



Department
for Environment
Food & Rural Affairs

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EU State Aids: Transmissible Spongiform Encephalopathies (TSEs) of cattle, sheep and goats

February 2013

Information communicated by the United Kingdom regarding State aid granted under Commission Regulation (EC) No 1857/2006 on the application of Articles 107 and 108 the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products and amending Regulation (EC) No 70/2001.



Llywodraeth Cymru
Welsh Government



Department of
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Government**

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www.gov.uk/government/policies/protecting-animal-health-and-preventing-disease-including-in-trade

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Introduction

N or XA Numbers: To be confirmed

Member State

United Kingdom

Title of Aid scheme or name of company receiving individual aid

TSE Testing of sheep, goats and cattle and Compulsory Scrapie Flocks Scheme 2014

Legal basis

The Transmissible Spongiform Encephalopathies (England) Regulations 2010 (as amended)

The Transmissible Spongiform Encephalopathies (Wales) Regulations 2008 (as amended)

The Transmissible Spongiform Encephalopathies (Scotland) Regulations 2010 (as amended)

The Transmissible Spongiform Encephalopathies Regulations (Northern Ireland) 2010 (as amended)

Regulation (EC) No. 999/2001 of the European Parliament and the Council (as amended)

Annual expenditure planned under the scheme or overall amount of individual aid granted to the company

It is proposed that the four existing notified schemes for TSE testing and the Compulsory Scrapie Flocks Scheme in the UK should be combined into a single scheme. Annual expenditure under the combined scheme is currently estimated as follows (rounded up to the nearest £1000 per year):

2014/2015	£3,628,000
2015/2016	£3,628,000
2016/2017	£3,628,000
2017/2018	£3,628,000
2018/2019	£3,628,000
2019/2020	£3,628,000
2020/2021	£3,628,000
Total	£25,396,000

Maximum aid intensity

The aid intensity will be up to 100% for health checks, screening measures, purchase and administration of vaccines, and slaughter and destruction costs of animals which is in accordance with Article 10.1 of EC Regulation 1857/2006.

Date of implementation

The scheme will start on the 1st March 2014 or when it is published on the Commission's website, whichever is later.

Duration of scheme or individual aid award

The scheme will start on the 1st March 2014 or when it is published on the Commission's website, whichever is later. Aid will be granted under the scheme until the 28th February 2021. Final payments would be made within 90 days of the closure of the scheme.

Objective of aid

Animal disease (Art. 10 of Reg (EC) 1857/2006)

Aid to Livestock Sector (Art. 16 of Reg (EC) 1857/2006) Sectors concerned

This scheme applies to SMEs active in the production of cattle, sheep and goats.

Name and address of the granting authorities

In England

Defra
Animal Health: Animal By-Products and TSEs
Area 5A, Nobel House
17 Smith Square
London SW1P 3JR

In Scotland

The Scottish Government
Directorate for Agriculture, Food & Rural Communities
Animal Health & Welfare
P-Spur, Saughton House,
Broomhouse Drive
Edinburgh EH11 3XD

In Wales

Welsh Government

Endemic Diseases & AHW Strategy Branch/ Y Gangen Clefydau Endemig & Strategaeth ILIA
Office of the Chief Veterinary Officer/ Swyddfa y Prif Milfeddyg
Department for Natural Resources and Food/Yr Adran Cyfoeth Naturiol a Bwyd
Welsh Government/ Llywodraeth Cymru
Cathays Park/ Parc Cathays
Cardiff/ Caerdydd
CF10 3NQ

In Northern Ireland

Department of Agriculture and Rural Development
Animal Health Strategy and TSE Branch
8th Floor, Dundonald House
Upper Newtownards Road
Ballymiscaw, Belfast BT4 3SH

Web-address

Further information about the scheme can be found on [GOV.UK](https://www.gov.uk).

Other information

This scheme will replace four separate notified schemes for TSE testing and the Compulsory Scrapie Flocks Scheme in the UK:

- i. TSE Testing of sheep and goats fallen stock (N 488/2007) – expires 1st March 2014;
- ii. TSE testing of fallen cattle aged over 24 months (N 489/2007) – expires 1st April 2014;
- iii. TSE testing of sheep and goats for human consumption (N490/2007) – expires 1st March 2014;
- iv. The Compulsory Scrapie Flocks Scheme 2008 (XA 411/2008) – expires 31 March 2015.

The scheme will be pursued in accordance with Article 10 and Article 16 of EC Regulation 1857/2006. The scheme will provide a screening service for Transmissible Spongiform Encephalopathies for the following:

- fallen cattle, as required under Annex III, Chapter A, Part I, point 3.1 of Regulation (EC) 999/2001 (as amended);
- sheep aged over 18 months slaughtered for human consumption as required under Annex III, Chapter A, Part II, point 2 of Regulation (EC) 999/2001 (as amended);
- fallen sheep and goats as required under Annex III, Chapter A, Part II, point 3 of Regulation (EC) 999/2001 (as amended); and
- sheep and goats from holdings within the Compulsory Scrapie Flocks Scheme as required under Annex VII of Regulation (EC) 999/2001 (as amended).

