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Consultation on a new independent body for Animal Health

A modern governance and funding structure for tackling
animal diseases

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Foreword by Hilary Benn

No one wants animal disease outbreaks, with the resultant suffering or even death of the animals affected and lost production and income for their owners. Some animal diseases can also pose a threat to public health.

Owners and keepers of animals have the primary responsibility for the health of their own animals and preventing the risk of any diseases they incur spreading to other animals or into the food chain. But preventing, controlling and eradicating some diseases often requires government action which can disrupt normal business (particularly in the livestock sector) and interfere with people's everyday lives. These measures can be costly for the government to implement and costly to those affected. They are justified by the benefit of avoiding the greater impact and costs from the diseases themselves.

Some of these benefits are gained by taxpayers generally (through protection of public health). But in many cases (such as foot and mouth disease or bluetongue) the main benefits are to the owners of the livestock who might otherwise become infected. So we need a system for tackling these diseases that helps to reduce the risks and costs; where there is confidence in the policies decided; and where those who benefit share the costs with taxpayers.

Much of the livestock industry has called publicly for changes in the way animal health policies are determined. The Government agrees that improvements could be achieved. It has been discussing many of these issues with industry since Sir Iain Anderson's inquiry into the foot and mouth outbreak in 2001. These discussions have included a report by a government/industry working party in 2006, two public consultations (in 2006 and 2007) and discussion of policy options in the UK Responsibility and Cost Sharing Consultative Forum, which concluded its deliberations in July 2008. Our proposals build on the outcomes of this engagement with stakeholders and have benefitted from the constructive challenge of the England Implementation Group.

We are seeking views on two fundamental changes to modernise the governance and funding of animal health policy. Firstly, we propose to establish a separate body for animal health run by an independent non-executive board including knowledge and experience from across the spectrum of interests in animal health. Our aim is to establish greater transparency in decision making and increase confidence in the resultant policies.

This body will continue to receive public funding for the bulk of its activities. But the second main change is that the new organisation will have additional funding arrangements. A levy will be raised from livestock keepers according to the numbers and type of animals kept. It will be used to contribute to the costs of preparing for exotic disease outbreaks. We are also considering placing a requirement on livestock keepers to be insured for a share of the costs of exotic disease outbreaks. Those who gain from the eradication of

these diseases will help pay for the costs of doing so, as Sir Iain Anderson recommended.

In setting up a new framework it is important that we retain and build on the strengths of the current system. These include the effective protection of public health in partnership with the Food Standards Agency and the Department of Health; the partnership working with industry already developed, for example in tackling bluetongue; the veterinary and scientific expertise in Defra and its agencies; and the delivery capability of the Animal Health Executive Agency, as well as close co-operation with the Devolved Administrations.

The fundamental changes we propose will require primary legislation. In the light of responses to this consultation we intend to prepare a draft bill for consultation and scrutiny. Changes subsequently enacted will not come into effect before 2012, but now is the time to get these changes right.

When these proposals come into effect they will place additional costs on livestock keepers. Over time, some of these costs may be passed on (in higher output prices and in lower rents). The livestock industry will need to adjust to these changes. So we propose safeguards to ensure that the initial and subsequent annual payments, when set, will take account of its viability. Over time, if the threat of disease outbreaks reduces, as the benefits of the new arrangements are gained, then the associated costs and payments can reduce.

This document sets out our proposals in greater detail. But there is much still to be decided. We are keen to hear views on the main proposals and receive comments to help us develop these ahead of any legislation. We are also inviting views on the use of an insurance requirement as a basis for the industry contribution to the costs of exotic disease outbreaks.

Our proposals are primarily in respect of England although we propose that the new organisation will assume the UK and GB responsibilities currently undertaken by Defra. Colleagues in other parts of the UK are still considering the future development of their organisational and funding arrangements for animal health in their own parts of the UK. We are all committed to ensuring continued co-operation and co-ordination across the UK and I intend to continue discussions with my colleagues as their policies and ours develop.

Alongside this formal consultation we will be running a number of events about these proposals. I urge everyone with an interest in animal health to comment on these proposals and look forward to hearing your views.



Hilary Benn

Executive Summary

Animal health policy and its funding is currently the responsibility of the Department for Environment, Food and Rural Affairs (Defra). The Government believes there is a need to strengthen the governance and financial links with those most directly interested in the outcomes of the policy, while ensuring that public health and the wider public interest is protected. There has been extensive consultation and discussion with the livestock industry and other stakeholders over a number of years about how to achieve this. The Government is committed to changing the way in which animal health is managed so that, as well as continuing to protect the public interest, the following aims are also achieved.

Aims of new arrangements

- Reduce the overall levels and total costs of animal diseases;
- Effectiveness, efficiency and economy from investment in disease prevention and management;
- Share costs between main beneficiaries and risk managers;
- Improve confidence of the livestock industry and other stakeholders in the way disease risks are managed.

The Government is already developing its relationship with industry (as part of its responsibility and cost sharing agenda) within the current legislative framework. But the Government considers more fundamental change is required. The main farming representative bodies and other sections of the livestock industry have also called for such change. The Government believes that to deliver these benefits the new arrangements should:

- a. Ensure more independent and better informed decision making;
- b. Increase the involvement of livestock industry and other key stakeholders;
- c. Provide incentives to reduce the costs of managing disease;
- d. Provide incentives to better risk management; and
- e. Give greater financial transparency and accountability to livestock industry.

This document sets out the Government's proposals for

- a **new independent body for animal health** which will have responsibility for all animal health policy and delivery in England and some United Kingdom and Great Britain responsibilities;
- The **funding framework for the new body** which includes taking over Defra's public funding for animal health;
- **new funding arrangements for the body** which will be a power to raise a levy from livestock keepers who will be required to register for that purpose, as well as the possibility of recovering part of the costs of dealing with exotic disease outbreaks through mandatory insurance.

New independent body for animal health in England

Proposals for the **objectives, scope, governance, working arrangements, status and delivery arrangements for the new body** are set out in Chapters 2 and 3. Key points include:

- all current animal health policy responsibilities (except animal welfare) and international commitments will transfer from Defra to the body;
- a Board (of between 8 and 10) part time independent people will govern the body (with an understanding of the livestock industry, animal health science, public health, and public sector management);
- the Government's Chief Veterinary Officer will advise the body and be employed by it;
- decisions will be open, informed by best evidence, proportionate to risk and costs and benefits, and subject to external scrutiny and take account of European and international obligations;
- Ministers will remain accountable to Parliament for the new body and for its funding including public spending levels;
- Delivery will continue through existing organisations (notably Animal Health Executive Agency, Veterinary Laboratories Agency, and local authorities) subject to current reviews.

Views are invited on whether the legal status of the body should be a Non-Ministerial Department or Non-Departmental Public Body; on the arrangements for animal welfare considerations to be taken into account in disease control; and on ways in which the delivery and regulatory arrangements can be simplified for customers.

Funding Framework

The body will be funded by three main sources: public funding; fees and charges; and the new levy from livestock keepers. As set out in Chapter 4 the arrangements will be initially set on the basis of 50% contributions to the Government's costs of preparedness for exotic disease outbreaks.

Views are invited on proposals for the size of the industry share and how the effect on the viability of the industry should be reflected in the levy rate. Views are also invited on the proposal to allocate costs between main farmed species according to their susceptibility to the relevant disease and in proportion to the gross sector output or for alternative suggestions.

New funding arrangements

A new levy will operate through the registration of the principal farmed livestock by their keepers. As set out in Chapter 5 the proposals are for:

- an annual payment to be calculated from self-declaration of the numbers of animal places by type of animal kept;

- payments to be made for annual costs of surveillance and preparedness for exotic disease outbreaks;
- scope for the payment to be varied by risk factors of the livestock operation.

Views are invited on:

- whether horses (and minor species) should be included in the new funding arrangements;
- whether minimum thresholds for payments or minimum payments should be set;
- how to take account of the impact on viability of the livestock sector in setting the levy rates
- whether there should be compulsory insurance for contributing to the costs of exotic disease outbreaks.

UK Implications and Next Steps

Chapter 6 sets out how co-ordination of animal health policy within the UK would be maintained under these arrangements. Implementing these proposals will require legislation and could not come into force before April 2012. In the meantime the Government is committed to further develop partnership working with the livestock industry (see Chapter 7). Views are invited on a proposal to set up an animal health strategy board with external stakeholder representation as part of the current Defra structure.

This consultation is supported by an initial Impact Assessment (Annex 12) which sets out estimates of the benefits of the proposals and the additional setting up and running costs for the new body and the levy mechanism. It also illustrates the possible level of payments for different kinds of livestock keepers and farms. Views are invited on the estimates and assumptions made.

Scope of the consultation

Topic of this consultation:	Proposal to establish a new independent body with responsibility for animal health policy in England with a power to raise a levy for animal health activities, collected through a fee-based registration system.
Scope of this consultation:	Views of all interested parties about the proposals, ahead of decisions on planned legislation are sought. It asks a number of specific questions about the status and structure of the new body, and its funding arrangements, including a levy.
Geographical scope:	Primarily England, although some implications for co-ordination with other parts of the United Kingdom.
Impact Assessment:	An Impact Assessment is Annex 12 to this consultation and is available online at http://www.defra.gov.uk/animalh/ahws/sharing/index.htm .

Basic Information

To:	Wish to hear from all those organisations and individuals with an interest in animal health and welfare in England.
Body/bodies responsible for the consultation:	Defra - Responsibility and Cost Sharing Team.
Duration:	This consultation exercise began on 30 March 2009 and will close on 30 June 2009.
Enquiries:	Please email RCSharing@defra.gsi.gov.uk , or phone 020 7238 4953.
How to respond:	Please email your responses to RCSharing@defra.gsi.gov.uk , or post them to Defra RCS Programme, Area 5E Millbank, c/o Nobel House, 17 Smith Square, London SW1P 3JR.
Additional ways to become involved:	In order to engage as wide and audience as possible, we plan to hold a number of events across England, where you can find out more about the proposals and put forward your views. For further information please: <ul style="list-style-type: none"> • check the Defra website at http://www.defra.gov.uk/animalh/ahws/sharing/index.htm; • email RCSharing@defra.gsi.gov.uk; or • call Mike Weavers on 020 7238 5758 or 4953.

	Large print and Braille versions of the consultation document can be made available on request. Please use the contact details above.
After the consultation:	The consultation sets out the next steps (chapter 7). After the consultation closes on 30 June 2009, we will publish a summary of responses at http://www.defra.gov.uk/animalh/ahws/sharing/index.htm .
Compliance with the Code of Practice on Consultation:	This consultation complies with the Code of Practice on Consultation.

Background

Getting to this stage:	<p>Responsibility for animal health policy currently lies with Defra. There is no mechanism for the livestock industry to contribute to Government's direct costs of dealing with animal diseases.</p> <p>A great deal of work has preceded this consultation, most recently through a public consultation in December 2007, and the work of the UK Responsibility and Cost Sharing Consultative Forum. Full information on all of this work is available at http://www.defra.gov.uk/animalh/ahws/sharing/index.htm.</p>
Previous engagement:	See above and http://www.defra.gov.uk/animalh/ahws/sharing/index.htm .

