

<b>Title: The Feed Law Code of Practice and Feed Law Practice Guidance Review (England)</b>  <b>IA No:</b> FOOD0161 <b>RPC Reference No:</b> N/A  <b>Lead Department or Agency:</b> Food Standards Agency <b>Other departments or agencies:</b> N/A		<b>Impact Assessment (IA)</b>			
		<b>Date:</b> 9/2/2018			
		<b>Stage:</b> Final			
		<b>Source of Intervention:</b> Domestic			
		<b>Type of measure:</b> Other			
		<b>Contact for enquiries: Julie Benson</b> <a href="mailto:feedreview2017@food.gov.uk">feedreview2017@food.gov.uk</a> <b>07500951312</b>			
<b>Summary: Intervention and Options</b>		<b>RPC Opinion:</b> RPC Opinion Status N/A			
<b>Cost of Preferred (or more likely) Option</b>					
Total net Present value £13.1m	Business Net Present Value £13.2m	Net Cost to business per year (EANDCB in 2014 prices) -£1.4m	One-in, Three-Out: OUT	Business Impact Target Status: In Scope	
<b>What is the problem under consideration? Why is government intervention necessary?</b> An FSA Audit of official controls on Feed in 2016 of 11 Local Authorities (LA) identified inconsistencies in application of the provisions of the Code of Practice. Central government intervention is necessary to ensure consistency in the interpretation and implementation of the Code among LAs in England. The review will: <ul style="list-style-type: none"> <li>simplify the Code and associated Practice Guidance to ensure there is consistency in the interpretation and implementation of the Code among LAs in England; and</li> <li>re-shape the animal feed law risk rating scheme to focus Local Authority official controls at higher risk and non-compliant feed business establishments.</li> </ul>					
<b>What are the policy objectives and the intended effects?</b> <ol style="list-style-type: none"> <li>Maintain and enhance the level of public and animal health protection by allowing LAs to target their resources more effectively on higher risk feed establishments.</li> <li>Promote consistency in LA interpretation and implementation of official feed controls.</li> <li>Promote compliant business growth by reducing the burden on compliant businesses.</li> <li>Drive a flexible and intelligence led approach to interventions, while maintaining an appropriate level of monitoring compliance.</li> </ol>					
<b>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</b> <ol style="list-style-type: none"> <li><b>Option 1:</b> Do nothing – The current Code is not amended. This option was considered but rejected as this would not meet the policy objectives; further details are in the evidence base.</li> <li><b>Option 2:</b> Amend the current Code – the preferred option. In line with the Food Standards Agency's (FSA) ambition 'to be an excellent, accountable modern regulator'.</li> </ol>					
Will the policy be reviewed? It will be reviewed. <b>If applicable, set review date: October 2019</b>					
Does implementation go beyond minimum EU requirements			No		
Are any of these organisations in scope?		Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO2 equivalent change in greenhouse gas emissions?			Traded		Non-traded

**I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.**

Signed by the responsible SELECT SIGNATORY: 

Date: 13 February 2018

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** The current Code is not amended.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2017	PV Base Year 2017	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0	0
High	0		0	0
Best Estimate	0		0	0

### Description and scale of key monetised costs by 'main affected groups'

This is the baseline against which other options are compared.

### Other key non-monetised costs by 'main affected groups'

This is the baseline against which other options are compared.

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0	0
High	0		0	0
Best Estimate	0		0	0

### Description and scale of key monetised benefits by 'main affected groups'

None. This is the baseline against which other options are compared.

### Other key non-monetised benefits by 'main affected groups'

None. This is the baseline against which other options are compared.

Key assumptions/sensitivities/risks	Discount rate
The current Feed Law Code of Practice is not amended. This means that identified issues around consistency, quality and frequency of animal feed controls would persist.	3.5

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m	
Costs: 0	Benefits: 0	Net: 0	Yes	Zero net cost

## Policy Option 2

Description: Amend the current Code – the preferred option

### FULL ECONOMIC ASSESSMENT

Price Base Year 2017	PV Base Year 2017	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: -£13.1

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	1	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	£0.1		£0.00	£0.1

#### Description and scale of key monetised costs by 'main affected groups'

Local Authorities: one-off familiarisation £48,818.34 (PV); one off database amendments £66,646.08 (PV).

#### Other key non-monetised costs by 'main affected groups'

None

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	0	N/A	N/A
High	N/A		N/A	N/A
Best Estimate	£15.3		£1.5	£13.2

#### Description and scale of key monetised benefits by 'main affected groups'

**Industry:** reduction in the time that a Feed Business Operator (FeBO) needs to allocate and prepare for an inspection and deal with officials during the site visit and follow up; a saving of approx. £1.5m p.a. is estimated.

**Local authorities:** reduced familiarisation time generates a total one-off benefit to LAs of approx. £19k.

#### Other key non-monetised benefits by 'main affected groups'

**Consumers:** Enhanced consumer protection through more efficient allocation of resources by LAs on higher risk and non-compliant businesses.