Bovine Spongiform Encephalopathy (BSE), classical scrapie and atypical scrapie are animal diseases contained on the list established by the World Organisation for Animal Health (OIE) in accordance with Article 10.7 of EC Regulation 1857/2006.

Eligible costs will be slaughter fees, transportation of carcasses, disposal fees, brain and blood sampling fees, transportation of samples, and laboratory fees. Aid provided under this scheme for the screening shall be granted in kind and by means of a subsidised provider and this will not involve direct payment of money to the producers.

Once a case of classical or atypical scrapie is confirmed, compensation under this scheme will be paid in accordance with Article 10.2 of EC Regulation 1857/2006. Compensation will be paid according to the market value of any sheep and goat destroyed as a result of preventative and eradication action required by legislation.

TSE testing of fallen sheep and goats and sheep slaughtered for human consumption in the United Kingdom

Scheme Background

An annual programme of testing sheep and goats aged over 18 months for Transmissible Spongiform Encephalopathies (TSEs) has been a requirement of the EU TSE Regulation (Regulation (EC) No. 999/2001, as amended) since 2003. The number of animals to be tested annually has varied over the years, but since 2008 the annual testing requirement for the UK has been:

- 10,000 healthy slaughtered sheep aged over 18 months, which are chosen at random from selected abattoirs
- 10,000 fallen sheep aged over 18 months
- 500 fallen goats aged over 18 months

The requirement to test healthy slaughtered goats ended on 30 June 2007.

The current testing requirements are set out in points 2 and 3 of Part II of Chapter A of Annex III of Regulation (EC) No. 999/2001 (as amended). A derogation in point 2 (c) permits Member States to replace up to 50% of the testing requirement for healthy slaughtered sheep with an equivalent number of fallen sheep.

The TSE testing programme for fallen sheep and goats was last re-notified as State Aid N 488/2007 dated 23 August 2007 and the TSE testing programme for healthy sheep and goats slaughtered for human consumption was notified as State Aid N 490/2007 dated 23 August 2007. This is a re-notification of these State Aids under the block exemption for agricultural state aids (Commission Regulation 1857/2006).

Aim of Scheme

Aid under the scheme is available in respect of work undertaken annually to sample and test sheep and goats as required under points 2 and 3 of Chapter II of Annex III of Regulation (EC) No. 999/2001 (as amended). At present the number tested annually is 20,000 sheep and 500 goats, but this may be changed by the EU TSE Regulation during the life of the State Aid.

Annual surveys of 10,000 fallen sheep and 500 fallen goats aged over 18 months

In Great Britain, carcasses for the fallen sheep and goat surveys are randomly selected for brain stem sampling at participating disposal sites, based on quotas set by the Animal Health and Veterinary Laboratories Agency (AHVLA), the Defra agency which manages the surveys. The quota system is designed to ensure that animals are sampled from as many different holdings as possible, throughout the calendar year. Quotas are highest during spring lambing, when the largest numbers of carcasses for sampling are available. Sampling is carried out by trained staff at disposal sites, who dispatch the samples by courier to the AHVLA contracted laboratory for testing (formerly State Aid N488/2007).

In Northern Ireland a selection of brain stem samples are taken each year based on the quota set by Defra. Sampling is carried out by trained staff at disposal sites who dispatch samples to the Agri-Food and Biosciences Institute (AFBI), the DARD contracted laboratory for testing.

Annual survey of 10,000 healthy sheep aged over 18 months slaughtered for human consumption

In Great Britain, abattoirs for the survey of sheep slaughtered for human consumption are selected on the basis of their throughput of animals aged over 18 months in the previous calendar year. Participating abattoirs are required to sample 0.5% of their eligible throughput in the course of the year, although this may be amended if necessary, e.g. to address a shortfall in sampling. Sheep are selected at random for brain stem sampling by Food Standards Agency staff and are sampled by trained staff at these abattoirs. Samples are dispatched by courier to LGC, the AHVLA contracted laboratory, for testing (formerly State Aid N490/2007).

Test results are available within 24 hours, and the carcasses of sampled animals are retained until the results are available. In the event of a positive or inconclusive test, the affected carcass is withdrawn from the food chain and destroyed. On receipt of negative results, carcasses are released into the food chain.

In Northern Ireland there is only one plant consistently slaughtering adult sheep so this is the plant selected for NI testing. Samples are selected at random and carried out by trained DARD Veterinary Service staff. Samples are dispatched to AFBI, the DARD contracted laboratory for testing (formerly State Aid N490/2007). As in GB test results are available within 24 hours, and the carcasses of sampled animals are retained until the results are available. In the event of a positive or inconclusive test, the affected carcass is withdrawn from the food chain and destroyed. On receipt of negative results, carcasses are released into the food chain.

Eligible costs for which aid is paid

The costs of the necessary activities to implement the annual surveys of 10,000 healthy sheep aged over 18 months slaughtered for human consumption, 10,000 fallen sheep aged over 18 months and 500 fallen goats aged over 18 months will be borne by the current TSE surveillance budgets in Great Britain and Northern Ireland. Our estimate is based upon the assumption that the EU's testing requirements will remain the same for the next seven calendar years.