Chapter 1: Introduction

1. Animal health is important for animals, their owners, public health, society and the wider rural economy. Animal diseases, and the measures to control them, can be costly to farmers and the livestock industry. Some animal diseases can pose a potential threat to public health. Consumers may face higher prices and wildlife may be affected. The occurrence of diseases from which the country is currently free (exotic diseases) is an ever-present threat to the sustainability of the livestock industry and, in the worst cases, to public health and the wider economy.
2. The primary responsibility for the health of animals lies with their keepers. They are also the major beneficiaries of better animal health. Protection of public health is the paramount issue underlying Government animal health policy – much of it achieved through regulation. This includes tackling both foodborne and other potential zoonoses (eg salmonella, avian influenza).
3. Traditionally the Government has also acted to control and eradicate some infectious animal diseases which do not have public health implications (eg Foot and Mouth Disease). This is because only the Government can undertake and enforce the necessary measures such as controlling animal movements, and culling animals that are infected or that are potential carriers. This action is primarily for the collective benefit of the livestock industry, but the direct costs of much of these actions falls to the Government and the general taxpayer – around £3 billion for Foot and Mouth Disease in 2001.
4. Animal health policy and its funding is currently the responsibility of the Secretary of State and Department for Environment, Food and Rural Affairs (Defra). The Government believes there is a need to strengthen the governance and financial links with those most directly interested in the outcomes of the policy while ensuring that public health and the wider public interest is protected. *The Anderson Inquiry*¹ into the Foot and Mouth outbreak in 2001 concluded that “On narrow economic grounds, it is difficult to see why costs as substantial as those of the 2001 epidemic should be met by people not engaged in agriculture”. The Public Accounts Committee of the House of Commons reached similar conclusions².
5. So the Government is committed to changing the way in which animal health is managed so that, as well as continuing to protect the public interest, the following aims are also achieved.

¹ Foot and Mouth Disease 2001: Lessons to be Learned Inquiry Report, 22 July 2002, HC 888

² House of Commons Committee of Public Accounts The 2001 Outbreak of Foot and Mouth Disease Fifth Report of Session 2002-3 p9:

Aims of new arrangements

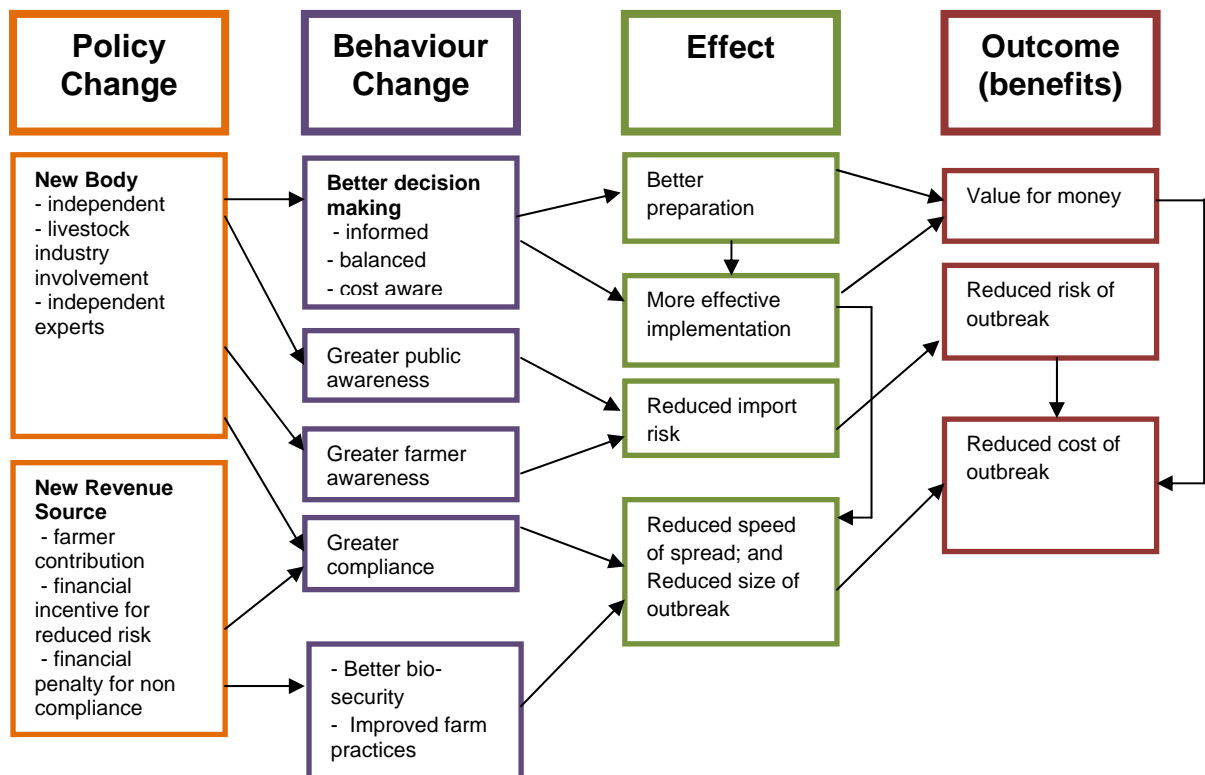
- Reduce the overall levels and total costs of animal diseases;
- Effectiveness, efficiency and economy from investment in disease prevention and management;
- Share costs between main beneficiaries and risk managers;
- Improve confidence of the livestock industry and other stakeholders in the way disease risks are managed.

6. The Government is already developing its relationship with industry (as part of its responsibility and cost sharing agenda) within the current legislative framework. Partnership working has already been developed to tackle Bluetongue, and outbreaks of Avian Influenza and Foot and Mouth Disease. The Government is committed to extending this kind of partnership working across the whole of Defra's animal health responsibilities.
7. But the Government considers more fundamental change is required. The main farming representative bodies and other sections of the livestock industry have also called for such change. The Government believes that to deliver these benefits the new arrangements should:
 - a. Ensure more independent and better informed decision making;
 - b. Increase the involvement of livestock industry and other key stakeholders;
 - c. Provide incentives to reduce the costs of managing disease;
 - d. Provide incentives to better risk management; and
 - e. Give greater financial transparency and accountability to livestock industry.
8. This document sets out the Government's proposals to establish a new independent body for animal health. It will have responsibility for all animal health policy and its delivery in England and some United Kingdom and Great Britain responsibilities. The new body will take over Defra's public funding for animal health and, in addition, will have a new power to raise a levy from livestock keepers who will be required to register for that purpose.
9. The livestock industry, the Government, and the public at large all have an important part to play in reducing the risk of animal disease outbreaks and their spread. These proposals are intended to influence the behaviour of all these players and reduce these risks. The livestock industry can manage their businesses to avoid importing disease; detect disease early; and prevent its spread. Government can make and deliver more effective policies for excluding, controlling and eradicating diseases. The actions of

the public can also reduce the risk of importing disease and prevent its spread.

10. The diagram below summarises the main ways in which the proposed changes will influence behaviour to deliver the key outcome of reduced costs of disease (including the costs of interruption to domestic and international trade resulting from disease outbreaks and controls). The details of the proposals are set out in subsequent chapters.

Figure 1: Disease benefit chain



Previous consultation

11. The Government's proposals have benefited from extensive consultation and discussion on the broad principles and issues over a number of years. A key development was the report of the Joint Industry-Government Working Group on Sharing Responsibilities and Costs of Animal Diseases published in 2006 (see Annex 11).

12. The most recent [consultation](#)³ closed in April 2008. A summary of the written responses to this consultation was published in June 2008. The [output of a series of regional workshops](#)⁴ undertaken during the consultation period was published in May 2008. We are publishing our

³ <http://www.defra.gov.uk/animalh/ahws/sharing/consultation.htm>

⁴ <http://www.defra.gov.uk/animalh/ahws/sharing/workshops.htm>

response to the various suggestions and comments made during this process alongside this consultation (see Annex 1 to this document).

13. Discussions took place at the UK Responsibility and Cost Sharing Consultative Forum (which included the main UK farming unions and a consumer representative) at meetings held between December 2007 and July 2008. These considered a range of policy options. The [papers and minutes](#)⁵ are available on Defra's website. A [sub-group](#)⁶ of the England Implementation Group for the Animal Health and Welfare Strategy has also discussed, challenged and advised on emerging policy options.
14. These proposals build on this work and take account of the responses to earlier consultations. The Government believes the consultation process has showed broad support for the direction of change encapsulated in these proposals.

Impact assessment

15. This consultation is accompanied by a draft Impact Assessment which sets out a first assessment of the costs and benefits of the proposals. A key aim of this consultation is to seek views on this assessment, its underlying assumptions and their applicability.
16. Significant benefits are anticipated under the new arrangements. While benefits through improved confidence, greater transparency and better value for money have not been assessed in monetary terms a monetary assessment has been made of the potential benefits from the reduction in the costs of disease outbreaks. These benefits will take time to occur and are necessarily uncertain due to the uncertain nature of disease outbreaks. The impact assessment estimates annual benefits in the range £0-£134 million annually (of which £65m represents government costs and £69m industry costs).
17. The main additional financial costs will be for establishing the new body and setting up and running the new registration based levy scheme (as outlined in chapters 3 to 5). Costs to taxpayers are estimated at £14.3 million for setting up the body and levy with net additional annual running costs for the body estimated at £200k for the taxpayer. Additional annual costs for the levy collection are estimated at £2m. These and £22m costs for disease outbreaks currently borne by the taxpayer will be borne by the livestock industry.

Question 1

Views are invited on the assumptions and estimates in the Impact Assessment.

⁵ <http://www.defra.gov.uk/animalh/ahws/sharing/forum/index.htm>

⁶ http://www.defra.gov.uk/animalh/ahws/sharing/rcs_sub-group.htm

What difference will these proposals make?

Animal health policy and delivery decisions will be the responsibility of an independent Board comprising people with relevant knowledge, skills and experience, including from across the spectrum of interests in animal health. This will encompass a significant proportion with experience of the livestock industry, as well as those bringing broader relevant perspectives.

In a disease outbreak key decisions will be made by the Chair and Chief Executive of the new organisation on the advice of the Chief Veterinary Officer. These will include animal movement controls (balancing risks of disease spread against effects on operation of livestock and other businesses), and preparation and use of vaccination.

Decisions will be reached through open and transparent processes, on the basis of sound evidence. Any interventions will be proportionate to the risks, costs and benefits. The body will be responsible for issues such as:

- Strategies to deal with exotic disease outbreaks such as Bluetongue including vaccination policy;
- Policy on tackling endemic diseases such as Bovine TB;
- Assessment of, and policies to control, threats to public health from animal diseases;
- How to reduce the risk of animal disease across borders through movement of people, vehicles, animals and food; and
- Taking decisions on payment rates for animals culled as part of disease control measures.

Livestock keepers will contribute to the costs of tackling diseases which if not controlled can have significant adverse impacts on their business operation and financial viability. The new payment requirement can:

- Encourage all livestock keepers to adopt practices that will reduce the risk and cost of disease outbreaks; and
- Reward those keepers with a lower risk profile.