#### Key assumptions/sensitivities/risks

#### Discount rate

3.5

Local authorities: average familiarisation time of 7.5 hours; average time for amendment of LA database 30 hours. ASHE wage rates have been used.

### BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Scope for Business Impact Target (qualifying provisions only) £m	
Costs: £0.00	Benefits: £1.5	Net: £1.5	Yes	OUT

## EVIDENCE BASE

### PROBLEM UNDER CONSIDERATION

1. Feed is a critical input to food products of animal origin and feed law is in place to ensure that harmful toxins or other illegal substances that can be found in animal feed are controlled and pose no risk to human health. Animal feed is “upstream” in food production and any contaminated or unfit animal feed provides a potential for undesirable effects far and wide throughout the food chain in the UK and beyond.
2. The UK consumption of global feed production accounts for 21 million tonnes with a value of approximately £4.4bn<sup>1</sup>. The UK has approximately 204,000 feed business establishments of which 140,000 are in England<sup>2</sup>. These include a diverse population of businesses involved in the importation, production and distribution of feed, including farms that produce and use animal feeds and on farm mixing of feeds.
3. FSA is the Central Competent Authority<sup>3</sup> responsible for the delivery of official feed controls within the UK. 146 LAs in England have been designated to deliver official feed controls on those matters which are not the remit of the Veterinary Medicines Directorate (VMD) or the Animal Plant and Health Agency (APHA). In England the FSA directs and maintains the consistency of delivery of feed controls by LAs through a statutory Feed Law Code of Practice (the Code).
4. The revised Code is intended to drive consistency regarding animal feed controls as well as deliver a fully risk based official control programme, while recognising good levels of business compliance with feed law.

### RATIONALE FOR INTERVENTION

5. In line with the Food Standards Agency’s (FSA) ambition ‘to be an excellent, accountable modern regulator’, we need to develop an innovative and radically different ‘whole system’ strategy in respect of feed controls, in the face of changing circumstances of reduced budgets and our impending exit from the European Union (EU).
6. An FSA Audit of official controls on Feed in 2016, in England, of 11 Local Authorities<sup>4</sup> identified inconsistencies in application of the provisions of the Code<sup>5</sup>. The report recommended that the FSA should review:

---

<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/82818/defra-stats-foodfarm-crosscutting-auk-auk2011-120709.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/82818/defra-stats-foodfarm-crosscutting-auk-auk2011-120709.pdf)

<sup>2</sup> FSA Feed Law Enforcement Return 2015/16

<sup>3</sup> Article 2 Paragraph 4 of Regulation (EC) No 882/2004

<sup>4</sup> [https://www.food.gov.uk/sites/default/files/feed\\_audit\\_prog\\_report\\_2016.pdf](https://www.food.gov.uk/sites/default/files/feed_audit_prog_report_2016.pdf)

<sup>5</sup> Summary Report Audit of Local Authority Official Controls on Feed of Non-Animal Origin (FNAO) and Feed Establishments, including Primary Producers  
[https://www.food.gov.uk/sites/default/files/feed\\_audit\\_prog\\_report\\_2016.pdf](https://www.food.gov.uk/sites/default/files/feed_audit_prog_report_2016.pdf)

- the Code to further clarify requirements and responsibilities placed on LAs in respect of:
    - Service Plans, earned recognition, application of the animal feed risk rating system, accuracy of feed establishments registers, approval of feed establishments, authorisation of officers, internal monitoring and implementation of the National Enforcement Priorities (NEPs) as part of an LAs official feed control programme; and
  - the Practice Guidance to provide LAs with further support and guidance in these areas.
7. An internal FSA review, carried out in 2016, in England, to evaluate: the effectiveness to date of the New Feed Delivery Model; (NFDM) the roles and responsibilities of the parties involved in the coordination, planning, and monitoring of the delivery of official feed controls; the implementation of earned recognition; and the value for money achieved by the programme.
  8. The preferred option is to; amend the Code and Practice Guidance, to provide local authorities with clear and helpful guidance, to assist them in ensuring intelligence led, consistent and proportionate official feed law controls.
  9. Based on certain recommendations from the Review the FSA will simplify its animal feed risk rating system and introduce changes to the frequency and type of intervention at lower risk feed businesses establishments. See **Annex 1** for details of those recommendations the revised Code seeks to address.
  10. Central government intervention is necessary to ensure there is consistency in the interpretation and implementation of the Code among LAs in England.

## **POLICY OBJECTIVES**

11. The amended Code and Practice Guidance seeks:
  - a) maintain and enhance the level of public and animal protection by allowing LAs to target their resources more effectively on higher risk feed establishments and those with poor or varying levels of compliance;
  - b) promote consistency in LA interpretation and implementation of official feed controls;
  - c) promote growth by reducing the burden on compliant businesses; and
  - d) drive a flexible and intelligence led approach to interventions, while maintaining an appropriate level of monitoring of compliance.