The following eligible costs comply with Article 10 point 1 (a) & (b) of EU Regulation 1857/2006 (at 2013/14 prices):

	Animals tested in GB	Animals tested in NI	Animals tested in UK
Fallen Stock (GB:9,400 sheep plus 500 goats, NI: 600 sheep)	9,900	600	10,500
Average sampling fee per animal	£8.50	£8.50	
Total sampling fee for fallen stock	£84,150.00	£5,100.00	£89,250.00
Sheep slaughtered for human consumption (GB: 9,400, NI: 600)	9,400	600	10,000
Sampling fee per animal	£24.83	£6.27	
Total sampling fee for abattoir survey	£233,402.00	£3,762.00	£237,164.00
Estimated average cost of laboratory screening process	£10.00	£10.00	
Total screening costs	£193,000.00	£12,000.00	£205,000.00
Confirmatory tests:			
Test code 1402: Immunohistochemistry routine confirmatory test: Cost per test	£46.65	£46.65	
Test code TC008: Histology H & E Staining confirmatory	£10.70	£10.70	
Test code PRP SC TSE 2 antisera BioRad Hybrid Western Immunoblot	£159.35	£159.35	
Test code TC0722: Genotyping	£55.05	£55.05	
Total confirmatory test costs per animal	£271.75	£271.75	
Assuming 15 classical scrapie and 30 atypical scrapie cases per year (10 classical and 5 atypical in NI): Total confirmatory test costs	£8,152.50	£543.50	£8,696.00
Additional confirmatory test cost for fallen stock only: Test code TC0855: Sheep Microsatellite Identification (SMI) DNA test to check match between brain and ear samples	£46.20	£46.20	
Assuming 20 classical and atypical scrapie cases in fallen sheep per year (15 in GB and 5 in NI): SMI test costs	£693.00	£92.40	£785.40
Random SMI testing of 120 sheep per year to ensure that sampling sites comply with TSE sampling requirements: Assume 100 in GB and 20 in NI	£4,620.00	£924.00	£5,544.00
Genotyping of 600 negative samples(300 each from the sheep abattoir survey and sheep fallen stock survey) in accordance with EU requirements: Assume 564 in GB and 36 in NI	£26,056.80	£1,663.20	£27,720.00
Total eligible annual costs	£550,074.30	£24,277.10	£574,159.40
Total eligible costs during the 7-year life of the State Aid	£3,850,520.10	£168,595.70	£4,019,115.80

TSE testing of fallen cattle aged over 24 months in the United Kingdom

Scheme Background

Testing of fallen cattle for BSE has been mandatory under the EU TSE Regulation since 2001. Over the years the age limit for testing has increased in line with the decline in the BSE epidemic. The current testing requirements, as set out in in point 3 of Part 1 of Chapter A of Annex III of Regulation (EC) No. 999/2001 (as amended), and taking into account Commission Decision 2009/719/EC, are:

- Fallen cattle born in EU Member States except for Romania and Bulgaria aged over 48 months
- Fallen cattle born in Romania, Bulgaria and all non-EU Member States aged over 24 months

The TSE testing programme for fallen cattle aged over 24 months was last re-notified as State Aid N 489/2007 dated 23 August 2007. This is a re-notification of this State Aid under the block exemption for agricultural state aids (Commission Regulation 1857/2006).

Aim of scheme

Aid under the scheme is available in respect of work undertaken annually to sample and test fallen cattle as required under point 3 of Part 1 of Chapter A of Annex III of Regulation (EC) No. 999/2001 (as amended). At present the requirement is to test fallen cattle aged over 48 months born in EU Member States except for Romania and Bulgaria, and fallen cattle aged over 24 months born in Romania, Bulgaria and all non-EU Member States.

In Great Britain, livestock keepers are responsible for delivering, or arranging the delivery of, the carcasses of cattle requiring TSE testing to approved sampling sites within 72 hours of death. Brainstem samples are taken by trained staff at disposal sites, who dispatch the samples by courier to the AHVLA contracted laboratory for testing (formerly State Aid N489/2007).

In Northern Ireland livestock keepers are required to contact an approved TSE sampling site within 24 hours of the animal's death to arrange collection and disposal. Brainstem samples are taken at the site supervised by DARD Veterinary Service staff. Samples are dispatched to AFBI, the DARD contracted laboratory for testing (formerly State Aid N489/2007).

Eligible costs for which aid is paid

The costs of the necessary activities to implement the mandatory TSE surveillance of fallen cattle as required under point 3 of Part 1 of Chapter A of Annex III of Regulation (EC) No. 999/2001 (as amended), will be borne by the current TSE surveillance budgets in Great Britain and Northern Ireland. Our estimate is based upon the assumption that 156,500 fallen cattle will require testing per year and that the EU's testing requirements will remain the same for the next seven calendar years. This assumption takes a rounded average of the fallen cattle tested in Great Britain in 2011 (134,155) and in 2012 (130,868) and those tested in Northern Ireland in 2011 (23,080) and 2012 (24,783).