Livestock keepers will get information on how the whole budget for animal health is spent (including the levy contribution)

Chapter 2: An Independent Body for Animal Health

1. Primary responsibility to prevent, control and eradicate animal disease lies with livestock keepers. Equally the effects of animal disease are felt in the first instance by those keepers. Government has an interest in the effects of animal health on society and the economy as a whole (notably where there are potential public health implications). And Government is also uniquely placed to reduce some risks of disease (e.g via imports or movement controls). It can also assist collective action and investment to improve animal health and reduce disease impacts (e.g through research).
2. The outcomes of animal health policy will be of particular importance to the livestock industry and they are vital to the effective implementation of measures to tackle diseases. So decisions need to be closely informed by their effects on the industry, command their confidence and engender their support in their implementation. This will be all the more important when, as proposed, livestock keepers are contributing directly to the cost of such animal health policies. Decisions also need to protect public health and wider public interests and be based on sound science.
3. At present the management of animal health policy and all decisions rest with the Secretary of State and Defra officials. But the Government considers animal health policy can be improved by placing responsibility for it with a new independent body. This will place decision-making with a Board whose members, acting to improve animal health and protect the public interest, are particularly qualified through relevant skills and experience, including those relating to animal health and the livestock sector. The body will have an open decision-making process informed by expert advice so that all can see the evidence and basis for decisions. Transparent funding arrangements will show how money for animal health policy is raised and spent and how public health is being safeguarded.
4. This chapter sets out the Government proposals for the objectives and scope of the body; its governance; working arrangements and the status of the new body. Subsequent chapters set out the funding framework for the new body and the arrangements for raising a levy from livestock keepers.

Objectives and Scope of the body

5. The body's objectives will fulfil the relevant aims of the Animal Health and Welfare Strategy – a lasting and continuous improvement in the health of kept animals, having regard to their welfare, while protecting public health, the economy, and the environment from the effect of animal diseases.

Scope of Body

6. The Government proposes that the new body will take on responsibility for developing and implementing the policy for animal health currently held by Defra (see box below). Annex 2 sets out the main animal health legislation which will fall within the scope of the body. The relevant statutory functions of the Secretary of State other than the functions of making legislation, will then be exercised by the Board rather than Defra Ministers. The body will also be responsible for proposing and advising upon legislation falling within its scope.

**Animal Health Policy Responsibilities
(including exotic and endemic diseases and public health issues)**

- Research and development;
- Surveillance, disease reporting and testing;
- Import controls and quarantine;
- International trade (including export certification and support);
- Preparedness for dealing with exotic disease outbreak;
- Disease prevention and control policies including measures for
 - Vaccination;
 - On farm biosecurity;
 - Movement controls, records, identification and tracing (including markets and gatherings);
 - Testing, culling and disposal of infected animals;
 - Compensation arrangements;
- Representation for the UK in European and international bodies (except when Ministerial presence required – e.g. EU Council meetings)

7. The Government's approach is that the scope of the body should include responsibility for all aspects of animal health policy, employing the same or linked policy instruments and delivery arrangements for different aspects of disease control as now.
8. So the scope of the body will, in principle, encompass all animal diseases including all those currently notifiable under UK legislation and where the UK has international or European obligations in respect of their management. It will also cover all species/sectors and types of animal keepers (whether food-producing, leisure or companion animals). This will include exotic and endemic animal diseases whatever animal species are affected and where the main concern lies in protecting public rather than animal health.
9. The new body will also have scope to work in partnership with the industry to tackle diseases that are of interest to livestock keepers but would not necessarily justify public intervention or significant public funding.
10. Policy functions which impact on animal health, but which have different primary objectives, will remain within Defra. This would include the policy

for the agricultural sector generally, (economic, marketing issues) and other policies (e.g. environmental) that impact on the livestock sector.

Animal Welfare Policy

11. The most significant policy function impacting on animal health that will remain within Defra is animal welfare. The welfare of animals is also inextricably linked with their health. However, animal welfare has its own distinct rationale for policy and one in which the public at large has a particular interest. Decisions on welfare policy need to be made balancing a wide range of different societal interests, and taking into account ethical as well as scientific concerns. Moreover, many animal welfare issues do not relate to farmed animals. There are also some separate policy instruments and delivery arrangements. Direct ministerial accountability for policy is therefore appropriate, and Defra will retain responsibility both for animal welfare policy, and for ensuring that the policy and delivery landscape is working effectively. That said, many different players will continue to share responsibility for improving the welfare of kept animals, including the new body.
12. The implications of having policy on disease and welfare issues determined in different parts of Government need to be managed. In particular, it will be important to ensure that:
 - Welfare considerations are fully taken into account in decisions made by the new body;
 - Responsibility for issues that need to be addressed from both welfare and disease perspectives is clear, and that Defra, the new body, industry and others collaborate to address them;
 - Effective communication means that industry and other stakeholders are clear about respective roles and responsibilities: there will continue to be shared responsibility between industry and Government for improving the welfare of kept animals; and
 - A high quality of welfare policy-making and delivery is maintained.
13. The working arrangements described below will be designed to ensure close collaboration between the Defra welfare policy team and the new body. The new body will also have an interest in helping Government and industry meet the shared welfare objectives set out in the Animal Health and Welfare Strategy, and will be required to take welfare objectives into account in its decision-making. This will be made clear in the operating principles and could be further specified in, for example, Service Level Agreements with Defra. In addition to the formal arrangements, this will need to be reflected appropriately in the skills, knowledge and experience of the Board and the staff of the body.

14. The new body and Defra welfare policy team will want to work closely together through, for example, participation in one another's project boards, establishing joint working groups or initiatives to tackle issues that need to be tackled from both disease and welfare perspectives, and/or developing models for collaborative research programmes and projects.

Governance Arrangements

15. The Government proposes that the new arm's length body will be led by an independent Board (of between 8 and 10 non-executive members serving on a part time basis) including a chair and deputy chair who have appropriate leadership and communication skills for a public organisation. They will be required to act in accordance with the Seven Principles of Public Life and be responsible corporately for achieving all the aims and objectives of the organisation in accordance with general principles for its operation.
16. The Board will need to command the confidence of a wide range of stakeholders and the public. They will need to be able to give strategic leadership to the body and to all those who need to help it fulfil its aims; and collectively reach sound and sensible decisions. Of particular (but not exclusive) importance will be the livestock industry. So Board members will encompass a range of skills, knowledge and experience to fulfil its purpose. These could include understanding of animal health and disease science and epidemiology; understanding of the public health and consumer issues; and knowledge of relevant welfare, wildlife and environmental matters. Awareness of the wider food and meat supply chain, appreciation of financial and corporate governance (including personnel and public sector management) will also be pertinent.
17. The Chair will need to demonstrate independence and impartiality. It is intended that about half the board will have knowledge or experience of the livestock industry.
18. It is envisaged that the appointments will be made by the Secretary of State in accordance with the *Code of Practice* issued by the independent Commissioner for Public Appointments (see Annex 6). The *Code* requires appointments to be made on merit following an open and transparent process. The *Code* allows stakeholder organisations to be involved in the appointment process, including consultation on the person specifications and role profiles and on the advertising process. For appointments requiring experience of the livestock industry the selection panel (which recommends appointments to Ministers) could include, alongside the senior Defra official as chair, and an independent assessor, an industry person selected in consultation with key organisations, such as the NFU. For other Board appointments, an independent member with other relevant experience (e.g. veterinary, public health, wildlife, consumer issues) could be included on the selection panel.

Working Arrangements

19. The new body will have a Chief Executive appointed by the Board who would be the Accounting Officer for the organisation. The initial staff will comprise the relevant policy and specialist scientific, epidemiological and veterinary staff in Defra who will transfer to the new body. Some appropriate specialist support resources, including legal, economics, human resources and risk management may also be included. The body will need to determine its future staffing and to what extent these specialist resources are required in-house, or whether greater value and flexibility may be available by continuing to draw on existing provision within Defra or another external provider through contractual arrangements. It might also want to put in place specific arrangements to ensure the ongoing transfer of expertise between the new body and the Defra animal welfare policy team.
20. The Board will be responsible for providing leadership, vision and strategic direction to the organisation and will delegate responsibility for day-to-day management to the Chief Executive and other staff as it deems appropriate. It will be required to have an audit and risk committee and will have the power to appoint other Committees, such as a science advisory committee and sector committees.
21. To reflect the new approach to the management of animal health policy the body will be expected to operate in accordance with some general principles in achieving its aims.
22. The Board will need access to appropriate scientific and expert advice. This will be delivered by staff with the relevant expertise in the body, supported by external commissioning of research, evidence and advice. A formal scientific advisory council could assist in establishing long term research priorities – tasked particularly with providing a 5-10 year strategic look.
23. It is proposed that the UK Chief Veterinary Officer will be based in the new body and will remain the Government's principal adviser on animal health and welfare issues, providing advice to both the Board of the new body, and UK Ministers, as well as, where appropriate, Ministers in the Devolved Administrations. A description of the main current roles of the UK and England CVO, are set out in Annex 3.
24. The body will need to establish appropriate liaison arrangements (by formal concordats where appropriate) for relations with other key policy departments – notably the Food Standards Agency which has primary responsibility for food safety issues; the Department of Health and its Health Protection Agency which has primary responsibility for wider public health issues; and the Devolved Administrations (see Chapter 6). It will also need to maintain relationships with local government (see Chapter 3).

Principles for Operation of New Body

- Action informed by the best available scientific evidence and advice; with adequate external scrutiny and challenge;
- Decisions and actions should be consistent, clear and proportionate to the risk; pay due regard to costs as well as benefits to those affected by them; take into account Government's wider objectives, particularly related to welfare; and assist better regulation;
- Action independent of specific sectoral interests;
- Openness: consultation and transparency in taking decisions;
- Accountability to Ministers, Parliament, the industry and the public;
- Decisions and actions take full account of UK obligations under domestic, EU and international law;
- Adopt best practice to ensure value for money through effective and efficient operations.

Public Accountability

25. The new body will be required to produce an annual report and accounts and prepare forward corporate plans and business plans. Parliamentary Committees will be able to call Board members and the Accounting Officer to appear before them.
26. The Defra Secretary of State will remain ultimately accountable for the overall performance of the body and will answer for the body in Parliament and handle any legislation presented to Parliament. He or she will also represent the body in Cabinet, and in UK, European and international contexts requiring a Ministerial presence. The Secretary of State will be advised by the new body in carrying out these functions. At official level, the new body will represent the UK in EU negotiations and will be accountable to Defra Ministers and, through them, to the UK Government and the UK Parliament.
27. Depending in part on the legal status of the body, the Secretary of State may have the power to set overarching objectives or operating principles beyond the statutory purpose set out in the primary legislation; or the body may be required to propose objectives or operating principles for approval by the Secretary of State. As part of the regular spending review process the Government will retain responsibility for determining public funding levels for the body, as well as the Government share of funds required in an exotic disease outbreak beyond a certain level (see Chapter 5). Who in Government exercises these roles will depend in part on the legal status of the body, which is discussed in the next section.

