Title:	Impact Assessment (IA)
Change to BSE Testing of cattle slaughtered for human consumption **Lead department or agency:** Department for Environment, Food and Rural Affairs (Defra) **Other departments or agencies:** Food Standards Agency (FSA) Welsh Assembly Government (WAG)	**IA No:** **Date:** 31/03/2011 **Stage:** Consultation **Source of intervention:** EU **Type of measure:** Other **Contact for enquiries:** Katie Barnes

Summary: Intervention and Options

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

The European Union (EU) introduced the bovine spongiform encephalopathy (BSE) testing programme in 2001 to monitor the BSE epidemic. BSE testing of cattle slaughtered for human consumption removes test-positive cattle from the food chain. We are proposing to reduce Government intervention, taking advantage of the decline in BSE to adopt more proportionate testing. The EU has agreed an amendment to Commission Decision 719/2009/EC to provide the United Kingdom (UK) and 21 other Member States with the options of increasing the age threshold above which healthy slaughtered cattle for human consumption are tested for BSE from 1 July 2011. A further option, to test a sample of such cattle from 1 January 2013, will be examined in a future Impact Assessment following further changes to EU law.

What are the policy objectives and the intended effects?

Defra's policy objective is to ensure that BSE measures are in place to protect animal and human health, and that these measures are proportionate to the risk of disease. As the incidence and risk of BSE declines, we are adopting a step wise, risk based approach to reducing controls. No new regulation is required in England as the proposed increase in the testing age is covered by an ambulatory reference in the Transmissible Spongiform Encephalopathies (England) Regulations 2010. The Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 are being amended to include a similar ambulatory reference. The amended Regulations are expected to come into force by 1 July 2011.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The only options presented here are: (i) (Do nothing) to maintain the current age threshold above which healthy slaughtered cattle for human consumption are tested for BSE at 48 months; and (ii) Option 1: to increase the age threshold above which healthy slaughtered cattle for human consumption are tested for BSE to 72 months. Neither option would add cost to industry or to Government. The difference is in the extent of the benefit to be gained.Option 1 is our preferred option, subject to advice from the Food Standards Agency (FSA). It is proportionate to the risk in line with advice from the European Food Standards Authority (EFSA), and will place the fresh meat industry in England and Wales on the same footing as any of the other twenty-one Member States who decide to increase the age threshold for BSE testing of healthy cattle slaughtered for human consumption to 72 months. It is estimated to save industry approximately £904,000 per year. Potential savings to Government still need to be determined (see p.2).

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 6/2012	
What is the basis for this review? Duty to review. **If applicable, set sunset clause date:** Month/Year	
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For consultation stage Impact Assessments:

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: ----------

Summary: Analysis and Evidence

Policy Option 1

Description:

Increase the age threshold above which health slaughtered cattle for human consumption are tested for BSE to 72 months.

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: £7M

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

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

The current programme of testing of healthy slaughtered cattle for human consumption is paid for by industry, with costs of official checks paid for by Government. The proposed increase in the age threshold for testing will not place any additional cost upon the Government or upon industry.

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

Industry: Possible negative impact on consumer confidence and the export market to third countries, due to the increase in the age threshold for testing healthy slaughtered cattle for BSE. However the additional risk to public and animal health is considered negligible because of the estimated very low number of BSE test positive cases missed and the efficacy of Specified Risk Material (SRM) controls (see Evidence Base, paragraphs 7, 8 and 9).

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			£0.68M	**£5.3M**
High			£1.36M	**£10.6M**
Best Estimate			£0.9M	**£7M**

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

Industry Benefits: The increase in the age threshold for testing healthy slaughtered cattle for BSE from 48 months to 72 months will save the fresh meat industry in England and Wales from testing approximately 45,200 cattle in July-December 2011 and 90,400 cattle in January-December 2012 and subsequent years. The cost to industry of sampling and testing is estimated at £10.00 per animal: the Evidence Base, paragraph 15 sets out how this figure is calculated.