The following eligible costs comply with Article 10 point 1 (a) & (b) of EU Regulation 1857/2006 (at 2013/14 prices):

	Animals tested in GB	Animals tested in NI	Animals tested in UK
Fallen Stock	132,500	24,260	156,760
Average sampling fee per animal	£7.50	£7.50	
Total sampling fee for fallen stock	£993,750.00	£181,950.00	£1,175,700.00
Estimated average cost of laboratory screening process	£10.00	£10.00	
Total rapid test costs	£1,325,000.00	£242,600.00	£1,567,600.00
Confirmatory tests:			
Test code 1402: Immunohistochemistry routine confirmatory test: Cost per test	£46.65	£46.65	
Test code TC008: Histology H & E Staining confirmatory	£10.70	£10.70	
Test code PRP SC TSE 2 antisera BioRad Hybrid Western Immunoblot	£159.35	£159.35	
Test code 0789: Cattle Microsatellite Identification (CMI) DNA test	£46.20	£46.20	
Total confirmatory test costs per animal	£262.90	£262.90	
Assuming 6 cases per year requiring confirmatory testing (5 in GB and 1 in NI): Total confirmatory test costs	£1,577.40	£262.90	£1,840.30
Additional test to determine atypical BSE: PrPSC TSE - profiling Jacobs method - pK sensitivity assay: Assuming 2 cases per year (1 in GB and 1 in NI) require this test @ £97.20	£97.20	£97.20	£194.40
Random SMI testing of 350 cattle per year to ensure that sampling sites comply with TSE sampling requirements: Assume 300 in GB and 50 in NI	£13,860.00	£2,310.00	£16,170.00
Total annual costs	£2,334,284.60	£427,220.10	£2,761,504.70
Total eligible costs during the 7-year life of the State Aid	£16,339,992.20	£2,990,540.70	£19,330,532.90

The Compulsory Scrapie Flocks Scheme

Scheme Background

The Compulsory Scrapie Flocks Scheme (CSFS) was introduced in 2004 in the UK as part of the GB National Scrapie Plan (NSP) and the Northern Ireland Scrapie Plan (NISIP). It enables the UK competent authorities to implement the requirements of the EU TSE Regulation on action to eradicate TSEs in ovine and caprine animals on farms where a case of scrapie is confirmed. It was notified as State Aid XA 411/2008, published in the Official Journal on 12 March 2009. As the original State Aid notification expires on 31 March 2015, this is a re-notification of the CSFS State Aid under the block exemption rule for agricultural state aids (Commission Regulation 1857/2006).

Classical and atypical scrapie are notifiable diseases. Once a suspected case has been notified, clinical confirmation by an AHVLA veterinary surgeon and by a laboratory examination is required by EU legislation. This aid scheme only applies after a case is confirmed in an animal followed by an official veterinary enquiry carried out to identify all animals to which a control option should be applied. Once a case of scrapie is confirmed, Defra, UK Scottish Government, Welsh Government or DARDNI (as appropriate) will fund the activities of one of the control options set out below on affected farms, depending on the type of scrapie confirmed and the option chosen by the Veterinary Services Manager responsible for advising on TSEs.

Aim of scheme

Aid under the scheme is only available to farmers whose sheep flock or goat herd has been identified as producing or containing a confirmed case of classical or atypical scrapie. The EU TSE Regulation provides for control options to be applied once a case of classical or atypical scrapie has been confirmed on or traced to a flock or herd. Under the legislation, once a case is confirmed, a veterinary inquiry takes place to identify all small ruminants on the relevant farms/holdings (including parents and last progeny if they can be identified).

There are two elements to this scheme:

Article 10.1 – Aid to compensate farmers for the costs of prevention and eradication of the animal disease incurred for the costs of tests and other screening measures, purchase and administration of vaccines (not required for the CSFS), medicines (not required for the CSFS), slaughter and other destruction methods. (Up to 100% aid intensity)

Article 10.2 - compensation for losses caused by the disease. (Up to 100% aid intensity)

The EU TSE Regulation allows action based on one of the following control options specified in Annex VII to Regulation (EC) No. 999/2001 (as amended):

In the case of a confirmed case of classical scrapie:

Option 1

Killing and completely destroying all the sheep and goats, embryos and ova on the holding identified by the veterinary enquiry. All sheep and goats aged over 18 months are tested for TSEs and up to 50 sheep, depending upon the size of the holding, must be genotyped.

By way of derogation, killing and destruction of the animals may be replaced by their slaughter for human consumption, provided that they are slaughtered within the territory of the Member State responsible for the holding and all animals aged over 18 months are tested for TSEs.

Under another derogation, lambs and kids aged under three months may be exempted from killing and destruction on condition that they are slaughtered for human consumption when they reach three months of age.

How Option 1 operates

In Great Britain (GB), third party contractors to Defra - selected by tender - collect the animals and deliver them to an approved facility for slaughter, brain stem and cerebellum sampling, and subsequent disposal. The samples are transported by courier to the private laboratory contracted by AHVLA for TSE testing.