Status of Body

28. An independent executive Government body for animal health could take one of two main forms:

- A Non-Ministerial Department (NMD) - like the Food Standards Agency or the Forestry Commission; or
- A Non-Departmental Public Body (NDPB) - like the Agriculture and Horticulture Development Board, Environment Agency or Natural England.

29. The Government considers that either of these forms of organisation, with the governance, scope and working arrangements described above, could deliver the benefits of decision-making which, compared with existing arrangements, are more responsive to the livestock industry and other stakeholders; more independent from political factors; and more transparent to both the public and livestock industry. Either type of organisation could achieve the Government's objective of ensuring that animal health funding would be more open and identifiable; and provide for a greater focus on value for money. And either should help to bring about a changed relationship with the livestock industry.

30. Individual NMDs and NDPBs vary in the degree of independence they enjoy from Ministers. Some work closely with Ministers while others operate almost wholly independently of them. In all cases, however, Ministers remain ultimately accountable for the overall performance – and for the continued existence of - both NMDs and NDPBs. Whether NMD or NDPB, the responsible Minister will assert an appropriate degree of control over it in financial matters. In general, the greater the extent of public funding, the greater the degree of control called for.

31. While there are many similarities in the different models (and variations of them) there are some important differences:

- Funding for an NMD could be voted directly by Parliament and the NMD may deal directly with Treasury or through a Ministerial department;
- Funding for an NDPB usually comes via the parent Department;
- Typically, NMDs are Crown bodies and their staff are civil servants, while NDPBs are not Crown bodies, but have their own legal identity. As a result, NDPB staff are employees of the NDPB and so are not normally classified as civil servants.

32. Further information on the status of NMDs and NDPBs is available in Annex 4.

33. The Government invites views on what the legal status of the new animal health body should be.

Question 2: Comments are invited on the proposals for a new body, including its scope, governance and working arrangements.

Question 3: Will the proposed arrangements ensure that our animal welfare objectives continue to be taken into account when tackling disease? If not, what further mechanisms should be included?

Question 4: Views are invited on whether the new body should be set up as a Non-Ministerial Department (NMD) or Non-Departmental Public Body (NDPB).

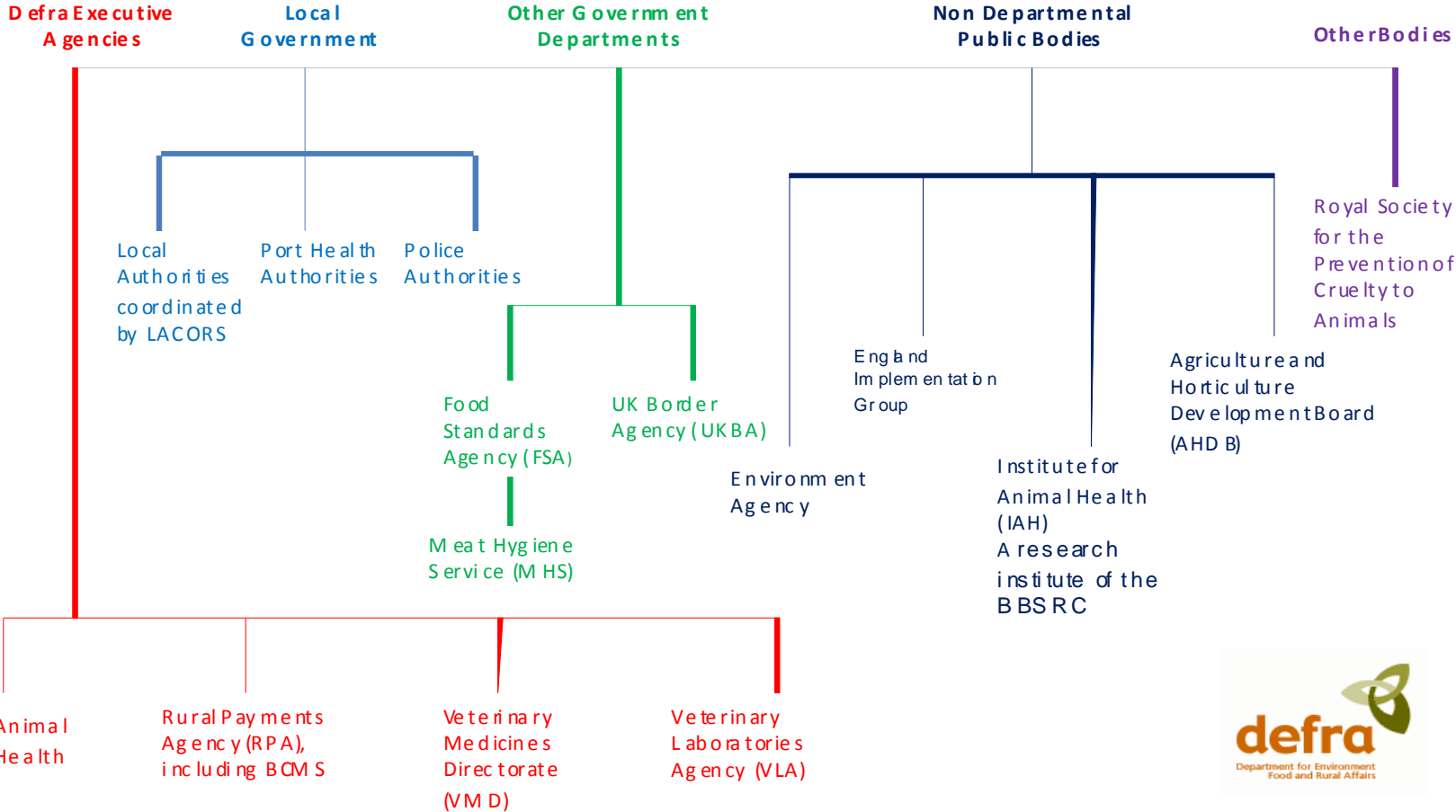
Chapter 3: How the new body will work

1. The proposed new animal health body will take on Defra's current responsibility for determining policy and ensuring its delivery with the funding available to it. This requires effective relationships between the new body and its delivery partners.

Current Arrangements

2. The current delivery landscape for animal health and welfare includes a range of organisations, as set out in the figure below and detailed in Annex 5. These include bodies which are "agencies" within Defra (Animal Health, the Veterinary Laboratories Agency (VLA), the Veterinary Medicines Directorate (VMD), and the Rural Payments Agency (RPA)); non-departmental public bodies at arm's-length (executive and advisory – the levy boards of the Agriculture and Horticulture Development Board (AHDB) and the England Implementation Group (EIG)); other Government Departments, local authorities and non-governmental organisations.
3. A number of these organisations have a GB or UK remit. Some of these organisations are delivery partners for other departments and organisations as well, or deliver for different parts of Defra too.

Figure 2: Animal Health and Welfare Delivery Landscape



How the New Body will work with others

4. The new body will take on responsibility for Defra's existing animal health budget (see chapter 4). This means it will commission and fund all the animal health work undertaken by the relevant Defra executive agencies as well as for some work by local authorities, the Food Standards Agency, UK Borders Agency and the Institute for Animal Health. This may provide the opportunity to simplify arrangements for both customers and policy managers through reshaping of the delivery landscape taking account of the recommendations and action to date following the Hampton review of regulatory inspection and enforcement, and of the Eves review of the Animal Health and Welfare Delivery Landscape.
5. In considering these opportunities the Government also seeks effective continuity of delivery; that organisational change does not impair the government's ability to deal effectively with animal disease outbreaks; and ensuring the continued effective alignment of the management of animal disease outbreaks with the emergency preparedness and response arrangements under the Civil Contingencies Act. The future delivery landscape also depends in part on decisions by the devolved administrations in Wales and Scotland (see Chapter 6).
6. Nevertheless, Defra is equally committed to continuing its work to simplify the regulatory landscape, in line with the 2005 Hampton report, to improve effectiveness, increase efficiency and enhance responsiveness to customer wishes. This will include consideration of both consolidating the number of public bodies that work on Animal Health issues and rationalising the manner in which these bodies interface with the public, as well as looking at what scope there is for cost effective simplification of current arrangements. In conducting this work the Department will be keen to hear from stakeholders and members of the public on suggestions to take these forward.
7. Firstly the Animal Health Executive Agency is central to the delivery of Government animal health policy and these delivery tasks form its principal business. The relationship between its work and the new body will, therefore, be crucial. The Government proposes that, unless other changes occur in the meantime, the Animal Health Executive Agency will become the delivery arm of the new body while continuing as a separate organisation operationally, providing delivery services to the Devolved Administrations in Scotland and Wales as well as to the new body. Though there may be advantages in maintaining the separation of delivery from policy making, there would be scope for the new body, in liaison with the Devolved Administrations and the Animal Health Executive Agency, to give consideration to options for the extent to which the Agency remains a separate operational organisation in the medium to longer term. The future status of the Animal Health Agency may depend, in part, on whether the new body is set up as a non-ministerial department or a non-departmental public body.

8. Where the Animal Health agency is currently the delivery partner for policies which will remain within Defra (eg welfare, wildlife imports) it will continue to do so under appropriate agreed arrangements. Its delivery role in relation to Scotland and Wales is discussed in Chapter 6.
9. Secondly the Veterinary Laboratories Agency also plays an important part in delivery and development of policy, including intelligence, risk assessment, surveillance, and epidemiology, and is largely funded by Defra.
10. Thirdly, the future status and home of the Veterinary Medicines Directorate agency was the subject of a [consultation exercise](#)⁷ that closed on 28 November 2008. Following that consultation it has been decided that the Veterinary Medicines Directorate will retain its status as an executive agency of Defra. The relationship between it and the new body will be considered taking account of that decision.
11. Fourthly, the animal identification and tracing activities, currently operated by the RPA, was considered by the Hunter review (2007)⁸ not to be part of RPA's core business and to be a good fit with the work of the Animal Health Agency. But it recommended that no change be made for two years or so. As an animal health driven operation it is proposed that it would be funded by, and become the responsibility, of the new body. Consideration is being given to its future development and operation and there may be opportunity for simplifying delivery arrangements for customers.
12. The detailed design of the new organisation will be developed as the proposals are taken forward, taking account of the work to be undertaken reviewing the current delivery landscape, to ensure that the structure is fit for purpose and will help to streamline delivery. The current approximate staff numbers of the organisations referred to above are as follows:

Table 1: Number of staff currently working on animal health

Organisation	No of Staff(FTE)	Notes
Core Defra animal health policy staff (in FFG)	240	Excludes non-veterinary specialist staff (legal, economist) and share of corporate staff (IT, HR, Finance, etc)
Animal Health Agency	1600	Includes staff in Wales and Scotland
VLA	1200	GB functions
VMD	150	UK functions.

⁷ <http://www.defra.gov.uk/corporate/consult/vmd-future/index.htm>

⁸ <http://www.defra.gov.uk/corporate/delivery/executive/rpaob/hunter-review-070319.pdf>

RPA (part)	340	Within the scope of the Hunter Review. Some GB-wide functions.
Total	3530	

13. Existing delivery arrangements for animal health policy between Defra and other organisations such as local authorities, the UK Border Agency and the Food Standards Agency and its Meat Hygiene Service, will transfer from Defra to the new body, taking account of any changes to these arrangements resulting from the continuing work on the animal health delivery landscape.