## **OPTIONS CONSIDERED**

### **Option 1: Do nothing - The current Code is not amended**

12. This is the baseline against which the other option is appraised.

13. As part of this option, the FSA considered requiring LAs to fulfil the programmed intervention quota required by the current Code. However, this would not meet our Policy objectives nor be in the spirit of the recently published Farm Regulators' Charter, in England, which is aimed at. Its aim is to reduce the footfall on farms and regulatory burden on compliant farm businesses:
- by making better use of intelligence to focus visits on non-compliant farm businesses and areas and activities of highest risk; and
  - increasing the use of information from Farm Assurance schemes to reduce the need for, or frequency of, visits from Farm Regulators.
14. Given the:
- potential for the increased financial burden on all feed businesses this option imposes;
  - scarcity of LA resources to achieve this option; and
  - FSA's reluctance to impose the provisions of a Code that is acknowledged as not offering a fully risk based and intelligence led approach for compliant businesses.

This option has been considered and rejected.

## **Option 2: Amend the current Code**

15. EU requirements for the delivery of official controls for food and feed are set out in Regulation (EC) No 882/2004 and are applicable to all EU member states. Among other things, the Regulation requires member states to ensure that:
- official controls are carried out in accordance with documented procedures to ensure that;
  - they are carried out uniformly and are of a consistently high quality;
  - staff performing official controls are competent; and
  - Official controls are carried out regularly, on a risk basis and at an appropriate frequency.
16. Feed businesses are responsible for ensuring that the production and use of feed is safe.
17. The frequency of official controls is not prescribed, but Regulation (EC) No 882/2004, Article 3, requires member states to consider several parameters when determining the frequency based on risk. These parameters should take account of the risk associated with the type of business activity; a business operator's past record of compliance; the reliability of any own checks that the business carries out and any information that might indicate non-compliance.
18. While the frequency of delivery is not determined by any one of the parameters described above, importantly it does include considering feed business operator own checks. There is no definition of own checks in the Regulation, but Recital 13 to

Regulation (EC) No 882/2004 states that “The frequency of official controls should be regular and proportionate to the risk, taking into account the results of the checks carried out by feed and food business operators under HACCP based control programmes or quality assurance programmes, where such programmes are designed to meet requirements of feed and food law”.

19. In recognising this regulatory provision, the revised Code, will provide further recognition for compliant businesses whilst protecting consumers by taking necessary action to remedy deliberate, persistent or serious non-compliance. Better targeting of resource is likely to improve controls in the feed sector.
20. The revised Code will continue to facilitate Competent Authorities' ability to direct resource towards areas where non-compliance is more likely to occur. The ultimate impact is protecting the health and safety of consumers while also recognising the importance of maintaining a level playing field for honest and diligent FeBOs, which is in the interests of the feed industry.

### **Revised New Code with associated Practice Guidance**

22. The new Code is a simplified version with a revised structure and format to present clear, concise information to improve readability, including:
  - clarification of text where necessary to facilitate consistent interpretation and approach by authorised officers;
  - dedicated chapters for Feed Incidents and Alerts and Earned Recognition; and
  - clearer links to the requirements of Regulation (EC) No 882/2004 on Official Controls and the [Framework](#) Agreement on Official Feed and Food Controls by Local Authorities.

### **Changes to Frequencies of interventions/ FSA Approved Assurance Scheme Members**

23. April 2014 saw the introduction of earned recognition at feed establishments that operate to standards set out by an accredited assurance scheme which meets criteria set out by the FSA allowing them to be inspected less frequently provided they remain compliant with feed law requirements, assessed as part of their assurance scheme arrangements.
24. The new Code will reduce further the minimum intervention frequency, from 2% to 1% at lower risk feed establishments by giving greater recognition to those businesses who are:
  - members of a recognised FSA Approved Assurance Scheme;
  - supplying former foodstuffs, distributing, transporting, storing, transporting or mixing feed on-farm; and
  - achieving at least satisfactory levels of current compliance with relevant feed law.

25. A 1% intervention frequency will continue to provide the FSA with an assurance on the robustness of recognised schemes and LAs will be able to target their resource towards higher risk non-compliant feed businesses. The impact of the proposals can be seen in **Table 1**.

**Table 1: Impact of proposals by type of feed business establishment**

<b>Feed business establishment type (achieving at least satisfactory levels of current compliance)</b>	<b>Frequency of intervention in current Code</b>	<b>Proposed frequency of intervention in new Code</b>
Manufacturers - All Approved Codes plus R1, R2, R3, R4 and R6, R7 (manufacturer of feed materials)	4%	4% (No change)
Importers	5%	5% (No change)
R4 - Mobile Mixer	5%	5% (No change)
R12 - Co-Product Producers	5%	5% (No change)
Distributors - All approved codes plus R1, R2, R3, R5, R7 (placing on the market feed materials other than Former Foodstuffs)	2%	1%
R7 - Supplier of Former Foodstuffs	2%	1%
R8 – Transporters	2%	1%
R9 – Stores	2%	1%
R10/R11 - On-Farm Mixer	2%	1%

### **Simplification of the premises categories for risk rating purposes**

26. The current animal feed law inspection risk-rating system takes account of the following parameters when arriving at the overall score for a feed business:
- risk to animal/human health and/or other businesses;
  - extent to which the activities of the business affect any hazard;
  - ease of compliance;
  - animals and people at risk;
  - level of current compliance; and
  - confidence in management/control systems.
27. Consequently, there are currently 20 different categories of business type with distinct frequencies of inspection depending on the establishment's level of current compliance. For example, transporters have 4 segmented categories, manufacturers



3, importers, surplus food suppliers, and stores all have 2. See **Table 2** which highlights the categories (in RED) which will be removed.

