than actual costs incurred in carrying out official controls and in general no less than the amount calculated from specified minimum rates per animal or tonne of meat (the minima);
 - ii. permits charges to be made for other controls, such as those on the removal and disposal of Specified Risk Material (SRM) from cattle, sheep and goats and the cost of additional BSE controls³ that apply to cattle slaughtered for human consumption that are required to be tested for BSE, at approved meat premises. These charges must be no more than actual costs (the minima do not apply).

¹ Regulation “on Official Controls performed to ensure the verification of compliance with Feed and Food law, animal health and animal welfare rules”.

² Slaughterhouses, game handling establishments and meat cutting plants that are approved by the Food Standards Agency (FSA) as required by Regulation (EC) 853/2004.

³ Controls set out in the Transmissible Spongiform Encephalopathies (England) Regulations 2008 (No. 1881) as amended, Schedule 2, Part 1 and Schedule 7 and equivalent Regulations in Scotland, Wales and Northern Ireland.

6. Official meat controls are carried out in Great Britain by the MHS, which is part of the Food Standards Agency (FSA).⁴
7. The cost of meat hygiene controls has increased and the proportion of costs charged to industry has fallen substantially since the present meat hygiene charging system was introduced in 2001.
8. The Treasury guidance states that the purpose of charging for services is to ensure that resources are allocated efficiently. Other benefits include:
 - a. greater visibility of the costs and benefits of services;
 - b. encouraging users and the MHS to work cooperatively to examine critically the level of controls required in each business, which in turn enables the MHS to better assess whether more or less resources should be allocated to the business;
 - c. that it relieves taxpayers of costs properly borne by users who benefit directly from a service, enabling public resources to be allocated elsewhere, or to lower public expenditure and borrowing;
 - d. consumers and food manufacturers need to be confident that meat is of the nature, substance and quality that they wish to buy, but they cannot assess this fully from its appearance when it is offered for sale. Official controls are needed to ensure that meat is of the standard necessary to ensure that a good level of confidence is maintained and that the risk of meat-borne disease is managed appropriately, which benefits approved meat businesses and the meat industry generally.

Official control charges are therefore regarded as a legitimate cost to these businesses.

Context

Reducing the cost of meat official controls

9. The MHS has actively sought to improve the efficiency and effectiveness with which it carries out meat official controls, which has reduced the cost of doing so. This was achieved by streamlining the structure of the MHS, which yielded significant savings. Following a review, staffing levels in approved abattoirs were reduced by 134 staff, which delivered a saving of £4million. A further £7 million per annum is being saved as a result of a comprehensive restructuring of the organisation of official controls work, which has been achieved through grouping approved meat businesses into geographical clusters, revised management structures and the closure of regional offices. The work to increase efficiency is continuing.

The current method of charging for meat hygiene controls

10. The current method of calculating meat hygiene charges, known as the Maclean system, is to charge each business the lower of discounted MHS staff time costs or a charge that depends on the number of animals or amount of meat that is processed (known as a throughput charge). This method of calculation was introduced in 2001 when the slaughterhouse industry was rapidly rationalising in response to changing market needs and was facing a sudden significant rise in official control charges due to the need in 1999 for the Government to implement an EC law which required full time veterinary supervision at slaughterhouses. There was concern that the increased charges were sufficiently large to present a real risk that some businesses would be forced to close, which could have

⁴ In Northern Ireland, official controls are carried out by the Department of Agriculture and Rural Development (DARD). A separate consultation on equivalent changes was carried out in Northern Ireland.

caused disruption to the meat supply and had adverse consequences for the rural economy and on animal health and welfare.