14. The England Implementation Group for Animal Health and Welfare (EIG) is an advisory NDPB which provides external oversight and challenge to Defra on animal health and welfare policy and the delivery of policy including promotion of industry action. Its main functions would be superseded by the establishment of the new body with its own independent Board. The operation of the EIG within the current framework is being reviewed. Subject to the outcome of this review it is proposed that the EIG would be wound up when the new body comes into being.

Setting Up and Running costs

15. The intention is to make the transition as simple and easy as possible and minimise the transition costs. It is proposed that the policy staff in the new body would be initially relocated within the Defra London estate complex. The effective operation of the new body will be assisted by a London headquarters and initial analysis set out in the Impact Assessment suggests relocation out of London would not be cost effective. Defra will meet the preparation costs for the new body prior to the start of its operation which are estimated at about £2 million. The net additional annual running costs are estimated at around £100,000. In the longer-term the location of the body would be for its board to determine.

Question 5:

Views are invited on the proposed delivery arrangements to be established when the new body is set up. Are there specific changes to the current organisational structures that would improve delivery of animal health policies for the businesses affected?

Question 6:

Views are sought on ways in which the Animal Health regulatory framework could be further simplified in order to reduce policy and administrative costs and improve customers / stakeholders experience of its operation in practice.

Chapter 4: Funding the new animal health body

Introduction

1. Chapters 2 and 3 describe the Government proposal for a new independent animal health body and how it will be governed and operate. Under the existing arrangements the direct costs that arise in controlling an exotic disease outbreak fall to Government. The costs of preparedness relating to public intervention in exotic disease outbreaks are also met by the taxpayer. Broadly speaking for certain endemic diseases the direct costs of prevention, control and eradication are also met from the public finances.
2. Public sector investment in animal health secures both public and private goods. A key public good is the protection of public health. Livestock keepers and the livestock industry more widely are the principal private beneficiaries from public intervention in animal health. They also have a major role in managing the risks of the occurrence and spread of disease. So the Government considers they should contribute directly to the costs of public intervention in animal disease.
3. This chapter sets out the Government proposals for the overall financial and funding framework for the new body. The purpose of the new arrangements is to help deliver the objectives of reducing the risk and costs of disease and to obtain value for money from the funds invested in preventing and managing animal diseases. The proposed funding framework is designed to provide financial encouragement to those responsible for managing relevant risks of incurring and spreading of animal diseases to take steps to reduce those risks.
4. Costs will be shared between different types of livestock keeping businesses; and between the different beneficiaries of the successful reduction of the risks and costs of disease – particularly between the general taxpayer and livestock keepers. The framework sets out how this will be done and takes account of benefits and affordability.
5. The chapter looks at the initial arrangements proposed. These arrangements would be able to be altered by the body and Government in the light of the needs of the business, changing priorities and other experience.

Sources of Funds

6. The body will have three main sources of funds:
 - a. Public funding agreed as part of the public expenditure process;
 - b. Fees and charges for services provided to individuals or organisations;
 - c. Income from a new levy from the livestock industry (raised on registered livestock keepers and discussed in the next chapter).

7. The Government is also considering placing a requirement on livestock keepers to be insured for a share of the government costs for dealing with diseases outbreaks.
8. In addition the body will be able to work in partnership with other organisations to undertake work to improve animal health. This may include parts of the livestock industry (eg retailers, meat processors) who are able and willing to contribute funds or other resources to support particular joint initiatives, for example, to tackle disease or provide assurance of disease status or risk.
9. The body will be expected to recover the full costs for services to individuals or organisations in accordance with Government policy, and where applicable, EU requirements, on fees and charges (eg export certification, import checks etc), as is the case with Defra and its delivery partners at present. The remainder of this chapter deals with the use of the other two funding sources (public and levy) and the proposal for insurance.

Activities/costs to be co-funded by new revenue stream

10. The Government proposes that, when the new levy is available, it would be used initially to contribute to the cost of preparedness and surveillance relating to the risk of exotic disease outbreaks (estimated at about £44m per year). We do not propose that the new levy should be used to pay for the ongoing costs of tackling endemic diseases, although this is an issue that we envisage the new body would wish to address once it is established.
11. This means that, at the time the body is set up, public funding will continue to support policy on exotic and endemic diseases, surveillance, laboratories and research and development. This will include work concerned with protecting public health from animal diseases, tackling endemic diseases and identifying emerging disease risks.

Respective Contributions to Co-funded activities

12. Work has been carried out to consider criteria by which funding of different notifiable diseases might be split between the livestock sectors concerned and Government (see Annex 10). This work was presented to the UK RCS Consultative Forum. This exploration of exotic disease categorisation drew heavily on extensive work that has been carried out within Defra on determining the rationale and criteria that would determine whether or not Government should intervene to tackle a particular exotic disease and what priority should be given to it. That, of course, is very different to determining whether or not Government should make any payments or incur additional expenditure as part of that intervention.
13. For many diseases, there is a powerful rationale for the industry to contribute up to 100% of the costs of their control. But in some cases

there may be a wider public benefit and, in most cases, government has responsibility for managing some of the risks.

14. Defra's exotic disease preparedness and surveillance budget covers the costs of surveillance to pick up any new disease incidence quickly, (including sampling and laboratory tests); animal movement controls to reduce speed of spread and assist outbreak control; contingency planning and capability in Defra, Animal Health agency, the veterinary laboratories and local authorities, including call off contracts for vaccines and preparatory exercises; and research into prevention and control of exotic diseases. It cannot be allocated between sectors according to diseases as its composition varies from year to year and in-year in response to changing disease risks and priorities, while a considerable proportion of the activities it involves relate to multiple diseases. But part of this work also ensures that the Government is prepared to deal with new disease threats which may have an impact on public health. So it is proposed that the industry contribution might be 50%.
15. This activity is currently wholly budgeted for from public funds. So the 50% industry contribution will then replace part of an existing public funding expense.
16. The Government considers that, in principle, the livestock industry sectors affected should also contribute 50% of the cost of the new body's total costs (including Animal Health and the rest of what is currently the Defra network) in dealing with any exotic disease outbreak that affects their sectors. As set out further later in the chapter the Government is looking at the possibility of requiring livestock keepers to be insured against this potential liability.

Level of public funding

17. The Government proposes that Defra will transfer the Department's budget for animal health to the new body at the time it is established reduced to reflect the new levy contribution. (In 2007/08 the budget was around £400million of which about £22m would be replaced by the levy contribution.) This will include any budgets held for UK or GB wide purposes at that time. If the new body is an NMD the contingent liability for exotic disease outbreaks may also transfer to the new body in the first instance, with Defra offering reserve support. If an NDPB then it would look to its parent department (Defra) for the contingent liability in the first instance. As with Defra now, there could be a call on the Treasury contingency reserve where considered necessary according to the scale of the liability.
18. Future levels of public funding will be agreed through the periodic Government spending review process.

Allocation of costs between sectors

19. Various species of animals are susceptible to different animal diseases. Some diseases are specific to one species or sector while others affect a number of species. Respondents to Defra's consultation in December 2007, the main sector groups and others, have made clear their view that funds raised from one sector should only be used for activities that benefit that sector.
20. The Government agrees with this principle but a balance needs to be struck between respecting the needs of each sector to have confidence that contributions will benefit its own members, and avoiding the administrative costs (and challenges) associated with complicated allocations. The sector breakdown will also depend on the coverage of the new funding arrangements.

Table 2: Species affected by some important exotic diseases

Disease	Main Species Affected
Avian Influenza	Poultry
Foot and Mouth Disease	Cattle, sheep, pigs
Classical Swine Fever	Pigs
Newcastle Disease	Poultry
Bluetongue	Sheep, goats, cattle
African Horse Sickness	Horses
African Swine Fever	Pigs
West Nile Virus	Horses
Swine Vesicular Disease	Pigs

21. It is proposed that the costs and funding will be allocated at least between the following sectors:
- a. Cattle (perhaps divided between beef and dairy);
 - b. Sheep (and goats);
 - c. pigs; and
 - d. poultry.
22. It is proposed that other broad sectors such as deer, camelids and horses could potentially come within scope of the new funding arrangements. If this occurs then costs and funding will be divided between them also. Where disease costs relate only to animals not covered by the levy then the costs will be met from funds other than those raised through the levy.
23. Where activities can be directly identified with one sector then the body will allocate costs incurred in respect of that sector (e.g. disease control where only that sector is susceptible to that disease). Some activities, such as exotic disease preparedness, will support every sector, while other activities will cover a number of sectors (e.g. where multiple species are

susceptible to the disease as with Foot and Mouth Disease). In these latter cases it is proposed to distribute costs between sectors. One basis for this would be by proportion to the value of the gross output of each sector, reflecting the scale of the benefits to each sector from disease control. The Impact Assessment (Annex 12) illustrates how such a breakdown might work. There may be alternatives to this method of distribution. Views are invited on this proposal or on alternative ways to distribute costs between sectors.

Exotic disease outbreaks and insurance

24. While the preparedness and surveillance activities (and, therefore, their costs) can be planned in advance and budgets allocated, the cost of exotic disease outbreaks, by their nature will vary from year to year and no budget provision is currently made for them. The outbreaks of Foot and Mouth, Bluetongue, and Avian Influenza in 2007 in England cost Government around £50m. The 2001 Foot and Mouth outbreak cost around £3 billion while in some years in-between expenditure was negligible.
25. It would, in principle, be possible for the government to set the levy to incorporate payments relating to the industry's contributions to the costs of dealing with exotic disease outbreaks. If the levy was raised after an outbreak then this could mean a significant additional cost when the industry was already suffering from the consequences of an outbreak. A commercial insurance solution, however, should have the advantage to livestock keepers of lessening the unevenness of otherwise erratic expenditure over a number of years. Payments would be a known business cost every year, established in a private contract at a rate determined through a competitive commercial insurance market. Commercial insurance by livestock keepers could thus provide the means by which government costs for dealing with such outbreaks are shared with those benefiting directly from the actions taken. Payment of an annual premium would provide protection against the costs of the infrequent and erratic occurrence of outbreaks of particular diseases.
26. The role that private insurance could play in new arrangements has been considered as part of the policy development process. Discussions with the insurance industry have indicated that the option of a requirement for compulsory private insurance by livestock keepers to cover all or part of the costs of controlling exotic disease outbreaks currently met by Government may be possible, but that the relevant insurance products are not available at this point in time. However, there are some insurance products currently available which can help livestock keepers meet some of their own business interruption costs following a disease outbreak.
27. The Government is considering how an insurance scheme might work. This will be challenging but we are pursuing how, under the right framework, appropriate insurance products could be made available. The

Government envisages creating a liability for livestock keepers to share equally with Government the costs incurred by the new body in dealing with an exotic disease outbreak to which the species kept is susceptible. Initially the level of individual payments might be proportional to their levy, but would, in due course, reflect relative risk and resilience to exotic disease, replicating the behavioural benefits of the levy discussed in Chapter 5. Livestock keepers would be required to insure against this liability and register the insurance policy with the new body. If a compulsory insurance scheme does not prove to be workable then the Government will consider how the proposed levy could be used for the livestock industry to contribute to the costs of exotic disease outbreaks.