28. The reduction in the number of business categories to 11 will assist LA's in consistent application of the Animal Feed Law Risk Rating Scheme and reduce unnecessary administrative burdens validating the accuracy of LA databases.

**Table 2:** The categories of business types which will be removed under the new code

Categories under the current Animal Feed Law Risk Rating Scheme	Categories under the new proposed Animal Feed Law Risk Rating Scheme
Manufacturers - All Approved Codes plus R1, R2, R3, R4 and R6 – Manufacturers of additives or bio proteins and compound feed containing additives	Manufacturers - All Approved Codes plus R1, R2, R3, R4 and R6 – Manufacturers of additives or bio proteins and compound feed containing additives
Manufacturers not using additives (R4 and R6) - and manufacturers of feed materials (R7)	Importer (out of region) – Various
Manufacturers - All Approved Codes plus R1, R2, R3 to R4 and R6 - Small Scale local manufacture (in region only)	R4 - Mobile Mixer
Importer (out of region) – Various	Distributor - All approved codes plus R1, R2, R3, R5, R7 -
Importer (in of region) - Various	R7 - Supplier of Surplus Food (keeps products not permitted for use with all animals)
R4 - Mobile Mixer	
Distributor - All approved codes plus R1, R2, R3, R5, R7 -	R8 - Transporters (who only transport feed and in region)
R7 - Supplier of Surplus Food (keeps products not permitted for use with all animals)	R9 - Stores (in region distribution)
R7 - Supplier of Surplus Food (keeps products not permitted for use as feed)	R10/R11 - On-Farm Mixer
R8 - Transporters (who only transport feed and in region)	R12 - Co-Product Producers (products traded outside the region)
R8 - Transporters (who only transport feed and out of region)	R13 - Livestock Farms
R8 - Transporters (who carry other products and out of region)	R14 - Arable Farm
R8 - Transporters (who carry other products and in region)	
R9 - Stores (in region distribution)	
R9 – Stores (out of region distribution)	
R10/R11 - On-Farm Mixer	
R12 - Co-Product Producers (products traded inside the region)	
R12 - Co-Product Producers (products traded outside the region)	
R13 - Livestock Farms	
R14 - Arable Farm	

## **Introduction of a National Targeted Monitoring Strategy**

29. The Code will introduce a new concept of a National Targeted Monitoring Strategy (NTMS), which allows the FSA based on intelligence and risk, the flexibility to set intervention type and frequency, as well as the ability to vary, up or down, the %/number of businesses to be inspected as part of a LA's official control programme.
30. The NTMS will:
- apply to low risk farms, including those that are members of a recognised FSA approved assurance scheme, who are achieving at least a satisfactory level of current compliance with relevant feed law;
  - be implemented through the NEPs;
  - makes use of data, information, intelligence and the UK National Feed Threat Assessment to inform the NTMS approach;
  - detail how NTMS activities are to be evaluated to determine they appropriately validate compliance, with feed law or support improvements in business compliance, when the planned activities are not official controls; and
  - have regard to:
    - the level of current compliance of a FeBE;
    - whether a FeBE benefits from Type 1 or Type 2 Earned Recognition;
    - the [Farm Regulators' Charter](#); and
    - available Competent Authority resources.
31. This will enable better targeting of available LA resources through greater use of information and intelligence, allowing more time to undertake robust official controls in higher risk and non-compliant FeBEs.

## **Removal of the 2 Tier Alternative Enforcement Strategies**

32. The revised Code will replace the current system of Alternative Enforcement strategy (AES), with a single official control intervention every 10 years at feed establishments:
- supplying former foodstuffs, distributing, transporting, storing or mixing feed on-farm; and
  - achieving a broad level of current compliance with relevant feed law.
33. The current system is administratively burdensome for local authorities due to the present need to establish, through questionnaires, any change in business activity as part of the Tier 1 intervention. FeBOs already have a legal obligation under Article 9 of Regulation (EC) No 1831/2003, laying down the requirements of Feed Hygiene, to notify the Competent Authority of any significant change or closure of an existing establishment.

34. Removal of the 2 Tier system, gives greater recognition to the fact that these businesses are achieving broad levels of compliance. This will release capacity to better target LA resources in higher risk and non-compliant FeBEs.