11. The Maclean charging system provided a significant level of subsidy to slaughterhouses, game handling establishments and cutting plants from the full cost of official controls and helped the industry to remain robust even during the challenges presented by the legacy of BSE and other disease outbreaks, such as foot and mouth and avian influenza. It also ensured that smaller businesses received significant levels of support.
12. The subsidised throughput charge was intended as a limited support for a limited time for small and medium-sized red meat slaughterhouses. It was needed because official controls could not be carried out efficiently at these businesses due to the relatively few animals slaughtered (i.e. because the MHS could not achieve economies of scale). However, in practice, the benefit was provided to the vast majority of the industry, both large and small plants, and it resulted in a subsidy from the public purse to the meat industry of approximately £30 million in 2008/09 against an initial level of £10million to 12 million per annum. Most importantly, the Maclean charging system removed incentives for industry to use MHS resources efficiently because the charge paid was typically a throughput charge which was not related to the amount of MHS time used.
13. Some official controls are carried out at poultry slaughterhouses by Plant Inspection Assistants (PIAs) who are employed by the business to do them instead of MHS staff.

EC Minima requirements

14. The OFFC Regulation sets out minimum rates of meat hygiene charge per type of animal and per tonne of meat (by type of meat) that is processed by an approved meat business. These rates are specified in Euros and compliance in the UK has been ensured by taking annual account of the €/£ exchange rate - the rate for each calendar year being taken to be the first rate published in the Official Journal of the European Community in the September prior to the year to which it was applied.
15. The current method of charging for meat hygiene controls takes account of the need to ensure that charges were generally no lower than those calculated from the minimum EC rates per animal or per tonne of meat stipulated in the OFFC Regulation.

Statutory Instrument

16. The Statutory Instrument, entitled the Meat (Official Controls Charges) (England) Regulations 2009, accompanying this IA is needed to implement four of the proposals set out in paragraph 21 below (proposals 1, 4, 5 and 6) in England. Equivalent legislation is being made in Scotland and Wales to provide coverage throughout Great Britain (GB) to coincide with the MHS's geographical area of responsibility. Equivalent legislation is also being made in Northern Ireland to ensure a consistent approach to charging across the UK.
17. It should be noted that the Regulations enable the charges for meat hygiene official controls to be varied but they do not make any specific reference to increasing, or reducing, charges compared with their current levels. Implementing proposal 1 only, the introduction of generally applicable time-cost charging, would be cost-neutral. This is explained in paragraph 28 below.

Consultation

18. Around 100 stakeholders in GB were consulted about the proposals, including industry representative organisations. In addition, around 900 operators of approved slaughterhouses, game handling establishments and meat cutting businesses were alerted

to the consultation and given the opportunity to respond to it, either directly or via a representative organisation.

19. The consultation followed the Cabinet Office Code of Practice, although a 14-week consultation period proved to be necessary, instead of the usual 12 weeks, as the consultation period straddled the Christmas and New Year holiday period. (Consultations were also carried out on the equivalent instruments proposed in Scotland, Wales and Northern Ireland).
20. A summary of the consultation comments and Departmental responses is published on the FSA Website at <http://www.food.gov.uk/consultations/consulteng/2008/mhscharges2009>.

Option and Proposals on which there was consultation

21. The option and proposals on which the FSA consulted are described below. The FSA was open to introducing a combination of the proposals. (The consultation stage IA can be viewed at: <http://www.food.gov.uk/consultations/>)

- | | |
|------------|---|
| Option 1 | - do nothing. |
| Proposal 1 | - introduce generally applicable time-cost charging for meat hygiene controls. |
| Proposal 2 | - increase meat hygiene control charges by: <ol style="list-style-type: none"> a. inflation (4% assumed ⁵), but also introduce a standard hourly rate for calculation of a 95% rebate of PIA costs; b. 6%, but also introduce a standard hourly rate for calculation of a 95% rebate of PIA costs; c. an amount sufficient to recover an additional £3 million charges in total over a full year (estimated to be just under 9%), but also introduce a standard hourly rate for calculation of a 95% rebate of PIA costs. |
| Proposal 3 | - introduce charges for controls relating to Specified Risk Material (SRM) and the cost of additional BSE controls ⁶ of either: <ol style="list-style-type: none"> a. 5% of total time-costs incurred carrying out these official controls from 29 June 2009; b. 5% of those time-costs but to be deferred and begin within 2010/11. |
| Proposal 4 | - provide for charges to be made for official controls carried out on-farm. |
| Proposal 5 | <ol style="list-style-type: none"> a. require operators to declare the working hours and practices of their business; b. introduce a £400 fee for businesses to initiate a semi-independent review of the MHS's initial assessment of required official control staff levels ; and c. enable businesses to appeal to an independent third person against the MHS's final assessment of required staff levels made as a result of such a review as mentioned in paragraph b. |
| Proposal 6 | Comments were also sought on whether to continue to adjust charge |

⁵ This relatively high estimate of inflation took into account but was lower than the previously estimated overall increases in pay rates for MHS staff (3.9% for OVs and 5.9% for MHIs).