Depending upon the size of the affected flock, up to 50 sheep are blood sampled by AHVLA field staff. Samples are taken from sheep and transported to a AHVLA laboratory to be genotype tested.

Similar arrangements are in place in Northern Ireland (NI).

Option 2

All sheep aged over 3 months are genotyped and all sheep with scrapie susceptible genotypes, and all goats, are killed and destroyed. Only the following animals may be retained:

- Type 1 rams;
- Type 1 or 2 ewes;
- Type 1, 2 or 4 sheep intended to be slaughtered for human consumption;
- If the Member State so decides, lambs and kids aged under three months may be exempted from killing and destruction on condition that they are slaughtered for human consumption when they reach three months of age.

By way of derogation, killing and destruction of the animals may be replaced by their slaughter for human consumption, provided that they are slaughtered within the territory of the Member State responsible for the holding and all animals aged over 18 months are tested for TSEs.

Another derogation provides that genotyping, killing and destruction may be delayed for up to three months if the initial case is confirmed close to the start of the lambing season, on condition that the dams and their offspring are kept isolated from sheep and goats from other holdings during the period of the derogation.

A further derogation provides that genotyping, killing and destruction or slaughtering for human consumption of goats and scrapie susceptible sheep may be delayed for up to three years on holdings where sheep and goats are kept together, where the level of scrapie resistance in the sheep is low. Genetic resistance in the sheep flock must be reduced by breeding to increase the frequency of the ARR allele.

Under Options 1 and 2, the affected holding is placed under movement restriction during the two years following the confirmation of the final case of classical scrapie, or until all sheep on the holding are Type 1 and no goats are kept on the holding. During the restriction period the following conditions are applied:

- All animals aged over 18 months which die or are killed on the holding, or are slaughtered for human consumption, except for Type 1 sheep, are tested for TSE.
- Only Type 1 male sheep and Type 1 and 2 female sheep may be introduced onto the holding. Goats may be allowed onto the holding if it has been cleaned and disinfected following destocking.
- Only Type 1 rams and semen, and Type 1 and 2 embryos, may be used for breeding.
- Type 1 sheep may be moved from the holding.
- Goats and Type 2 female sheep may be moved to other holdings which are under movement restriction for classical scrapie.
- Goats, Type 1 and 2 sheep, and lambs and kids aged less than three months may be moved from the holding to go direct to slaughter for human consumption. If the above derogations are applied, all animals on the holding may be moved from the holding to go direct to slaughter for human consumption.

The table below sets out genetic resistance to classical scrapie in sheep as defined by the National Scrapie Plan, with Type 1 having the highest level of resistance and Type 5 the lowest.

Scrapie Genotypes as defined by the National Scrapie Plan

Type 1	Type 2	Type 3	Type 4	Type 5
ARR/ARR	ARR/AHQ	AHQ/AHQ	ARR/VRQ	AHQ/VRQ
	ARR/ARH	AHQ/ARH		ARH/VRQ
	ARR/ARQ	AHQ/ARQ		ARQ/VRQ
		ARH/ARH		VRQ/VRQ
		ARH/ARQ		
		ARQ/ARQ		

How Option 2 operates

In GB, all sheep except for cull animals going direct to slaughter and lambs aged under three months are blood sampled by AHVLA field staff. Samples are taken from sheep and transported to an accredited laboratory to be genotype tested. Sheep are identified according to genotype using EID by AHVLA Vets. Sheep that are not genetically resistant to classical scrapie (Types 3, 4 and 5) are killed and disposed of in the same way as under Option 1 unless the derogation is applied to replace killing and destruction of genetically susceptible animals by slaughter for human consumption, provided that they are slaughtered within the territory of the Member State responsible for the holding.

Genotype testing of ewes and rams required as replacements for compulsorily culled sheep, will be funded by Government to ensure that replacements are Type 1. Up to five genotype tests are allowed per replacement animal.

During the movement restriction period, which lasts for two years following the confirmation of the final case of classical scrapie, or until all sheep on the holding are Type 1 and no goats are kept on the holding, all animals aged over 18 months are tested for TSEs. Fallen stock are collected by third party contractors for transportation to collection centres where brainstem and cerebellum samples are taken and the carcasses destroyed. The samples are transported by courier to a private laboratory contracted by AHVLA for TSE testing. Animals aged over 18 months which are slaughtered for human consumption are taken to selected abattoirs for slaughter. Brainstem and cerebellum samples are taken and transported by courier to a private laboratory contracted by AHVLA for TSE testing,

and the carcasses are retained at the abattoir until results are available. Carcasses with a positive or inconclusive result are destroyed.

Additional compensation for replacement breeding rams may be made available by certain administrations according to market values and in compliance with Article 10.2 of Commission Regulation 1857/2006 as a disease preventative measure and in recognition of the difficulty in finding Type 1 Rams, as required by Regulation (EC) No. 999/2001.

In NI, blood sampling and EID application are carried out by DARD Veterinary Service, and genotyping is carried out by a private laboratory contracted to DARD.

