



Department
for Environment
Food & Rural Affairs

helpline@defra.gsi.gov.uk
www.gov.uk/defra

By email

Date: 08 May 2013

Dear ABP stakeholder

This letter is to seek your initial views on potential new charges for services AHVLA provide for animal-by product premises/ operators.

The Animal Health and Veterinary Laboratories Agency (AHVLA) delivers a wide range of statutory inspection and certification services for businesses and individuals which support consumer confidence and assist in the ability to trade. Current Government policy requires that those who benefit commercially from services provided by government should bear the cost, rather than it being subsidised by tax payers. The rules on charging are set out in Treasury guidance 'Managing Public Money'.

At present AHVLA provide a number of services to the **animal by-product sector** free of charge. Defra and AHVLA are looking at a number of options for how we might charge for certain services in the future. AHVLA will continue to do a wide range of work to protect the health and welfare of animals, including surveillance, enforcement of the requirements of the animal by-product regulations, and research and development, at no cost to business.

A formal consultation on options for charging will take place during the Autumn of 2013. This letter is to seek your initial suggestions and views on the proposals. We would be grateful for any initial thoughts you have to be sent direct to abp.team@defra.gsi.gov.uk in the next two weeks (**by 22 May 2013**), although any further comments would be welcomed after this date, as we intend to consult widely on this during Summer/Autumn 2013.

A Q&A on the proposals and some initial questions are attached.



Yours sincerely

Neil Leach

Animal By-Products Team

Q&A

Which services are AHVLA proposing to charge for?

Charges are being considered for **approval of premises** (a one-off charge for new operators) and for **risk-based inspections of approved and registered premises**.

These inspection visits are carried out on an annual, quarterly, or monthly basis, the frequency depending on an assessment of the risk the operation presents. Factors taken into account in assessment of risk include category and volume of material being handled, type of treatment or processing of the material, and compliance record of the operator.

How would charges be calculated?

Current thinking is that any charges would be likely to be at a variable rate, rather than using a fixed fee, in order to accurately reflect the time taken and the cost of undertaking individual pieces of work and to avoid cross subsidisation .

The cost of the service is made up of the actual time spent by **Veterinary Officers** (VOs), **Animal Health Officers** (AHOs) AHO and **administrators**, when carrying out ABP inspections, approvals, or when carrying out associated ABP work in-office.

Table 1: Approximate typical current cost of AHVLA to approve various ABP premises.

Plant type	Admin	AHO	VO	Total approx cost
Composting Plant	£253 (7hrs)	£1,200 (22hrs)	£1,620 (18hrs)	£3,073
Anaerobic Digestion Plant	£351 (10hrs)	£2,800 (56hrs)	£2,070 (23hrs)	£5,221
Rendering Plant	£976 (27hrs)	£4,200 (84hrs)	£3,150 (35hrs)	£8,326
Petfood Plant	£181 (5hrs)	£450 (9hrs)	£720 (8hrs)	£1,351
ABP Handling Plant	£253 (7hrs)	£700 (14hrs)	£540 (6hrs)	£1,493
ABP Incineration Plant	£181 (5hrs)	£550 (11hrs)	£270 (3hrs)	£1001
ABP Storage Plant	£108 (3hrs)	£300 (6hrs)	£180 (2hrs)	£588

NB: This is a one-off cost to the operator unless there are significant changes to the operation. These figures are typical and may vary considerably between plants of the same type depending on actual time spent. The figures are subject to further assessment and revision.

Table 2: Approximate current cost of AHVLA carrying out a risk-based inspection of various approved or registered ABP premises.

Plant type	Total approx cost
Approved plants: E.g. Composting and anaerobic digestion plants, rendering and petfood plants, ABP handling, incineration and storage plants	The average cost of carrying out a risk-based inspection of ANY approved or registered premises is currently estimated to be between £302 and £622 per

<p>Registered premises: E.g. Game trophy producers, taxidermists, producers of medical devices, wool processors and tanneries, specified users such as those feeding ABPs to hunt dogs, producers of diagnostic kits, maggot farms and zoos, collection centres and any other registered users</p>	<p>inspection depending on time taken to carry out the visit. These figures are subject to further assessment and revision.</p> <p>Premises are risk assessed on initial application, and then visited annually, quarterly or monthly depending on their position in the AHVLA risk matrix. Note in the case of certain very low risk registered premises, a decision may be made not to carry out regular inspection visits.</p>
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How can I estimate how much my business would pay?

If your business is already approved, the only costs to consider are for routine risk-based inspection visits. Operators should consider how often they are visited by AHVLA p/a at present to estimate future potential costs, as each plant is assessed on an individual basis.

In order to mitigate the impact of revised fees, one of the options is for AHVLA to implement any charges in two phases. This will see services charged at only 50% of their full cost recovery rate during Year 1, with the full cost of services provided not charged until Year 2.

Is there any way of reducing my costs?

Operators may be able to reduce their costs by looking at their risk rating. For example, a good compliance record might reduce the frequency of visits/inspections. The government is also keen to encourage industry to develop voluntarily accredited codes of good practice and independently accredited auditing, which could impact on AHVLA decisions about the frequency and content of inspections, and may help provide a justification for reducing the frequency of official control visits and hence reduce inspection charges.

Questions

Q1: How would the proposed charges impact on your business?

Q2: How do you feel about the proposals above including the proposal for variable rather than fixed charges ? Are they fair?

Q3: Can you make any suggestions that might reduce the level of charging and the impact on your business?