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

Government Benefits: The employees of the Food Standards Agency (FSA) at fresh meat abattoirs will be saved the work of supervising the sampling of c90,400 carcases per year from cattle aged between 48 and 72 months. However, experience suggests that the saving will not be commuensurate to the reduction in the number of animals tested, due to the way in which fresh meat abattoirs work. This will be explored further, prior to the publication of the final Impact Assessment.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5%

The assumptions are based on current testing levels being maintained. Estimates of cost per sample based on industry response to the Task Force on Farming Regulation and range between £7.50 and £15. The benefit of £0.9M is based on average unit test cost of £10.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs:	Benefits:	Net:	Yes/No	IN/OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			England and Wales		
From what date will the policy be implemented?			01/07/2011		
Which organisation(s) will enforce the policy?			Defra, WAG and FSA		
What is the annual change in enforcement cost (£m)?			Decrease		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			No		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:**		**Non-traded:**
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:**		**Benefits:**
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	
Small firms Small Firms Impact Test guidance	Yes	7
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	Yes	6
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	Yes	5&6
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	No	
Rural proofing Rural Proofing Impact Test guidance	Yes	7
Sustainable development Sustainable Development Impact Test guidance	No	

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	Transmissible Spongiform Encephalopathies (England) Regulations 2010
2	Transmissible Spongiform Encephalopathies Regulations (Wales) 2008 (to be amended)
3	Commission Decision 719/2009/EC
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	Y_6	Y_7	Y_8	Y_9
Transition costs										
Annual recurring cost										
Total annual costs										
Transition benefits										
Annual recurring benefits										
Total annual benefits	0	0.45	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9

* For non-monetised benefits please see summary pages and main evidence base section

Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

Introduction

1. Transmissible spongiform encephalopathies (TSEs) are fatal brain diseases which include classical and atypical scrapie in sheep and goats and bovine spongiform encephalopathy (BSE) in cattle. Exposure to BSE through the consumption of infected meat is believed to be the primary cause of variant Creutzfeldt-Jakob Disease (vCJD) in humans. There had been 170 human deaths from definite or probable vCJD in the UK to 8 February 2011.

2. BSE controls safeguard animal and public health. We need to maintain risk-based TSE controls and testing, in line with EU requirements, and to continue to reduce the annual number of new BSE cases, with the objective of eradicating the disease. We also need to contribute to EU negotiations for more proportionate TSE measures to reduce the economic burden and contribute to a more sustainable farming sector. Controls must be proportionate to the risk.

3. The EU TSE Regulation requires all EU Member States to carry out an annual testing programme for transmissible spongiform encephalopathy (TSE). In relation to cattle, the annual programme for the UK currently includes the testing for BSE of:

   (i) All cattle which die or are killed other than for human consumption (fallen stock) aged over 48 months.

   (ii) All cattle slaughtered normally for human consumption aged over 48 months.

   (iii) All emergency slaughter animals or animals found sick at ante mortem inspection aged over 48 months.

   (iv) All feed cohorts of BSE cases. Cohorts are cattle which were either born in the same herd as a BSE case, up to a year before or after its birth, or were reared with a BSE case when both were up to a year old.

   (v) All cattle killed on suspicion of being affected with BSE.

   The BSE testing requirement for cattle aged over 48 months at (i), (ii) and (iii) only applies to cattle **born** in the following Member States:

   Austria; Belgium; Cyprus; Denmark; Finland; France; Germany; Greece; Ireland; Italy; Luxembourg; Netherlands; Portugal; Spain; Slovenia; Sweden; and the UK.

   Cattle born in any other EU Member State or a third country must be BSE tested at over 30 months (healthy slaughter) or over 24 months (emergency slaughter or sick at ante-mortem).

4. The Commission's TSE Roadmap 2, published in July 2010, outlines possible amendments to adjust EU TSE rules over the period 2010-2015. The Commission's objective is to continue to review the measures, to ensure that they are proportionate to the reducing risk, while assuring a high level of food safety. Amendments to EU TSE rules will be taken following a stepwise approach supported by scientific advice from the European Food Safety Authority (EFSA).