## **SECTORS AND GROUPS AFFECTED**

### **Local Authorities**

35. LA feed officers will have to familiarise themselves with the amendments of the Code. The estimated number of TSOs affected by the changes is 367.

### **Industry**

36. As can be seen in **Table 5**, arable farms (R14) and livestock farms (R13) are the focus of 86% (18,298 out of 21,368) of official feed controls interventions each year under the current Code and therefore the major beneficiaries of the changes to the Animal Feed Law Risk Rating Scheme.
37. Many arable and livestock farms will be small and medium enterprises. For those achieving at least satisfactory levels of compliance and/or currently participating in assurance schemes that are recognised by the FSA, there will be a reduction in the programmed official inspection frequency as a consequence of the NTMS.
38. Much of the reduction in overall inspection volume because of these amendments has already been realised through an already-reduced level of LA inspection activity through the FSA funded Feed Delivery Programme.
39. The new arrangements will ensure that the continued focus is firmly on inspection of higher risk and non-compliant businesses with a reduced burden on those demonstrating membership of a recognised assurance scheme or continuous good compliance.

### **Consumers**

40. The amendments to the code are not envisaged to have any significant impact in terms of costs or benefits to consumers, nor will they affect the level of consumer protection.

## **COSTS AND BENEFITS OF OPTIONS**

### **OPTION 1: Do nothing - The current Code is not amended and LAs are required to fulfil the programmed intervention quota**

41. There are no costs and benefits associated with this option; it is the current situation that provides a baseline for comparison.

## OPTION 2 (Preferred Option): Amend the current Code

### Costs

#### Costs to industry

42. The Code is concerned with the execution and enforcement of official controls, to which competent authorities must have regard. As such there is no requirement or expectation that feed industry stakeholders will need to familiarise themselves with requirements of the Code or to undertake any action in relation to this. No costs have therefore been identified to industry from the new Code. No concerns were raised by industry with this assumption at consultation.

#### Cost to local authorities

##### Familiarisation costs (one-off cost)

43. The changes to the Code and Practice Guidance will generate a cost for LAs to familiarise their staff with the amendments. FSA data shows that there are 77<sup>6</sup> full time equivalent (FTE) staff engaged in feed law enforcement and from this we estimate that around 367 officers will be authorised to carry out official feed controls. We envisage that it will take an officer 7.5 hours<sup>7</sup> to read and familiarise themselves with the amendments. The median hourly wage rate of a Trading Standards Officer (TSO) is £17.74<sup>8</sup>. Multiplying the wage rate with the number officials required for familiarisation (367) and again by the number of hours per officer generates a total cost of familiarisation to LAs of £48,818.
44. Following the consultation on the proposed changes some respondents raised the concern that the ASHE wage rates were not appropriate for use in assessing the cost to Local Authorities of TSOs. This was because the respondents did not feel the ASHE rate adequately reflected the total cost to them after the overhead increase had been applied. The Annual Survey of Hours and Earnings (ASHE) is a robust data source which contains data on the earnings of a wide range of professions, ensuring that analysis of cost for different employers is done in a consistent manner. Alternative measures do exist for each profession but the way in which these are calculated will vary, limiting their usefulness.
45. Using the Association of Chief Trading Standards Officer (ACTSO) rate of £61.32/hour would increase the estimated cost to Local Authorities of familiarisation to £169,000, an increase of £120,000. It would also increase the *benefit* to local authorities of the simplification (covered in the benefits section below) to £68,000, an increase of £48,000. The Net Present Value of the policy would fall from +£13.1m to +£13m.

---

<sup>6</sup> Local authority Feed Law Enforcement Return 2015/16

<sup>7</sup> Impact Assessment No. FOODSA0137 20<sup>th</sup> March 2014: Feed Law Code of Practice Review

<sup>8</sup> Wage rate obtained from Annual Survey of Hours and Earnings, 2016 "Inspectors of standards and regulations" <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupationaldetailedtable14> the wage rate has been uplifted by an overhead of 20% (£14.78\*1.2=£17.74)

## Amendment to Local Authorities' database (one-off Cost)

46. Changes to the risk based frequency of intervention according to the amended Code will require adjustments to local authority feed business premises records. The FSA estimate that each of the 146 feed authorities will invest 30 hours in implementing the adjustments.
47. This can be monetised by multiplying the number of feed authorities (146) by 30 hours and again by the wage rate of an administrative grade officer (£15.22)<sup>9</sup>. This generates a total cost of database amendment to LAs of £66,646.

## Summary of Total Costs under Option 2

48. The overall cost to local authorities of the Code changes (including familiarisation of officers and update to local authorities' databases) is estimated to be £115,464 (present value). **Table 3** below shows these costs over a ten-year period.