⁶ BSE control costs are paid by Defra, and these figures also appear in Defra calculations.

rates in order to comply with EC minima from January in each calendar year or whether, with effect from 2010, to adjust those rates from the start of each MHS financial year.

22. Taking account of responses to the consultation exercise, it has been decided to pursue, with some modifications proposals, 1, 4, 5a, b & c and 6 from the later date of 28 September 2009. Details on this are set out in paragraphs (25 to 48 inclusive) below that also explain why the other proposals have been deferred or dropped.

Option – do nothing

23. Doing nothing would have meant continuing with the Maclean charging system. Under this, the majority of businesses paid throughput charges, which do not provide an incentive for them to make the most efficient use of the MHS services. There would thus have been no encouragement through charging for them to minimise the official control time the MHS needed to expend and an opportunity to reduce the cost of official controls would have been lost. It would also have meant that charges would not be increased, so in real terms they would have fallen if their value was eroded by inflation.

Proposal 1 – introduction of generally applicable time based charging

24. It was decided to implement this proposal.
25. Businesses will be charged a proportion of the cost of each hour (with quarter hours being the minimum unit of charge) that an official of the MHS works in an approved meat plant to carry out official controls. The chargeable proportion of the cost will be expressed as a discount rate that will be notified to each business. Account will continue to be taken of the interests of small/isolated businesses in determining the proportion of costs that will be charged to them.
26. The move to time-cost charges will mean that throughput charges will need to be calculated only for the purpose of ensuring that the EC minimum rates per animal or per tonne of meat are respected. That is, to ensure that the sum the FSA charges as a proportion of the time costs does not fall below the amount which would have to be charged in order to comply with the EC minima if charging was on a headage/tonne of meat basis, except in circumstances where EC law permits or requires it to do so. An example of a situation where a sum falling below one calculated from EC minima may be charged is where it is appropriate to do so in order to take account of the interests of a low throughput business. The charge must be below the minima if the full time-cost of carrying out the official controls is less than the amount calculated from the minima.
27. The FSA believes that moving to time-cost charging will encourage commercial discipline that will lead to savings for industry and taxpayers. This will be achieved through the more efficient use of available enforcement resources and by clearly setting out the basis of charges for each monthly period. Time-cost charging will also provide stronger incentives for businesses to comply with meat hygiene and animal welfare at slaughter requirements and will be easier, and thus slightly cheaper, to administer than the Maclean system.
28. The move to discounted time-cost charging will not, in itself, affect the level of charges if business practices, throughput and official control time stay the same. This will be achieved by using the Maclean charging system to calculate discount rates. Each business will be charged at a rate discounted to the same extent in percentage terms (compared with full-time costs of official controls) that would have applied under the current charging system if it had remained in place. However, any changes in business practices or throughput could affect the charge because businesses would be charged by the hour. As

explained in paragraph 27 above, the FSA expects that charging by the hour will lead to efficiencies in many cases, meaning that overall charges might be lower, all else remaining equal and subject to continuing compliance with EC minima requirements.

29. The measures being introduced:
 - a. are designed to ensure that small businesses already receiving significant support will continue to do so. Large changes in the level of charges to different businesses have been avoided by basing the charges on the Maclean charging system; and
 - b. are fully compliant with EC Regulations, including compliance with the EC minima which all Member States have to follow.
30. As mentioned in paragraph 13, some poultry slaughterhouses employ PIAs who carry out certain official controls for the businesses. The FSA encourages plants to employ PIAs as a means to reduce official control costs and to encourage businesses to take responsibility for official controls in their premises. Under time-cost charging, the use of PIAs by a business will contribute to the calculation of the discount it will receive, because the full cost of official controls (MHS and PIA costs) will be used in the calculation.