Option 3

Under this option there is no mandatory killing and destruction of animals. Up to 50 sheep (depending upon the size of the flock) are genotyped. The affected holding is placed under movement restriction during the two years following the confirmation of the final case of classical scrapie and the following conditions are applied:

- All animals aged over 18 months which die or are killed on the holding, or are slaughtered for human consumption, are tested for TSE.
- Only Type 1 male sheep and Type 1 and 2 female sheep may be introduced onto the holding. Only Type 1 rams and semen, and Type 1 and 2 embryos, may be used for breeding. However where the breed reared in the holding is listed as a local breed in danger of being lost to farming, Type 2 rams and semen, and Type 3 female sheep and embryos, may also be introduced onto the holding.
- Type 1 sheep may be moved to other holdings which are under movement restriction for classical scrapie.
- Type 2 sheep, and lambs and kids aged less than three months, may be moved from the holding to go direct to slaughter for human consumption. If the above derogations are applied, all animals on the holding may be moved from the holding to go direct to slaughter for human consumption.
- Lambs and kids may be moved for one other holding for fattening, from which they are dispatched for slaughter within the same Member State as the holding.
- No embryos, semen or ova may be dispatched from the holding.
- Common grazing is prohibited during the lambing and kidding seasons. At other times common grazing is subject to restrictions determined by the Member State, based upon reasoned epidemiological considerations.

How Option 3 operates

Depending upon the size of the affected flock, up to 50 sheep are blood sampled by AHVLA field staff. Samples are taken from sheep and transported to a AHVLA laboratory

to be genotype tested. Sheep are identified according to genotype using EID by AHVLA Vets. Rams will be tested in preference to facilitate the removal of susceptible rams from the breeding pool. Genotype testing by AHVLA of replacement breeding rams is available up to a maximum of five tests per replacement animal.

During the movement restriction period, which lasts for two years following the confirmation of the final case of classical scrapie, all sheep and goats aged over 18 months are tested for TSEs. Fallen stock are transported to collection centres where they are slaughtered and brainstem and cerebellum samples are taken and transported by courier to a private laboratory contracted by AHVLA for TSE testing. Animals aged over 18 months which are slaughtered for human consumption are taken to selected abattoirs for slaughter. Brainstem and cerebellum samples are taken and transported by courier to a private laboratory contracted by AHVLA for TSE testing, and the carcasses are retained at the abattoir until results are available. Carcasses with a positive or inconclusive result are destroyed.

Additional compensation for replacement breeding rams may be made available by certain administrations according to market values and in compliance with Article 10.2 of Commission Regulation 1857/2006 as a disease preventative measure and in recognition of the difficulty in finding Type 1 Rams, as required as required by the EU TSE regulation.

The extent to which Options 1, 2 and 3 are applied will depend on the outcome of a veterinary examination of relevant factors pertaining on each affected holding to determine the most appropriate control option. The decision in each case will be taken by the competent authority (Defra, SG, WG or DARDNI) on the basis of the most effective and best value control of scrapie.

In the great majority of cases Option 3, which is the default in England, would be applied. All holdings to which Option 3 is applied are kept under regular review. Depending upon the incidence of further cases of classical scrapie on an affected holding, it may become necessary to apply Option 2. Such a decision would be taken following a report and recommendation by AHVLA in GB or the Veterinary Service in NI.

In the case of a confirmed case of atypical scrapie

There is no mandatory killing and destruction of sheep or goats, and no movement restrictions are applied to the affected holding. During the two years following the confirmation of the final case of atypical scrapie on the holding, all sheep and goats aged over 18 months which die or are killed on the holding, or are slaughtered for human consumption, are tested for TSE.

Eligible costs for which aid is paid

The costs of the necessary activities to implement the scheme in accordance with the requirements of Regulation (EC) No. 999/2001 as amended will be borne by the current

NSP budgets in England, Scotland and Wales or by the DARD NISP budget for Northern Ireland.

The following eligible costs comply with Article 10 point 1 (a) & (b) of EU Regulation 1857/2006.

Compensation at standard rates

Compensation under the scheme complies with Article 10 point 2 (a)(i), (b) & (c) of EU Regulation 1857/2006. As required by EU Regulation, under whole flock/herd cull and genotyping and selective culling options compensation will be paid for any sheep, goat, embryo or ovum that has to be destroyed as a result of the preventative and eradication action required by that Regulation. Standard rates of compensation, which are based on average UK market rates, are set out in UK national legislation:

Standard rates of compensation for sheep and goats killed in pursuit of TSE eradication in the United Kingdom

Animal or product	Compensation (£)
Male sheep or goat	90
Female sheep or goat	65
Lamb or kid under 12 months old	40
Embryo	150
Ovum	5
Sheep or goat at the end of its productive life	30

Compensation rates will be kept under review. In accordance with Article 10.2(b), compensation is not paid at over 100%.

Compensation: High Value Animals

Compensation under the scheme complies with Article 10 point 2 (a)(i), (a)(ii), (b) & (c) of EU Regulation 1857/2006. Under this aid scheme in GB where a flock or herd owner has high value animals that are to be culled and destroyed, they have the option of having them valued at their own expense, before they are culled, to determine an appropriate level of compensation. Farmers have to use valuers from an approved list. Conversely if GB Competent Authorities feel that the affected flock/herd is of very poor quality, they have the option of having the animals valued at the expense of the Competent Authority. Such valuations are binding on the Competent Authority and the owner.

