

<b>Title of regulatory proposal</b>	New Animal Health and Veterinary Laboratories Agency Charges: Animal By-Products	
<b>Lead Department/Agency</b>	Department for Environment, Food and Rural Affairs	
<b>Origin</b>	Domestic	
<b>Expected date of implementation (and SNR number)</b>	October 2014 (SNR8)	
<b>Date submitted to RPC</b>	16/01/2013	
<b>Confirmation date and reference</b>	27/01/2013	RPC13-FT-DEFRA-1999
<b>Departmental triage assessment</b>	Low cost regulation	

**Departmental rationale for triage rating**

The Regulatory Triage Assessment (RTA) says that:

*“There are a wide range of businesses handling and processing ABPs [animal by products]. New premises or operators are either ‘approved’ or ‘registered’ depending on the requirements of the EU ABP regulations... Both approved and registered ABP plants are subject to a regime of risk-based inspections to ensure that operators are meeting the terms of their approval and the requirements of regulations.*

- *Where these businesses receive risk based inspections then costs will be on-going.*
- *New businesses subject to approval for joining the sector will also be charged a one-off approval cost.”*

*“The objective ... is to transfer the costs of providing this service from the taxpayer to those businesses that receive and benefit from the service.”*

The rationale for the Departmental triage rating is:

*“The estimates of volume are based on the number of approvals and inspections which took place during 2012/13. The number is not expected to increase significantly in future and may even decline ... even if volumes of visits were to increase by 10% or even 15% over the next few years the total gross cost to business would still be below £800k (£648,000 x 1.15 = £787,000)”*

**RPC confirmation**
**CONFIRMED**

Based on the information provided, this appears to be a deregulatory proposal

Based on the information provided, this appears to be a low cost regulatory proposal

Based on the information provided, this does not appear to be a deregulatory or low cost regulatory proposal

Based on the information provided it is not possible to confirm the RTA

**RPC comments**

The analysis explains that there are more than 1,400 approved ABP premises and over 1,800 existing registered operators in GB. The proposal, to move to cost recovery, will result in a direct transfer of costs from the taxpayer to these businesses in the region of £680,000 each year (building up to this level over two years under option 2). In addition there will be a relatively small compliance cost to business of about £4,000 for processing and paying invoices, making a total gross annual cost to business of about £684,000 (in 2013 prices).

The costs of £680,000 are calculated by multiplying the service fee of the required activities (site visits/inspections and approvals) by the volume of these activities estimated to take place annually. The expected costs are based on detailed historical management data from the Animal Health and Veterinary Laboratories Agency.

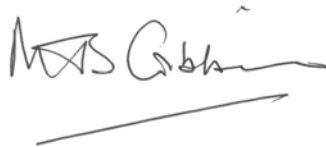
On the basis that the cost estimates appear to be sufficiently robust, the Department's assessment that the regulations are likely to have gross costs of less than £1 million per year is reasonable.

**'One-in, Two-out' (OITO) assessment**

**Out of scope**

The RTA says that this is a regulatory proposal that is out of scope of OITO as it relates to fees and charges without any change to the scope of regulation. Based on the evidence presented this is consistent with the current Better Regulation Framework Manual (paragraph 1.9.8 vii).

**Signed**



**Michael Gibbons, Chairman**