Proposal 2 – increases in general charging level

31. The analysis of the alternative charge increases considered, indicated that:
 - a. increasing charges by 4% would, after taking account of the fall in inflation since the option was first assessed, slightly close the gap between the cost of controls and the charges for those controls. Doing this would be in line with UK Government cost sharing policy and with the FSA's general principle that it is inappropriate for it to subsidise the costs of official controls for business and that FSA expenditure should be aligned more closely with its strategic objectives. A 4% increase would have also made a significant allowance for the ability of industry to meet the additional costs.
 - b. increasing charges by 6% would have taken greater account of the FSA's intention that businesses should pay a greater proportion of the cost to the FSA of delivering official controls at approved meat plants, and of the funds available to the FSA. It would also have been more closely in line than a 4% increase with the UK Government's cost sharing policy. It would have also taken significant account of the ability of the industry to meet the additional costs.
 - c. increasing charges by an amount sufficient to recover an additional £3 million in total over a full year (previously estimated, based on 2007/08 data, to be just under 9%) would have been a significant move towards closing the gap between the actual cost of delivery of official controls and the charges made to industry for those controls. It would have also had regard to the ability of industry to meet the charges, even though the impact would have been greater than the 4% and 6% options.
32. The FSA also considered the possibility of increasing meat hygiene charges by 12%. However, it was decided not to consult on this because, when combined with additional revenue from the EC minima increases from January 2009, it was estimated based, on 2007/08 data, that it would have generated more than the £3 million that the FSA had decided to seek.
33. Whilst the view of the FSA is that the impact assessment indicated that a modest increase in meat hygiene charges would have been reasonable and in line with Government cost sharing policy, it was decided to defer any increase in charges this year.

Costs of Plant Inspection Assistants

34. It was decided not to implement the proposal to reduce by 5% (from 100% to 95%) the deduction made from meat hygiene charges in respect of the costs borne by some poultry slaughterhouses in employing Plant Inspection Assistants (PIAs) to undertake official controls and to base this deduction on a standard hourly rate of £11 for PIA employment costs instead of agreed actual costs. This decision means that official control charges will continue to take account of 100% of the actual PIA employment costs for each business.

Proposal 3 – charges for SRM and the cost of additional BSE controls

35. The alternatives on which the FSA consulted were to:
- introduce charges for controls relating to Specified Risk Material (SRM) and the cost of additional BSE controls⁷ of either;
 - a. 5% of total time-costs from 29 June 2009;
 - b. 5% of total time-costs to be deferred and begin within 2010/11.
36. The FSA decided not to introduce charging for these controls either from 29 June or during 2010/11. The matter will be considered further at a later date. The intention of the proposed charges was to recover a proportion of MHS costs as a first step in the FSA's intended process of balancing the cost sharing agenda with the need for official controls and the benefit that businesses derive from them. These controls only affect red meat slaughterhouses and cutting plants.

Proposal 4 - Charges for official controls carried out on-farm by the MHS

37. A provision has been included in the Regulations that this IA accompanies to enable charges to be made for meat hygiene official control work that is done on-farm or other place of origin if certain conditions are satisfied. The FSA has decided to set the level of charge for each farm/place of origin with reference to the charging discounts that apply to slaughterhouses with similar levels of throughput in order to take account of the needs of low throughput on-farm slaughterers. This is instead of charging for the full cost of the controls, as was proposed in the consultation document.
38. Currently the MHS carry out very few on-farm official controls. It is not known how much, if at all, the volume of this work might change once a charge for a proportion of the cost is introduced. However, the overall impact of the charges will be small as the overwhelming majority of animals for human consumption are slaughtered in approved abattoirs.

Proposal 5a – businesses declaration of working hours and practices

39. The Regulations accompanying this IA require businesses to declare their working hours and practices. This information is to be included in a Business Agreement (BA) with the MHS that will also set out the chargeable official control resources that the MHS allocates to meet the needs of the business. There will be costs associated with the Business Agreement, but since there is currently a requirement for businesses and the MHS to agree operating hours it is expected that any additional costs from requiring businesses to declare their working hours and practices will be minimal.
40. The MHS intends to work co-operatively with each business to enable the official control resource allocation to be kept as low as practicable.