28. The country is at risk from a number of exotic animal diseases. A variety of measures are used to reduce this risk. These include measures to reduce the risk of the certain disease agents arriving in the country or getting into livestock, for example, controls on the imports of animals and animal products and the ban on the feeding of swill and other food waste to pigs. They also include measures to reduce the rate and extent of spread should certain diseases be introduced, for example, livestock movement controls and livestock market and transport hygiene measures. The success of these risk management measures means that disease incidents are much rarer than they would be if there were no controls and, importantly, that they do not conform to a predictable pattern.
29. To illustrate what the likely level of costs to be incurred in future exotic disease outbreaks might be it is necessary to take a view about the likelihood of future disease incidents and how large these might be. The detailed assumptions and assessment are set out in the Impact Assessment (Annex 12). It is important to emphasise that these figures are not intended to be forecasts or predictions of what will happen or what Defra considers likely to happen. Rather it is an exercise to illustrate very roughly the possible scale of outbreak costs in an “average” year to show what the “average” annual contribution might be. In reality there is never an “average” year and the average is made up of many years with minor disease outbreaks controlled at low cost, together with much rarer years of one (or even more) major high cost disease outbreak(s). The probabilities and costs used are a reasonable reflection of expert opinion about disease risks based on the information we currently have. Of course information is constantly changing, so the associated assumptions and assessments need regular review.
30. This work suggests that over time the “average” cost to Government for dealing with exotic disease outbreaks affecting the main farmed species might be of the order of £65m a year. If 50% of this is contributed by the livestock keepers through insurance then this would be equivalent to an annual contribution of £32.5m from the insurers. Payments would only be required from the insurers in the event of a disease outbreak for the costs actually incurred in dealing with it.

Question 7: Views are invited on the proposed funding framework including:

- a) The activities to be initially co-funded between government and revenue payers.**
- b) proposals for distribution of costs between sectors according to the gross sector output or on alternative ways of distributing costs.**
- c) proposals for the levy-funded share of the costs or alternative suggestions and their justification.**
- d) The use of an insurance requirement as a basis for the industry contribution to the costs of exotic disease outbreaks.**

Chapter 5: New Registration Based Levy for Animal Health

Introduction

1. For the livestock industry to contribute to disease control activities of the new body, the Government proposes that the body have the power to raise a levy. The Government proposes that the new animal health body will be able to require an annual payment from livestock keepers that contributes to Government expenditure on animal health. The payment will be based on the number and type of animals kept and other factors discussed below.
2. A number of possible levy mechanisms have been considered including requiring payment at slaughter, issuing of identification tags, on sale of animals and at secondary processors or retailers⁹. The Government considers that raising revenue directly from livestock keepers will have important advantages over other options.

In particular it will:

- a. Give a direct financial link between the costs of intervention in animal diseases and the main beneficiaries and risk managers; and
 - b. Provide scope for developing financial incentives to reward those who present a lower risk in terms of the occurrence and spreading of disease.
3. In developing this mechanism the Government intends to establish a cost-effective scheme which is easy for those covered by it to use and supports measures to control disease. To help do this the mechanism will build on existing requirements for registration of livestock keepers and their animals (details of existing requirements are at Annex 7). The proposed elements of the scheme are described below.

Information Required

4. Information will be required from livestock keepers which allows the payment to be differentiated according to the type and number of animals.
5. As liability for the payment would be based on information kept on the central register there will be an incentive to keep central registration records up to date for the benefit of both public and private interests

Coverage

6. It is proposed that keepers of the following principal farm animals:
 - cattle;
 - sheep;

⁹ Details are set out in the papers presented to the UK RCS Consultative Forum – see [website](http://www.defra.gov.uk/animalh/ahws/sharing/forum/index.htm) (<http://www.defra.gov.uk/animalh/ahws/sharing/forum/index.htm>)

- pigs (including farmed wild boar); and
- poultry (including farmed game birds)

will be included as, potentially, will keepers of goats, farmed deer, bison, camelids (llamas, alpacas etc) and horses. The guiding principle will be to include animals susceptible to diseases in which the public sector intervenes for the purposes of undertaking measures to prevent, control and eradicate such diseases. This may mean that the scope of the species covered could change over time.

7. All animal keepers, regardless of whether they keep animals commercially, for hobby or leisure reasons or for research would, in principle, be subject to the requirement to register under the scheme.¹⁰

Registration Process

8. It is proposed that keepers of animals will be required to register for each financial year the maximum number of each type of animal they keep at any time during the year. This will normally be done annually using a self declaration form (which may be pre-populated from information already available to the body). There could be a rolling programme of dates by which individual keepers need to re-register in each year. Such an approach would have administrative advantage by spreading the burden of data input over the annual cycle, so increasing efficiency and reducing running costs.
9. The annual self declaration will require keepers to report the maximum number of animals kept in the previous year as well as the estimate of the maximum number of animals in the current year.
10. When the keeper of animals on a particular premises changes there will be a requirement for this to be notified at the time it happens. Similarly, changes in the premises on which animals are kept will be required to be notified at the time they happen. If the number of animals kept during the year exceeds the estimated number by a certain amount the keeper will be required to notify the change as it happens.

Payment

11. The annual payment will be calculated from the number of animals notified by type multiplied by the annual rate set per animal kept by type. It will be adjusted each year for any difference in the estimated and actual number kept as reported on the self-declaration form. Liability will rest with the keeper of the animals at the time of declaration.
12. Depending upon each circumstance this may or may not be the owner of the animals. Payment of compensation to the owner of animals culled

¹⁰ Exemptions from levy payments in respect of recognised research establishments will be provided for as appropriate.

compulsorily will depend, in part, on the accurate declaration of animals under the registration procedure.

13. It is proposed to base the annual payment upon the maximum number of animals kept during the year because this is an indication of the size of the benefit that the owner derives from animal disease policies. Annual numbers on particular premises can fluctuate considerably during the year reflecting a range of production cycles and methods. But it is considered that a system that took account of changing annual numbers throughout the year would be complicated and expensive to administer, while one based on animals kept on one particular day (or days) would be arbitrary and could give rise to unfairness and anomalies or even perverse behaviour.
14. It is proposed that the legislation will allow for payments to be differentiated according to risk factors but no proposals for the operation of such differentiation is made in this consultation. The risk factors that might be considered include:
 - a. the physical bio-security measures adopted where the animals are kept;
 - b. the risk profile of the type of business undertaken, management of the business and the husbandry adopted; and
 - c. by location.

Minimum threshold for payment

15. The proposed registration and payment system is designed to be simple and economic to operate. But there will be a cost for those registering and paying; and costs for the new body in operating the registration and payment collection system. The wider the coverage the greater the number of keepers will be encouraged to consider disease risks in managing their animals. But there is a need to consider the costs of collecting the payment against the amount of money raised and the disease risks posed.
16. One approach would be to set minimum thresholds for payment based on the point at which the average costs of collection exceed the level of the registration fee. Initial analysis suggests that, given the significant numbers of holdings on which limited numbers of livestock are kept, establishing payment thresholds based on this criterion alone has the potential to exclude a substantial proportion of livestock keepers. For example if the payment rate were set at the illustrative level in the Impact Assessment some 59% (around 28,000) of all sheep keepers (between them owning over 1.5 million sheep - nearly 10% of the total) would be excluded from the payment requirement. The full analysis using the information available is at Annex 9.
17. An alternative approach might be to set a minimum payment for all keepers required to contribute that at least covers the average cost of

Payment and Enforcement

18. Payment methods would be designed to offer choice and convenience to customers while reducing costs of collection. It is expected that normally livestock keepers will make one annual payment. It may be possible for payments to be spread over the year but this will add to administration and cost of collection for both the body and the levy payers.
19. Normal commercial terms would apply of payment within thirty days. Effective communications explaining the importance of registering would help to mitigate the risks arising from unregistered keepers to the provision of animal health and welfare services.
20. Enforcement will include both failure to register and failure to pay. Both will be strongly discouraged, but a proportionate approach to enforcement procedures will be adopted in line with Hampton Principles. In devising a practicable and risk based enforcement regime, existing systems will be utilised. These may include Animal Health Agency, the Rural Payments Agency and Local Authorities' activities.
21. Penalties for non-compliance could include fixed financial penalties for failure to register or pay and a loss of entitlements including, for example, compensation for animals compulsorily slaughtered. Default on payments could also be enforced under usual recovery procedures with reliance on legal proceedings as necessary.
22. Defra is consulting the Ministry of Justice on possible approaches to enforcement and potential offences. The approach outlined above will be refined and agreed to complement the registration scheme as the scheme's detailed requirements are confirmed.

Electronic registration and payment

23. It is proposed to explore whether the whole process of registering and payment can be offered electronically to those who wish to use this method.

Set up and running costs

24. Initial set up costs, including the development of the computer software, will depend on the outcome of the consultation. Such costs are estimated to be in the region of £12m (or £20m if horses are included). The costs of setting up the scheme would be met by the Government.
25. The scheme would be designed to serve the interests of both the public and private sectors. The costs of charging and collecting the payments

Level of Livestock Sectors' Annual Payment

26. In its initial introduction the levy will include only the contribution to ongoing costs of exotic disease preparedness and surveillance costs. Defra is estimated to spend about £44m on exotic disease preparedness at present so the annual industry contribution to this would be £22m. Collection costs are estimated at about £2m a year. The Table below illustrates what the level of payments might be in the first year based on these assumptions.

27. This is calculated by apportioning costs according to the estimated value of the gross output of each sector. An amount for each "animal place" is then calculated.¹¹ The table illustrates two different approaches to cattle. One would divide up the costs between beef and dairy animals according to the gross output of each sector. The other is to have one rate for all cattle based on the costs allocated to the combined sectors (based on the combined gross output). Views are invited on these alternative proposals.

28. Table 3: First year illustrative annual payment per "animal place" for main sectors covering preparedness and collection costs (£)

Livestock Sector	Preparedness	Collection	Total Payments
Dairy Cattle	£4.40	£0.40	£4.80
Beef Cattle	£1.10	£0.10	£1.20
All Cattle ¹²	£2.30	£0.20	£2.50
Sheep	£0.08	£0.01	£0.09
Pigs	£0.75	£0.07	£0.82
Poultry	£0.04	£0.00	£0.04

29. The table below shows what this level of payment would amount to for typical farms showing the different effects of the alternative approaches to the cattle payment rate.

¹¹ For some species, notably poultry, the throughput of animals during the year will be greater than the number of animal places where the life-cycle of the animals is shorter than one year. This means that the effective rate per animal will be less than the rate for each animal "place" For instance for an average broiler chicken unit the 4 pence per place might be equivalent to less than 1pence per bird .

¹² Alternative approach and rate to individual rates for beef and dairy cattle

Table 4: Estimate of illustrative annual payments for typical farms (illustrating both single cattle rate and separate beef and dairy rate)

Source: Defra modelling estimates (based on information from 2007).