**Table 3: Summary of Total Costs under Option 2**

Costs	0	1	2	3	4	5	6	7	8	9	Total	Present Value
Industry	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0
Local Authorities:												
Familiarisation (One-off cost)	£ 48,818	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£48,818	£ 48,818
Database amendments (one-off cost)	£66,646	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£66,646	£ 66,646
<b>Total Costs</b>	<b>£115,464</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£ 0</b>	<b>£115,464</b>	<b>£115,464</b>

## Benefits

### Benefits to industry

#### Reduction in official controls intervention burden (ongoing benefit)

49. The impact of making changes to the Animal Feed Law Risk Rating Scheme has been calculated by comparing the number of interventions (inspections and AES) required per year under the current Code with the number of interventions required under the amended Code. The estimated effect is an overall 83% reduction in inspections (17,773) required per year. See **Tables 5 and 6**.
50. Compared to the existing Code the new Code provides a benefit to industry from further reductions in official controls for consistently compliant feed businesses and those that are members of a recognised assurance scheme. This benefit arises from

<sup>9</sup> Wage rate obtained from Annual Survey of Hours and Earnings, 2016, "Local government administrative occupations"  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupatio n4digitsoc2010ashtable14> the wage rate has been uplifted by an overhead of 20% (£12.68\*1.2=£15.22)

a reduction in the time that a FeBO needs to allocate and prepare for inspection and deal with officials during the site visit and follow up.

51. It can be monetised by multiplying the reduction in local authority interventions under the new Code by the estimated feed business hours required per intervention and again by the wage rate of a feed business manager (£26.11<sup>10</sup>). We estimate this to be £1.53 million see **Table 7**.
52. The FSA is aware that the number of actual interventions carried out by Local Authorities is currently less than the number required by the existing code. Data collected from the annual 2015/16 feed law enforcement returns shows that the actual number of interventions (including AES) was 10,713 while the current code requires 24,070. The revised code will only require 3,595 interventions to be carried out, which will represent a reduced burden on businesses.
53. When calculating the burden on business in line with the principles of the Business Impact Target (BIT) it is the difference in the *requirements* the old and new regulations impose on business that should be taken into account. For this reason, the cost to business has been calculated based on the *required number* of interventions carried out by LAs, not the *actual*<sup>11</sup> number of interventions they carried out. The actual number of interventions carried out can be found in **Table 4**.
54. There are benefits to businesses receiving periodic official controls for example impartial advice being given during interventions on labelling compliance, improvements to written procedures and how they are being implemented. This ongoing benefit is however, difficult to monetise and monetisation has therefore not been attempted.

**Table 4: Required and actual interventions between the current and revised codes**

Intervention Type	Current Code	Actual Delivered by LAs (2015/16 Enforcement returns to FSA)	Required by revised Code
Interventions	21368	7780	3595
AES (Alternative Enforcement Strategies)	2702	2933	0
<b>Total</b>	<b>24070</b>	<b>10713</b>	<b>3595</b>

<sup>10</sup> Wage rate obtained from Annual Survey of Hours and Earnings, 2016, "Production managers and directors" <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupationaln4digitsof2010ashetable14> the wage rate has been uplifted by an overhead of 20% (£21.76\*1.2=£26.11)

<sup>11</sup> Local authority Feed Law Enforcement Return 2015/16

**Table 5: Reduction in programmed inspections by feed business type**

Feed business type in current LA enforcement returns	Total No of Premises	Required number of inspections required as per the Current Code	Required number of inspections per year under New Code	Inspection reduction under new Code compared to the current Code	Business time cost per inspection intervention (hours)	Current Code costs to businesses (time cost x £26.11)	New Code costs to businesses (time cost x £26.11)	Cost decrease to business (time cost x £26.11) under the New Code compared to the Current Code
Feed Manufacturers A01-A08, A11 & R01-R04, R7	478	185	185	0	6	£28,982	£28,982	£0
Co-Product Producers R12	1,220	512	512	0	6	£80,210	£80,210	£0
Mobile Mixer R04	33	15	15	0	6	£2,350	£2,350	£0
Importers	108	43	43	0	6	£6,736	£6,736	£0
Stores R09	853	92	79	13	3	£7,206	£6,188	£1,018
Distributors A01-A08, A11, R01-R03 & R05	1,329	218	183	35	3	£17,076	£14,334	£2,742
Transporters R08	1,602	198	167	31	3	£15,509	£13,081	£2,428
On-Farm Mixers R10 & R11	10,948	738	549	189	3	£57,808	£43,003	£14,806
Pet Food Manufacturers R06	512	86	78	8	3	£6,736	£6,110	£627
Suppliers of Former Foodstuffs/Feed Materials R07	5,222	983	822	161	3	£76,998	£64,387	£12,612
Livestock Farms R13	104,721	16,611*	876	15,735	3	£1,301,140	£68,617	£1,232,617
Arable Farms R14	15,572	1,687*	86	1,601	3	£132,143	£6,736	£125,416
<b>Grand Total</b>	<b>142,598</b>	<b>21,368</b>	<b>3,595</b>	<b>17,773</b>		<b>£1,732,895</b>	<b>£340,736</b>	<b>£1,392,266</b>
<b>Percentage Reduction</b>				<b>83%</b>				