In NI, DARD already have an in-house team of valuation officers who will determine compensation payable on high-value sheep. Where a valuation is disputed recourse to an independent valuer would be available and the valuation would be binding on the owner and the Department.

Compensation: Annual cull animals

Where the farmer can provide written proof to AHVLA in GB (SVS in Northern Ireland) that there is no market for their annual cull sheep and goats in the listed abattoirs staffed by personnel trained by the GB Meat Hygiene Service to remove brain stem and cerebellum they will receive a cull value of £25 per animal for those animals, which will be collected, slaughtered, brainstem and cerebellum removed for TSE testing by VLA in GB (DARD VSD) and the carcass destroyed. This applies to all options under the CSFS but is only applied in exceptional cases to ensure that the required animals on CSFS farms are tested. The compensation for cull animals under the scheme complies with Article 10 point 2 (a)(i), (b) & (c) of EU Regulation 1857/2006.

Additional compensation for replacement breeding rams may be made available by certain administrations according to market values and in compliance with Article 10.2 of Commission Regulation 1857/2006 as a disease preventative measure and in recognition of the difficulty in finding Type 1 Rams, required by the EU TSE regulation.

Restocking after a whole flock cull or genotype and selective cull under Options 1 and 2, and breeding rams only under Option 3

Some farmers may need to restock after culling. Funding is available to enable them to genotype replacement rams to find Type 1 rams (and Type 2 where the breed reared in the holding is listed as a local breed in danger of being lost to farming), or Type 2 ewes (and Type 3 where the breed reared in the holding is listed as a local breed in danger of being lost to farming), in the case of option 2. This is typically up to 5 tests per animal to be replaced.

TSE testing of culled and dead on-farm animals from scrapie affected flocks/herds during the restriction period

Under Options 1 and 2, the affected holding is placed under movement restriction during the two years following the confirmation of the final case of classical scrapie, or until all sheep on the holding are Type 1 and no goats are kept on the holding. Under Option 3, the movement restriction period lasts for the two years following the confirmation of the final case of classical scrapie, and for holdings affected by atypical scrapie, the movement restriction period lasts for the two years following the confirmation of the final case of atypical scrapie. During this period, all fallen sheep and goats, and sheep and goats slaughtered for human consumption, aged over 18 months must be tested for TSE.

In GB, fallen stock are collected by third party contractors for transportation to collection centres where brainstem and cerebellum samples are taken and the carcasses destroyed. The samples are transported by courier to a private laboratory contracted by AHVLA for TSE testing (State Aid 263/2003 section 9). Sheep and goats slaughtered for human consumption are taken to selected abattoirs for slaughter. Brainstem and cerebellum samples are taken and transported by courier to a private laboratory contracted by AHVLA

for TSE testing, and the carcasses are retained at the abattoir until results are available. Carcasses with a positive or inconclusive result are destroyed.

Similarly, in NI dead on farm sheep over 18 months are collected under the TSE Surveillance arrangements operated by DARD and delivered to a central sampling point where the brain samples are extracted and thereafter transported to DARD Veterinary Science Division (VSD) laboratory for testing. State Aid Notifications N263/2003 and 264/2003 sections 9 refer. Culled sheep over 18 months are sampled at abattoirs under existing TSE arrangements and the sample transported to the VSD laboratory for testing. Negative results within 24 hours will enable animals to enter the food chain.

Costs of genotyping

Under Options 1 and 3, up to 50 sheep per affected holding are genotyped, and under Option 2, all sheep aged over 3 months are genotyped. Tests are carried out by AHVLA in GB and by DARD Veterinary Service staff in NI. Government pays for testers and laboratories' fees, the cost of test kits, and the cost of transporting samples to approved laboratories by courier.

Calculation of estimated costs under this State aid

This state aid application takes the following assumptions:

- The numbers of affected flocks/herds annually in GB and NI would be 10 sheep flocks and 2 goat herds with classical scrapie and 15 sheep flocks with atypical scrapie. A proportion of classical scrapie holdings in each year would be on their second year of movement restriction. It is assumed the numbers of holdings affected per year would remain the same throughout the life of this application and that the State Aid would last for seven years.
- 1 sheep flock and 1 goat herd of 1000 animals each would be culled under Option 1 during the life of this application, and a high proportion of the animals would require individual valuation.
- 1 sheep flock of 1000 animals and 1 goat herd of 500 animals would be culled annually under Option 2. All sheep aged over 3 months would be genotyped. 25% of sheep and all goats aged over 3 months would be culled and tested for TSE, and a high proportion of the animals would require individual valuation. It is assumed that 750 sheep and 450 goats would be aged over 3 months. 10% of each flock/herd would then be tested per year as annual culls or fallen stock.
- 9 sheep flocks and 1 goat herd with classical scrapie per year would be monitored under Option 3 with an average flock/herd size of 750 animals, of which 10% would be tested per year as annual culls/fallen stock during the two-year monitoring period.