⁷ BSE control costs are paid by Defra, and these figures also appear in Defra calculations.

Proposal 5b – introduction of a fee to initiate a semi independent review of MHS chargeable staff resource allocations

41. The Regulations that this IA accompanies introduce a £250 fee for businesses to initiate a semi-independent review of the MHS's initial assessment of the staff resources needed to carry out chargeable official controls. This is a reduction from the £400 fee that was proposed in the FSA's consultation document. The FSA Board favoured reducing the fee to £250 in order not to unduly deter small businesses from initiating a review.
42. It is not possible to estimate the impact of this fee as it is not known how many businesses are likely to be discontented with the MHS's initial assessment of the staff it needs to effectively carry out meat hygiene official controls at the premises. However, the MHS will be seeking to work cooperatively with business operators, which will minimise the likelihood of reviews being initiated. Also, the £250 fee will be reimbursed if the review finds in the operator's favour or if a subsequent appeal does so.

Proposal 5c - appeals against MHS chargeable staff resource allocations

43. The Regulations provide that where, following a review as described in paragraph 41 above, agreement still cannot be reached between the MHS and the business as to MHS staffing arrangements at the plant, businesses may have recourse to an appeals process. This appeal will be to an independent person nominated by the FSA who will review the evidence of both parties and will determine the appeal. The Regulations provide for the independent person to award appropriate costs.
44. The independent person's determination will be binding on the FSA unless it would mean that it would not fully comply with its obligation under EC law to carry out official controls. In that circumstance, the MHS would provide the staff resources it considered necessary to meet its legal obligations, but would charge the business only in respect of the staff resources considered necessary by the independent person.
45. The FSA expect that there will be few appeal cases, but it is not possible to estimate their number or their complexity and thus their impact in terms of cost.

Proposals 5b and 5c - administration costs

46. The cost to the FSA/MHS of administering reviews and appeals is estimated to be around £1,000 - £2,000 per case on average, including the participation of industry representation at the first stage review and the use of an independent person for cases that are appealed. The total cost for this cannot be estimated because the number of reviews and appeals cannot be predicted, nor is it known the extent to which appeal costs will be awarded for or against the MHS.

Proposal 6 – Applicable date for determining UK minimum charge rates per animal or per tonne of meat

47. EC regulations set out minimum meat hygiene official control charge rates per type of animal or per tonne of meat (by type of meat) that apply to all Member States. These rates are specified in EC law in Euros and need to be converted into Pounds Sterling. Current national regulations provide for the Pound/Euro exchange rate to be set each September to apply from the start of the following calendar year and the consultation document asked whether it would be more appropriate to make such changes from the start of each MHS financial year, starting in 2010. The response to this suggestion was positive.

48. The FSA decided to:
- a. change the implementation date for future changes to UK minimum charge rates that are required due to variations of the £/Euro exchange rate from the start of each calendar year to the start of each financial year; and
 - b. change from applying an exchange rate prevailing at one point in time to applying an average exchange rate based on the previous calendar year⁸. This change will moderate the effect of large or small annual changes to charges based on an exchange rate set at a single point in time.

Effect on the protections provided by official controls

49. The scope of official controls will not be affected in any way by implementing the measures described above, so there will be no reduction in the level of consumer protection and the public health benefits afforded by the meat hygiene controls. The move to a time-based charging system will strengthen incentives for businesses to comply with food and animal welfare at slaughter requirements.

Impact on individual businesses

50. As explained in paragraph 28 above, the move to discounted time-cost charging will not of itself affect the level of charges.