	Number of animals/places on example farm:				Single cattle rate (£)	Separate beef & dairy rate (£)
	Cattle	Sheep	Pigs	Poultry (places)		
Dairy farm	200	0	0	0	507	969
LFA grazing livestock farm	75	600	0	0	247	145
Lowland grazing livestock farm	100	350	0	0	287	150
Pig farm	0	0	2,000	0	1,615	1,615
Poultry farm	0	0	0	50,000	1,999	1,999

Horses

30. The levy collection mechanism could also cover horses and their keepers. The Impact Assessment (Annex 12) sets out estimate for setting up and running a scheme with this extended coverage. It also gives some illustrative figures for payment levels by horse keepers on a set of assumptions about the numbers of horses and their keepers, and the levels of contribution by the sector to exotic disease control. Further work will be undertaken on the coverage of horses. Initial views are invited on whether horses should be covered.

Development and adjustment of the funding framework by the new animal health body

31. The preceding part of this chapter and the previous one set out what the Government proposes as the initial funding framework, and the use of the levy when the new animal health body comes into operation. The main elements of the funding arrangements will be set out in primary legislation. The Government proposes to take powers to develop and change the initial arrangements. This will allow the new body to operate efficiently and respond to changing circumstances. This could include changes to the activities to be co-funded; the basis of allocation between sectors; the respective contributions of public funding and the livestock sector; the coverage of species and any thresholds for payment.

32. A recurring theme in the earlier consultation process was the issue of affordability. As stated above the Government's view is that the livestock industry are the major beneficiary of controlling animal diseases. If the costs of control are worth incurring, then the industry should, over the long term, be paying for them as a business cost. But in changing the framework and setting the annual levy contribution rate the new body will have to take into account the effect on the viability of the sector. This could include looking at the impact on the average costs of the sector and average farm incomes (perhaps using a 5% or 7.5% "cap" on the level of payment as a proportion of average farm incomes). Views are invited on how viability should be assessed. The body will be required to give appropriate notice of rate changes.
33. The Government proposes that the annual levy rates and any changes to the framework will be subject to Parliamentary consent. Before preparing such secondary legislation the animal health body will be required to undertake a full consultation on the proposals backed up with appropriate evidence and analysis.

Question 8: Views are invited on these proposals for the levy mechanism and in particular on:

- a) The species to be covered initially (and whether horses should be included).
- b) Whether minimum thresholds for payment should be set and, if so, on what basis.
- c) Whether there should be one rate for all cattle or different rates for beef and dairy based on the value of the gross output of each sector.
- d) How the impact on the viability of the industry of a particular levy rate could be assessed and taken into account in setting the levy.

Chapter 6: The UK and European dimensions

Introduction

1. The Government's proposals for new arrangements for the way in which animal health is managed relate primarily to England. But, in developing these, the Government recognises that disease and animals move across administrative borders and that livestock enterprises can be spread between different parts of the UK. The Government wishes to continue to ensure co-operation and coherent co-ordination on animal disease matters across the UK. This includes decisions on, and delivery of, disease control policies across borders; UK policy in Europe and internationally; and the effects of new levy.

Arrangements in Wales, Scotland and Northern Ireland.

2. Policy responsibility for animal health and welfare is a devolved matter in Wales, Scotland and Northern Ireland. In Northern Ireland budgetary responsibility is also fully devolved. But in Wales and Scotland some budgets are devolved while others are not. In broad terms the governments in Wales and Scotland hold the budget responsible for some of the expenditure on certain endemic diseases in their countries, notably bovine TB compensation, while Defra is responsible for the rest and for the budget for other endemic disease expenditure (notably on BSE and TSEs) in Wales and Scotland. Defra holds the GB budget for exotic diseases (preparedness expenditure) and the unbudgeted contingent liability for the cost of exotic disease outbreaks in GB.
3. Defra holds the budget for research, surveillance and laboratories which provide a common service. Defra also holds the budget for Animal Health (an Executive Agency of Defra) which operates in Wales and Scotland (but not Northern Ireland) apart from some accommodation and administrative costs in Scotland.
4. Defra is discussing with Wales and Scotland proposals to devolve further budgets. The proposal is that most budgetary responsibility for disease control would be devolved including the contingent liability for the costs of exotic disease outbreaks. Some research, laboratory and surveillance budgets might continue to be held on a GB (or UK) basis with appropriate involvement of the devolved administrations in setting priorities for expenditure. The budget for Animal Health would also be devolved with arrangements put in place for Animal Health to continue to provide services in Scotland and Wales.

Future Developments in Wales, Scotland and Northern Ireland

5. The devolved administrations have been closely involved in discussions on the development of responsibility and cost sharing policies – including as members of the UK Consultative Forum.

6. The future policies in each country are still under development. Consultation papers on future arrangements were issued in [Wales](#)¹³ in March 2008 and in [Northern Ireland](#)¹⁴ in July 2008. The Devolved Administrations' current position is that they are still reviewing the available options but will wish to ensure continued co-operation and co-ordination across the UK.

UK Co-ordination in policy and delivery

7. Arrangements are currently in place between Defra and the Devolved Administrations for co-ordinating policy between England and the other parts of the UK. These arrangements cover delivery of policy (for which, in Great Britain, Animal Health plays a key part) and include dealing with exotic disease outbreaks when arrangements face their fiercest test. These are currently being reviewed following the [Anderson](#)¹⁵ and [Scudamore](#)¹⁶ reports on the Foot and Mouth outbreak in 2007.
8. The Government proposes that the new animal health body will take over Defra's responsibilities for these arrangements and work with the relevant parts of the Devolved Administrations. As discussed in Chapter 3, the Government intends that Animal Health will continue as a separately managed delivery organisation with a capability across Great Britain. The Government will discuss with the Devolved Administrations the arrangements to be put in place following the devolution of the budget for Animal Health to Wales and Scotland and how these can continue following the creation of the proposed new body.
9. The Government will discuss with the Devolved Administrations, the proposed arrangements to contribute to the costs of animal disease policies in their territories. Depending on the outcome of those discussions livestock keepers in different parts of the UK may have different financial obligations. The Impact Assessment (Annex 12) considers what effect such differences might have on businesses and trade. It concludes that there could be some limited effects particularly in border areas depending on the scale of any differing financial obligations. Such differences and impacts are part of the outcome of devolution policy. They are likely to be significantly less than some of the differences between member states of the European Union.

UK Co-ordination in Europe and Internationally

¹³

<http://wales.gov.uk/consultations/closedconsultations/environment/310308responsibilityandcostsharing/?lang=en>

¹⁴ <http://www.dardni.gov.uk/index/consultations/archived-consultations/consultation-on-responsibility-and-cost-sharing.htm>

¹⁵ <http://www.cabinetoffice.gov.uk/fmdreview.aspx>

¹⁶ <http://cci.scot.nhs.uk/Publications/2008/06/23130049/0>

10. The new animal health body will also take on from Defra the responsibility for co-ordinating UK policy in Europe and internationally. The body will work with the Devolved Administrations as Defra does now. The Defra Secretary of State will remain responsible for representing UK interests in appropriate European and international meetings (such as EU Council meetings).
11. This will include representing the UK in the discussion of the proposals being developed by the Commission, as part of the European Community Animal Health Strategy, for responsibility and cost sharing across Europe.
12. Acting for the UK Government, the new body will consult the Devolved Administrations on their interests in international and European policy making in relation to devolved matters, as Defra does now. Where the CVO and other officials transferred to the new body perform UK functions at national, EU and international level, the new body will be required to involve the Devolved Administrations fully in discussions about the formulation of the UK's policy position on all EU and international issues. Where a UK position cannot be agreed at official level, the issue will be resolved in discussion between Ministers, or in the last resort, through the appropriate Cabinet Committee or Joint Ministerial Committee.

Chapter 7 Next Steps

Introduction

1. Implementation of the changes proposed in this paper will require legislation. This will take time. It will be a number of years before a new animal body will be up and running and before new funding arrangements are in place.
2. The Government intends to proceed as quickly as the legislative timetable will allow with implementation in the light of this current consultation. At the same time it will continue to introduce changes that will improve the way animal health policy is managed in advance of legislation. This chapter looks first at the development of partnership working with the livestock industry and then at the timetable for implementation.

Embedding partnership working

3. Partnership working with industry has been developing over recent years. Examples include the development and implementation of the Bluetongue strategy and dealing with the Foot and Mouth Disease and Avian Influenza outbreaks in 2007. In all these cases Defra officials have worked closely with a core group of senior industry and professional stakeholders. The groups have reached mutual consent on animal disease policy and controls and have also drafted (and contributed to drafting) advice to Ministers in some instances.
4. A longer standing example is the Export Certification User Group (ECUG), including Defra, Animal Health and industry representatives which has been in place since 2002. This group decides on priorities for finite resources and co-ordinates joint working to open export markets to third countries. Industry then work closely with Government suggesting draft certificates and guidance for Government consideration.
5. These groups are in addition to the wider stakeholder groups, which include all those with an interest such as, for example, the Camelid stakeholder group. These groups communicate much wider and are primarily open communication channels that are used during an outbreak.

6. These arrangements have demonstrated the following main benefits from this process:

Benefits of Partnership Working

- Improved speed of decision making and actions;
- Better working relationships between industry and government;
- Better mutual understanding of the constraints that both industry and government face;
- Better policy and decision-making – due to industry input on practical aspects “on the ground”;
- Better decisions that reflected a more informed knowledge of the balance of risk and the economic impact on the industry, including providing an instant ‘sounding board’;
- Improved dissemination and communication of decisions/policy;
- As a result greater buy-in/acceptance from stakeholders.

7. Partnership working is being extended with the development of the Export Certification User Group, the Bovine TB Eradication Group and a core group for Classical Swine Fever (CSF).
8. Defra is now looking to extend the partnership approach across animal health and welfare in a structured way. One possibility would be to establish an animal health strategic Board covering the whole of Defra’s animal health and welfare responsibilities. This Board could comprise Defra policy officials, the Chief Executive of the Animal Health Agency, the Chief Executive of the Veterinary Laboratories Agency and representatives of the wider livestock industry. The Board would consider the basis of policies, the priorities for the allocation of financial and staff resources and how programmes and projects were delivering on these. Increasing transparency and understanding of how public funds are used for animal health and providing the opportunity to inform the decision making process.
9. Partnership arrangements and representation of relevant external organisations will also be set up for further important functions within animal health (including the research and the evidence base). The new animal health body, when set up, will be able to take on, develop and adapt these new working arrangements with industry.

Partnership Working in Action : Bluetongue

In response to the outbreak in continental Europe in 2006, Defra convened a core group of industry stakeholders to review and revise the Bluetongue Control Strategy. This review was carried out in the context of a need to consider the rationale for government intervention on Bluetongue (a disease whose impact is primarily economic), and was finalised ahead of the 2007 UK outbreak.

To foster shared responsibility for decision making, Defra shared all the available evidence and data with the core stakeholder group, giving the group access to experts (vets, epidemiologists, economists etc) to inform decisions, and co-developed policy advice to Ministers with the group directly. The group's role in decision making allowed industry to share real responsibility in assessing risks and weighing the costs and benefits of risk mitigation. Although decision making with an evolving evidence base has not always been easy, the policy has benefitted from shared consideration of the costs and benefits to industry as a whole, rather than simply veterinary risk for example.