\* Reference Paragraph 37: Arable farms (R14) and livestock farms (R13) are the focus of 86% (18,298 out of 21,368) of official feed controls interventions each year under the current Code

**Table 6: Reduction in programmed Alternative Enforcement interventions by feed business type**

Feed business type in current LA enforcement returns	Total No of Premises	Required number of AES under the Current Code	Tier 1	Tier 2	Required number of AES per the New Code	AES reduction under new Code compared to the Current Code	Business Time cost per tier 1 intervention (hours)	Business time cost per tier 2 intervention (hours)	Tier 1 Current Code costs to businesses (time cost x £26.11)	Tier 2 Current Code costs to businesses (time cost x £26.11)
Feed Manufacturers A01-A08, A11 & R01-R04, R7	478	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Co-Product Producers R12	1,220	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mobile Mixer R04	33	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Importers	108	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stores R09	853	35	18	18	0	35	1	3	£457	£1,371
Distributors A01-A08, A11, R01-R03 & R05	1,329	70	35	35	0	70	1	3	£914	£2,742
Transporters R08	1,602	58	29	29	0	58	1	3	£757	£2,272
On-Farm Mixers R10 & R11	10,948	217	109	109	0	217	1	3	£2,833	£8,499
Pet Food Manufacturers R06	512	23	12	12	0	23	1	3	£300	£901
Suppliers of Former Foodstuffs/Feed Materials R07	5,222	323	162	162	0	323	1	3	£4,217	£12,651
Livestock Farms R13	104,721	1,865	933	933	0	1,865	1	3	£24,348	£73,048
Arable Farms R14	15,572	111	56	56	0	111	1	3	£1,449	£4,348
<b>Grand Total</b>	<b>142,598</b>	<b>2,702</b>	<b>1,351</b>	<b>1,351</b>	<b>0</b>	<b>2,702</b>			<b>£35,275</b>	<b>£105,832</b>



**Table 7 – Summary of Benefits to Industry under Option 2**

Intervention Type	Number of interventions under Current Code	Number of Interventions under New Code	Reduction in interventions under new Code compared to the Current Code	Current Code costs to businesses (time cost x £26.11)	New Code costs to businesses (time cost x £26.11)	Cost decrease to business (time cost x £26.11) under the New Code compared to the Current Code
<b>Inspections</b>	21,368	3,595	17,773	£1,732,895	£340,736	£1,392,266
<b>Tier 1 AES</b>	1,351	0	1,351	£35,275	0	£35,277
<b>Tier 2 AES</b>	1,351	0	1,351	£105,824	0	£105,832
<b>Totals</b>	<b>24,070</b>	<b>3,595</b>	<b>20,475</b>	<b>£1,873,993</b>	<b>£340,736</b>	<b>£1,533,375</b>

### **Benefit to Consumers**

#### **More efficient resource allocation**

55. The reduction in the programmed frequency of official controls with respect to lower risk establishments, means consumers will benefit from enhanced consumer protection through more efficient allocation of resources by LAs on higher risk and non-compliant businesses. This ongoing benefit is difficult to monetise and attempting to do so would not be proportionate for this analysis.

### **Benefit to Local Authorities**

#### **Consistent interpretation and application of the new Code**

56. The simplification, rationalisation and clarification of the Code to assist local authorities in consistent interpretation and application, has resulted in a reduction of 2948 (16.6%) words and 16 (27%) pages. We believe this will result in a reduced burden in the time taken to familiarise, interpret and consistently apply the Code and estimate the benefit to be 3 hours. This can be monetised by multiplying the number of LA feed officers (367) by the estimated time saving (3 hours) and again by the wage rates of Trading Standards Officers (TSO). This generates a total one-off benefit to LAs of £19,527.

### **Summary of total costs and benefits**

57. As shown in **Table 8**, the total net benefit is £13,102,874 (present value).

**Table 8 Summary of Total costs and benefits under Option 2**

	0	1	2	3	4	5	6	7	8	9	Total	Present Value
<b>Costs</b>												
<b>Industry</b>	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Local Authorities</b>												
Familiarisation (One-off cost)	£48,818	£0	£0	£0	£0	£0	£0	£0	£0	£0	£48,818	£48,818
Database amendments (one-off cost)	£66,646	£0	£0	£0	£0	£0	£0	£0	£0	£0	£66,646	£66,646
<b>Total cost</b>	£115,464	£0	£0	£0	£0	£0	£0	£0	£0	£0	£115,464	£115,464
<b>Benefits</b>												
<b>Industry</b>												
Reduction of interventions burden	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£1,392,266	£13,922,657	£11,984,187
Reduction in programmed Alternative Enforcement interventions (Tier 1)	£35,277	£35,277	£35,277	£35,277	£35,277	£35,277	£35,277	£35,277	£35,277	£35,277	£352,773	£303,656
Reduction in programmed Alternative Enforcement interventions (Tier 2)	£105,832	£105,832	£105,832	£105,832	£105,832	£105,832	£105,832	£105,832	£105,832	£105,832	£1,058,319	£910,968
<b>Local Authorities</b>												
Page Reduction (one-off)	£19,527	£0	£0	£0	£0	£0	£0	£0	£0	£0	£19,527	£19,527
<b>Total Benefit</b>	£1,552,902	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£15,353,277	£13,218,338
Net Cost / Benefit												
Industry	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£15,333,750	£11,984,187
Local Authorities	-£95,937	£0	£0	£0	£0	£0	£0	£0	£0	£0	-£95,937	-£115,464
<b>Grand Total</b>	£1,437,438	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£1,533,375	£15,237,813	£13,102,874