5. Following an opinion from EFSA published on 13 December 2010 on risks to changes to the BSE testing programme in certain Member States, the EU has agreed a Commission proposal that allows the UK and twenty-one other Member States, the option of (i) increasing the age threshold for BSE testing of all healthy slaughtered cattle from 48 months to 72 months from 1 July 2011; and (ii) testing a minimum sample of healthy slaughtered cattle aged over 72 months from 1 January 2013. The EU will agree the minumum sample size at a later date: it is likely to be linked to the size of the cattle population in each Member State. These twenty-two Member States have demonstrated a declining or low prevalence of BSE and that they have implemented the EU BSE surveillance programme and the EU feed ban for at least six years and have applied to revise their BSE testing programmes.

6. The age thresholds for cattle born elsewhere will remain as set out in Paragraph 3.

7. In cattle, the Specified Risk Material (SRM) controls are estimated to remove almost all potential infectivity, in the unlikely event of an animal infected with BSE, but not yet showing any clinical signs being slaughtered for human consumption.

8. EFSA has advised that prevention of human exposure to BSE mainly relies on the removal of specified risk material (SRM), such as brain and spinal cord. EFSA has further advised that, under a realistic assumption that BSE continues to decline across the twenty-two Member States:

    a. Increasing the age threshold for testing 'healthy slaughtered' cattle for BSE to 72 months would result in less that one BSE case being missed in 2011 across all 22 Member States and fewer cases thereafter; and

    b. Stopping the testing of 'healthy slaughtered' cattle from 2013 would result in less than one BSE case being missed in that year across all 22 Member States and fewer cases thereafter.

9. The Veterinary Laboratories Agency (VLA) has advised that its BSE Control Model estimates that

    a. The mean amount of BSE infectivity entering the food chain in Great Britain with testing of all healthy slaughtered cattle aged over 48 months is 18 (0.7,82) Bovine Oral ID_{50} in 2011 and 14 (0.3,74) Bovine Oral ID_{50} in 2012.

    b. the mean amount of BSE infectivity entering the food chain in Great Britain with testing of all healthy slaughtered cattle aged over 72 months is 18 (0.7,78) Bovine Oral ID_{50} in 2011 and 16 (0.3,80) Bovine Oral ID_{50} in 2012.

    The Spongiform Encephalopathy Advisory Committee (SEAC) has considered the VLA's modelling and has provided independent advice to the Food Standards Agency (FSA) on the risk of the proposed changes in the UK.

Problem under consideration

10. The Impact Assessment considers whether England and Wales can increase the age threshold for BSE testing of all healthy slaughtered cattle from 48 months to 72 months from 1 July 2011. This will be subject to final agreement by the FSA and Health Ministers as well as Rural Affairs Ministers. The EU's second option, to test a minimum sample of healthy slaughtered cattle aged over 72 months from 1 January 2013, will be considered in a further Impact Assessment at a later date, when the size of the sample has been determined by a further amendment to EU law.

Rationale for intervention

11. We expect that the other 21 eligible Member States will increase the age threshold from 1 July 2011. There would be a competitive disadvantage for UK meat producers if England and Wales were to continue to require healthy slaughtered cattle aged 48-72 months, born in the UK and the other eligible Member States, to be tested for BSE, while other Member States lifted this requirement.

Policy objective

12. Defra's policy objective is to ensure that controls are in place to protect animal and human health, and that these controls are proportionate to the risk of disease.

13. This is a deregulatory measure which would be administered via an ambulatory reference in Schedule 1 of the Transmissible Spongiform Encephalopathies (England) Regulations 2010 to Commission Decision 719/2009/EC. The Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 are being amended to include a similar ambulatory reference. The amended Regulations are expected to come into force by 1 July 2011.

    Based on data for cattle slaughtered for human consumption in 2010, raising the age threshold for testing healthy slaughtered cattle to 72 months and over, would reduce the number of healthy slaughtered cattle that require testing by about 27%. It is estimated that 63.32% of the cattle population of Great Britain is in England and 13.32% in Wales (Table 1).