An example of this is the development of the vaccination plan for 2008, where the procurement of vaccine was underwritten by government but costs met on the ground by industry through the purchase of vaccine. Shared decision making on the process, costs and other issues ensured shared ownership of the vaccination plan, led to strong industry involvement in communicating the need to vaccinate and helped ensure the roll-out of vaccine across the country through a simple, rapid programme before disease could re-emerge in the way it has in some other countries.

The policy of voluntary mass vaccination against BTV8 - rather than compulsory vaccination or slaughter with compensation - is an example of how co-developed policy can lead to a shared interest between Government and industry in achieving behaviour change. This approach to vaccination has allowed us to rapidly roll-out the Protection Zone across England and Wales as vaccine became available. The roll-out was completed on 1 September giving farmers across England and Wales the opportunity to purchase vaccine and protect their animals and livelihoods.

The industry has been very active in running communication campaigns on the need to vaccinate and its benefits, but has encountered some of the same challenges in changing behaviours and perceptions as Government has.

Timetable for legislation and implementation

- 10.** The consultation on these proposals closes on 30 June 2009. The Government will consider the responses to the consultation and then make an announcement on the way the policy will be taken forward. The timetable for implementing these proposals would then be publication of a draft Bill in early 2010 for formal consultation and pre-legislative scrutiny. The Bill could then be introduced in autumn 2010 with a view to Royal Assent in 2011 and the new independent animal health body coming into operation in April 2012.

Question 9:

Views are invited on the proposal for an animal health strategy board, its role and composition.

Annex A

How to respond

Thank you for taking part in this consultation.

This annex tells you how to get your response to us in good time, and what we shall do with it; and offers advice on how to get the most out of this consultation.

How to get your response to us, and what we shall do with it

You can comment in the following ways:

- You can write to: Mike Weavers
Defra RCS Programme
Area 5E Millbank
c/o Nobel House
17 Smith Square
London SW1P 3JR
- You can e-mail: rcsharing@defra.gsi.gov.uk

In either case, if you prefer, you can use the **response form** issued with this consultation. This lists all the questions contained in the main consultation document, and provides space to answer them. You can find an electronic version on our [website](#)¹⁷.

If you would like more information about this consultation, please contact Mike Weavers at the address above.

At the end of the consultation period copies of the responses we receive will be made publicly available through the Defra Information Resource Centre, Lower Ground Floor, Ergon House, 17 Smith Square, London SW1P 3JR. We shall also publish a summary of responses.

If you do not agree to this, you must clearly request that your response be treated confidentially. Any confidentiality disclaimer generated by your IT system in e-mail responses will not be treated as such a request. You should also be aware that there may be circumstances in which we shall be required to communicate information to third parties on request, in order to comply with our obligations under the Freedom of Information Act 2000 and the Environmental Information Regulations.

The library will supply copies of consultation responses to personal callers or in response to telephone or e-mail requests (tel: 020 7238 6575, email: defra.library@defra.gsi.gov.uk) Wherever possible, personal callers should give the library at least 24 hours notice of their requirements. An administrative charge will be made to cover copying and postage costs.

¹⁷ <http://www.defra.gov.uk/animalh/ahws/sharing/index.htm>

If you have any comments or complaints about the consultation process, rather than the content in the consultation paper, please send them to:

Marjorie Addo
Defra Consultation Co-ordinator
Area 7C Nobel House
17 Smith Square
London SW1P 3JR

or e-mail consultation.coordinator@defra.gsi.gov.uk.

How you can get the most out of this consultation

The Cabinet Office advises citizens and Government Departments on how to make consultations work effectively. Their advice to the public¹⁸ is:

- **Be brief.** Use one short sentence to explain each point you want to make. This will help the reader understand your opinion. You can always add more detail afterwards if necessary.
- **Focus on what is really important to you.** Put the issues you care most about first, so the reader can see your biggest concerns. If you want to make more detailed comments, put them in an appendix to your response or in a separate document.
- **Provide evidence.** Your arguments will be more convincing if they are supported by evidence or information. If you are responding by post or email, send in copies of supporting documents rather than information about where to find them.
- **Send your response as soon as possible.** The earlier you send in your views, the longer the Department has to consider them. This is particularly important if you are providing new information or evidence.
- **Reply to the questions.** Where the consultation asks for your views on particular questions, clearly state which questions you are answering before setting out your views.
- **Say who you are.** Say whether you are commenting as a private citizen, representing other citizens, or on behalf of an organisation.
- **Say if you want your response kept confidential**

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http://www.direct.gov.uk/en/Governmentcitizensandrights/UKgovernment/PublicConsultations/DG_10035670

Data Protection Act 1998 - Fair Processing Notice

The purpose of this Fair Processing Notice is to inform you of the use that will be made of your personal data, as required by the Data Protection Act 1998.

Defra is the data controller in respect of any personal data that you provide when you respond to this consultation.

Defra will use your personal data for the purposes of administering the consultation on “a new independent body for animal health: a *modern governance and funding structure for tackling animal diseases*”, and for keeping you informed of future developments in this area, if you have indicated that you wish us to do so. We will not use this information for any consultations that do not relate to Responsibility and Cost Sharing.

Defra may be required to release information, including personal data and commercial information, on request under the Environmental Information Regulations 2004 or the Freedom of Information Act 2000. However, Defra will not permit any unwarranted breach of confidentiality nor will we act in contravention of our obligations under the Data Protection Act 1998.

Defra or its appointed agents may use the name, address and other details on your application form to contact you in connection with occasional customer research aimed at improving the services that Defra provides to you.

If you wish to obtain a copy of your personal data held by Defra, please follow the procedure at <http://www.defra.gov.uk/corporate/opengov/defra/request/personal-request.htm>. Please note that you may be charged a fee of £10 for this service. You may also be asked to provide proof of your identity and for information that will help us locate the data you are seeking. Defra’s public service guarantee on data handling, which gives details of your rights in respect of the handling of your personal data is also available on this website. If you don’t have access to the internet, please telephone the Defra Helpline 08459 33 55 77 and ask to speak to the Data Protection Officer.

If you believe that any of the information we hold concerning you is incorrect or out of date, please provide us with the accurate information in writing together with supporting evidence (if appropriate). You should address your correspondence to:

Mike Weavers
Defra RCS Programme
Area 5E Millbank
c/o Nobel House
17 Smith Square
London SW1P 3JR

e-mail rcsharing@defra.gsi.gov.uk.

Government Consultation Criteria

The Department for Business, Enterprise and Regulatory Reform has produced a list of [consultation criteria](#)¹⁹ for Government departments. They are:

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy;
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses;
3. Ensure that your consultation is clear, concise and widely accessible;
4. Give feedback regarding the responses received and how the consultation process influenced the policy;
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator;
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

¹⁹ <http://bre.berr.gov.uk/regulation/consultation/code/criteria.asp>

Annex B

Glossary of Terms

Accounting Officer	Senior official with personal responsibility for the proper presentation of a Government department's resource accounts.
Acts of Parliament	Part of the work of Parliament is to make laws. These are called Acts of Parliament. Usually the House of Commons and the House of Lords both debate proposals for new laws called Bills. If both Houses vote for the proposals then the Bill is ready to become an Act. It can only be described as an Act when it has received Royal Assent from the Monarch.
AH	Animal Health, an Executive Agency of Defra. It is primarily responsible for ensuring that farmed animals in Great Britain are healthy, disease-free and well looked after.
AHDB	Agriculture and Horticulture Development Board
AHWS	See "Animal Health and Welfare Strategy"
AI	Avian Influenza ("bird flu")
Animal Health and Welfare Strategy	The route map for work to improve the health and welfare of kept animals in England, Scotland and Wales. See http://www.defra.gov.uk/animalh/ahws/default.htm
BBSRC	Biotechnology and Biological Sciences Research Council
bTB	Bovine Tuberculosis
BTV	Bluetongue Virus
Contingency Reserve	An emergency fund held by HM Treasury to be used where the expenditure on an issue is greater than a Government department can meet from its own budget.
Contingent Liability	The liability that currently rests with Government to pay the direct costs of dealing with an exotic disease outbreak.
CSF	Classical Swine Fever
CVO	Chief Veterinary Officer
Defra	Department for Environment, Food and Rural Affairs
Delegated Legislation	See "Secondary Legislation"
DIUS	Department for Innovation, Universities and Skills
ECUG	Export Certification User Group, a joint Government Industry Group dealing with third country trade.
EIG	See "England Implementation Group"
Endemic disease	A disease regularly found among a particular population or in a certain area.

England Implementation Group	An independent advisory group appointed by the Government to drive forward delivery, in England, of the Animal Health and Welfare Strategy for Great Britain. See http://www.defra.gov.uk/animalh/ahws/eig/index.htm
Exotic diseases	Diseases that we do not have in the UK are usually referred to as 'exotic diseases'
FMD	Foot and Mouth Disease
FSA	Food Standards Agency
Hampton Principles	A set of principles used by the Government to help reduce unnecessary administration for businesses, without compromising the UK's excellent regulatory regime (see http://www.berr.gov.uk/whatwedo/bre/inspection-enforcement/assessing-regulatory-system/page44042.html).
Health Protection Agency	A UK-wide non-departmental public body dedicated to protecting people's health.
HPA	See "Health Protection Agency"
IAH	Institute for Animal Health
IBR	Infectious Bovine Rhinotracheitis
Impact Assessment	Impact Assessment. IAs are intended as a key tool to ensure regulation is proportionate to the issue it is designed to tackle.
JIGWG	Joint Industry-Government Working Group (on Sharing Responsibilities and Costs of Animal Diseases)
LFA	Less Favoured Area
NDPB	Non Departmental Public Body
NFU	National Farmers' Union
NMD	Non Ministerial Department
Notifiable diseases	Animal diseases whose presence or suspicion must by law be reported the authorities (http://www.defra.gov.uk/animalh/diseases/notifiable/index.htm).
Primary legislation	See "Acts of Parliament"
Principles of Public Life	See "Seven Principles of Public Life"
RPA	Rural Payments Agency
Secondary legislation	Delegated or secondary legislation allows the Government to make changes to a law without needing to push through a completely new Act of Parliament. The original Act (also known as primary legislation) would have made provisions for future delegated legislation that could alter the law to differing degrees. Statutory Instruments (SIs) are a type of delegated legislation.

Seven Principles of Public Life	A set of principles developed by the Committee on Standards in Public Life. The Principles can be seen at http://www.public-standards.org.uk/
Spending Review	Spending Reviews set firm and fixed three-year Departmental Expenditure Limits (DEL) and, through Public Service Agreements (PSAs), define the key deliverables and associated improvements that the public can expect from these resources.
SVS	State Veterinary Service, now Animal Health (q.v.)
UK Responsibility and Cost Sharing Consultative Forum	A group of key stakeholders to help develop policy on Responsibility and Cost Sharing (see http://www.defra.gov.uk/animalh/ahws/sharing/index.htm)
UKRCSCF	See "UK Responsibility and Cost Sharing Consultative Forum"
VLA	Veterinary Laboratories Agency
VMD	Veterinary Medicines Directorate
Zoonoses	Diseases and infections which are naturally transmitted between vertebrate animals and man.