- 15 sheep flocks per year with atypical scrapie would be monitored with an average flock size of 750 animals, of which 10% would be tested per year as annual culls/fallen stock during the two-year monitoring period.

All costs are given at 2013/14 prices.

Estimated costs under Option 1

Genotyping of 100 animals at £55.05 per test	£5,505.00
Compensation: Assume that on each holding:	
400 animals are lambs/kids compensated at £75.00 each	£30,000.00
30 animals are adult males compensated at £750.00 each	£22,500.00
570 animals are adult females compensated at £150.00 each	£85,500.00
Cost of compensation per holding	£138,000.00
Total cost of compensation for two holdings	£276,000.00
Rapid tests on 2000 animals at an estimated average cost of £10.00 per animal	£20,000.00
Confirmatory tests on 100 animals at an estimated average cost of £55.00 per animal	£5,500.00
Total eligible costs under Option 1 during the life of the State Aid	£307,005.00
Cost per year at 1/7 of total	£43,857.86

Estimated costs under Option 2

Genotyping: 750 animals at £55.05 per test	£41,287.50
Genotyping: 50 adult male sheep genotyped at £55.05 per test to replace 10 genetically susceptible animals killed and destroyed	£2,752.50
Compensation: 188 sheep and 450 goats aged over 3 months killed and destroyed, of which:	
10 adult male sheep and 23 adult male goats compensated at £750.00 each	£24,750.00
605 animals are adult female sheep and goats compensated at £150.00 each	£90,750.00
Total Cost of compensation for two holdings	£115,500.00
Rapid tests on 638 sheep and goats at an estimated average cost of £10.00 per animal	£6,380.00
Rapid tests on 112 annual culls/fallen stock at an estimated average cost of £10.00 per animal	£1,120.00
Confirmatory tests on 100 animals at an estimated average cost of £55.00 per animal	£5,500.00
Total eligible costs per year under Option 2	£172,540.00
Total eligible costs under Option 2 during the life of the State Aid	£1,207,780.00

Estimated costs under Option 3

Genotyping: 9 flocks with 50 sheep per flock genotyped at £55.05 per test: Total 450 tests	£24,772.50
Genotyping: 9 flocks with 10 adult male sheep per flock to be replaced due to genetic susceptibility: 5 animals per replacement to be genotyped at £55.05 per test: Total 450 tests	£24,772.50
Rapid tests on 750 annual culls/fallen stock per year during the two-year monitoring period at an average cost of £10.00 per animal: Total 1500 tests over two years	£15,000.00
Total eligible costs per year under Option 3	£64,545.00
Total eligible costs under Option 3 during the life of the State Aid	£451,815.00

Estimated costs for holdings affected by Atypical Scrapie

Rapid tests on 1125 annual culls/fallen stock per year during the two-year monitoring period at an average cost of £10.00 per animal	£11,250.00
Total eligible costs per year	£11,250.00
Total eligible costs during the life of the State Aid	£78,750.00

Total estimated costs during the seven-year life of the State aid for the Compulsory Scrapie Flocks Scheme

Holdings affected by Classical Scrapie: Option 1	£307,005.00
Holdings affected by Classical Scrapie: Option 2	£1,207,780.00
Holdings affected by Classical Scrapie: Option 3	£451,815.00
Holdings affected by Atypical Scrapie	£78,750.00
GRAND TOTAL	£2,045,350.00

Compliance with State aid rules

This scheme complies with European Commission's (EC) State Aid Regulation 1857/2006 Article 10 point 1 (a) & (b) for the subsidised services involved in implementing the requirements of EU Regulation 999/2001 as amended as set out above. All payments in relation to these services are paid directly by Defra for GB affected flocks/herds and DARD for Northern Ireland flocks/herds to the relevant providers of the services.

The compensation payable under this scheme for animals compulsorily slaughtered and destroyed complies with European Commission's (EC) State Aid Regulation 1857/2006 Article 10 point 2 (a)(i), a(ii), (b) & (c).

Eligible business must be classified as a "small or medium sized enterprise" which means that the beneficiaries of this scheme (as opposed to service providers) must have

- less than 250 employees,
- less than €50 million annual turnover or €43 million balance sheet equity, and
- Is not owned at a rate of 25% by other companies.

The scheme also complies with Article 10.(3) (4) (5) (6) (7) & (8) EC Regulation 1857/2006 in the following respect:-

Eligible costs under this scheme are not covered by any insurance scheme or any other cost that would not have been otherwise incurred if disease had not been confirmed in the affected flock/herd.

Payments will be made as a result of action to comply with EU Regulation 999/2001 as implemented by UK national TSE Regulations.

Scrapie is not a disease for which Community legislation provides for specific charges for control measures.

This scheme does not relate to aid which community legislation provide that cost should be borne by the agricultural holding.

Scrapie is one of the diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health and/or in the Annex of Council Decision 90/424/EEC.

Aid under the scheme will be paid as soon as possible after costs are incurred and animals destroyed, generally within 28 days.