    This proposal is not expected to have any impact upon the size of the cattle population in England and Wales.

    Over 2.04 million healthy cattle slaughtered for human consumption were tested for BSE in Great Britain from November 2005 to the end of 2010. There were ten cases of BSE detected, of which two were less than 72 months of age (one in 2006 and one in 2008) (Table 2).

Table 1: Number of Tests on Healthy Slaughtered Cattle in 2010

Age (months)	England*	Wales*	Total
48-72	75087	15312	90399
Over 72	198374	40452	238826
Totals	273461	55764	329225

*Data provided by VLA on 17/01/2011

Table 2: BSE cases aged less than 72 months in healthy cattle slaughtered for human consumption in Great Britain since 2005

	Year of slaughter					
	2005	2006	2007	2008	2009	2010
Number of BSE cases in healthy cattle slaughtered for human consumption aged 72 months or less	0	1	0	1	0	0

Description of options considered

14. **Current Policy** status quo / already planned changes.

    i. The advantage of the current policy is that it ensures that healthy cattle slaughtered for human consumption in the UK aged 48 months and over, are tested for BSE before they enter the food chain. It is also attractive to the export market for some non-EU countries. However in cattle, the Specified Risk Material (SRM) controls are estimated to remove almost all potential infectivity in the unlikely event of an animal infected with BSE but not yet showing any clinical signs being slaughtered for human consumption.

    ii. The disadvantage of the current policy is that it is not proportionate to the risk and is not in line with the latest advice from EFSA.

    Option 1: (Preferred option): Increase the age threshold for BSE testing of healthy cattle slaughtered for human consumption in the UK from 48 months to 72 months from 1 July 2011. The cost of BSE testing of healthy cattle slaughtered for human consumption is paid by industry. Small firms (farms and the fresh meat industry) are expected to benefit from the proposal due to the saving in testing costs and the potential for reduction of slaughter cost of healthy slaughtered cattle aged between 48 and 72 months.

15. Approximately 90,400 cattle aged between 48 and 72 months slaughtered for human consumption in England and Wales were sampled and tested for BSE in 2010. Feedback from industry submitted in response to the Task Force on Farming Regulation indicates that the process of sampling, testing and associated staff time, less the subsidy from the EU Veterinary Fund of up to €8.00 per test plus €0.5 per sample, incurs a cost ranging between £7.50 and £15.00 including VAT. A £10 sampling cost has been used to calculate the best estimate.

    We would expect a reduction in FSA operational costs: however experience suggests that it may not be entirely commensurate with the reduction in the number of tests, because staff will still have to be present to check for tests on animals aged over 72 months. This will be explored further, prior to the publication of the final Impact Assessment.

    i. The advantages of Option 1 are that it is estimated to save the fresh meat industry approximately £904,000 per annum, as it will remove the inconvenience associated with

testing and retention of 90,400 carcases per year at a unit cost of £10 per carcase. No new legislation is required in England. It will reduce the level of BSE testing of healthy slaughtered animals in line with the latest advice from EFSA.

ii. The disadvantages of Option 1 are that it could have a negative impact on consumer confidence and the export market to some third countries. However in cattle, the Specified Risk Material (SRM) controls are estimated to remove almost all potential infectivity, in the unlikely event of an animal infected with BSE, but not yet showing any clinical signs being slaughtered for human consumption.

Preferred option

16. **Option 1** is the preferred option. This would reduce BSE testing of healthy slaughtered cattle in line with EFSA advice and would put testing in England and Wales at the same level as that in the other 21 Member States who have demonstrated a declining or low prevalence of BSE; who have implemented the EU BSE surveillance programme and the EU feed ban for at least six years; and have applied to revise their BSE testing programmes. This option would save the fresh meat industry in England and Wales an estimated £904,000 per year.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review , or there could be a political commitment to review (PIR)];
Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]
Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]
Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]
Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]
Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]
Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

Add annexes here.