## **Risks**

58. The main risk to any change in the arrangements for the delivery of official controls is that the new system will not afford at least the same level of public health protection as that which is being replaced. There are several manageable risks within the preferred option that will be addressed during implementation to ensure that official resource is targeted in the most effective manner towards the feed establishments that pose the greatest risk.

## **Review**

59. Throughout its life the amended Code will be continually reviewed and updated as circumstances require, ensuring its applicability and relevance. Additionally, a specific review will be undertaken in October 2019, to establish whether the NTMS approach at low risk farms, has been effective in maintaining an appropriate level of monitoring compliance, as part of the Animal Feed Official Controls Delivery Strategy 2017/18 to 2021/22.

## Specific Impact Tests

Type of test	Relevant	Not relevant
Competition assessment	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Small firms impact test	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sustainability		
Economic impact	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Social impact	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Environmental impact	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Carbon impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Equality impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Justice impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Rural proofing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Human rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Privacy impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Creation of new criminal offence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Impact on powers of entry	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## **Wider Impacts**

### **Sustainable development**

60. Impacts under the three pillars of sustainable development (environmental, economic and social) have been considered in this Impact Assessment and in presenting the main evidence base. Option 2 is the more sustainable option because it reduces the cost of inspection for individual feed businesses that are compliant, and those that are members of a recognised assurance scheme, without compromising consumer safety.
61. The use of feed business audit information from visits that are already being carried out through assurance schemes will reduce the number of official inspection journeys and therefore overall vehicle mileage, with a consequent positive effect on the environment.

### **Competition considerations**

62. The preferred option should benefit compliant businesses in recognition of their investment in the safe production and handling of feed. This should encourage less compliant feed businesses to adopt better controls, which in turn will enable LAs to better target their resources to the areas of most risk.

### **Small and Micro Business Assessment (SaMBA)**

63. The Code is concerned with the execution and enforcement of official controls, to which competent authorities must have regard. As such there is no requirement or expectation placed on feed industry stakeholders. Reference to **Table 5** and paragraph 37, however, shows that arable (R14) and livestock farms (R13) are the feed business categories that bear 86% of the current official controls burden. This type of business is likely to be a micro or small/medium enterprise (SME) and this will result in a proportionally greater benefit for compliant micro or SME businesses compared to the wider feed industry.

## **Annex 1**

### **Recommendations acted on in the Feed Law Code of Practice Review (England) from the internal FSA Review undertaken in September 2016**

**Recommendation 9:** FSA to simplify the risk rating and earned recognition systems to ensure official inspections are risk based and to improve consistency and ease of application by LAs.

**Recommendation 10:** FSA to explore scope for reducing the need for official interventions, by having more regard to sources of assurance other than official inspection, working to an initial 10% target for reduced interventions and associated costs in 2018/19.

**Recommendation 13:** FSA to ensure the planned programme of official feed controls is flexible enough to enable resources to be re-routed quickly to higher priority work in response to intelligence.

**Recommendation 18:** FSA to undertake a fundamental review of ER to explore opportunities to further reduce the need for official intervention and to simplify the approach to ER.

**Recommendation 19:** FSA to review the official inspection frequencies of FSA AAS member businesses to ensure full regard is had to the assurance of business standards provided by the assurance scheme.

**Recommendation 20:** FSA to review the need for 2% (one in fifty years) sample official inspections and whether assurance of FSA AAS standards might be achieved in other ways.

**Recommendation 22:** FSA to review the need for five yearly questionnaires under Alternative Enforcement Strategy (AES) arrangements for Type 2 ER businesses.

**Recommendation 26:** FSA to consider whether a reduced risk factor should be applied to feed businesses in PA partnerships such that less frequent official inspections would be required, and to consider whether and how the benefits of PA might be promoted to feed businesses.

**Recommendation 29:** Alongside the proposed fundamental review of the approach to ER, FSA to undertake a fundamental review of the approach to risk rating feed businesses/farms to simplify the approach and, on a risk basis, to reduce the need for official inspections of compliant businesses/farms.

**Recommendation 32:** FSA to review the appropriateness of the reduced risk factor for businesses that feed their own animals, taking account of the scale of some of these businesses and the potential impact should feed incidents occur at these businesses.

**Recommendation 33:** FSA to review the use of intelligence in the feed official control system considering the planned strategic threat assessment of the UK feed environment.