Implementation

51. The MHS will implement time cost charges and the other measures for which the Regulations provide in GB, in accordance with their usual procedures. These include notifying businesses of the new system of charging for meat hygiene controls and about the other measures. They will explain that the new system of charges has been designed to keep the level of charge to each business unchanged, as explained in paragraph 28 above. They will also explain that any increase to charges that may be agreed in future will be notified separately.
52. It is possible that the above measures will result in some increase in the cost of pursuing debt recovery, for example if introducing discounted time-cost charges lead to an increase in the number of disagreements about charges owed. The introduction of charges for official controls carried out by the MHS on-farms is likely to have a negligible effect on the cost of debt recovery due to the small number of charges that are likely to be made.

Monitoring

53. The MHS will monitor the implementation of the measures in GB in accordance with their usual procedures. The effect of the measures will be reviewed in April 2010 to establish their actual costs and benefits and the achievement of their desired objectives.

Enforcement

54. The MHS will enforce the measures in GB.
55. The Regulations implementing the measures take account of Hampton principles. This applies, in particular, to the way that they have been drafted to be easily understood and easily implemented, the information requirements that will be made of businesses, the sanctions that may be applied and the easy availability of free advice about charges.

⁸ Calculated using the first exchange rate to be published each month in the C series of the Official Journal of the European Community.

Sanctions

56. The measures do not change the sanctions contained in the current Regulations, which are considered to be proportionate and the minimum needed to enable the policy to be implemented effectively.

Compensatory simplification

57. The introduction of generally applicable time-cost charging will be simpler to administer and easier to understand than the Maclean charging system that it replaces. In addition, the cost of chargeable official controls has been reduced due to increases in MHS efficiency and they are expected to reduce further as a result of further efficiency savings being made, partly driven by time-cost charges. The MHS expects that many approved businesses will see fewer hours charged for meat official controls.

Carbon Impact Assessment

58. The measures being implemented are unlikely to have any impact on emissions of greenhouse gases.

Competition Assessment

59. The introduction of generally applicable time-cost charging is unlikely to affect significantly the ability of approved meat businesses to compete or affect their incentives to do so, as all such businesses within the UK will be affected by them. The FSA does not expect that these measures will directly or indirectly limit the number or range of approved meat businesses.
60. Limited information is available on the profile of the meat processing sector. However, some analysis has been possible for red meat slaughterhouses. Based on employment information for 27 medium and large businesses in GB in 2007⁹, it has been possible to infer an average number of employees per animal unit. Data on throughput for red meat slaughterhouses has been converted into animal units, and the result used to estimate the number of employees and assign each business to a size category. This suggests that approximately three quarters of red meat slaughterhouses are micro businesses, approximately 15% are small, approximately 10% are medium-sized and only 1% or so are large.¹⁰

Annual cost per organisation by size

61. The financial impact of the measures is expected to be very small, with most having a zero impact on costs. Businesses initiating reviews that find against them will incur costs of £250.

Administrative burdens

62. The measures that are being implemented will slightly reduce the administrative burden on approved meat businesses and the impact of them is expected to be minimal.

⁹ Source: Plimsoll 2007

¹⁰ Note that these estimates are based on a small sample of medium-sized and large firms, and the average applied to all businesses. This procedure is likely to over-estimate the number of micro and small firms, because those firms probably have relatively more employees per AU than larger ones, given the economies of scale in the sector.

Small Firms Impact Test

63. Discounts will continue to be targeted to provide support to smaller and geographically remote plants in accordance with EC requirements and in a manner consistent with the FSA's wider policy towards such businesses.

Sustainable development/environmental/health

64. The measures that are being implemented will have little if any impact on the delivery of the Government's five principles of sustainable development, on the environment or in relation to public health. Introducing generally applicable time-cost charges is more sustainable because it gives businesses an incentive to use MHS resources more efficiently, which will enable resources to be reduced without compromising the level of health benefits and protection.

Race/disability/gender equality

65. The FSA does not envisage an impact.

Human rights

66. The FSA does not envisage an impact.

Rural proofing

67. The measures being implemented would mainly affect rural areas, as they are where many slaughterhouses, game handling establishments, cutting plants and farms are located. However, they are likely to have little impact on the rural economy as the introduction of generally applicable time-cost charging, which is the main measure, would be cost-neutral and would affect all similar businesses. Thus, the present rural/urban balance would be likely to be unaffected.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	No	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes\	No
Rural Proofing	Yes	No