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Food & Rural Affairs

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Your ref:
Our ref: RFI 5636
Date: 5 August 2013

Dear

REQUEST FOR INFORMATION: Charging for wider market services

Thank you for your request for information about charging for wider market services which we received on 8th July. As you know, we have handled your request under the Freedom of Information Act 2000 (FOIA).

I enclose a response to your request for information at Annexes A and B.

In keeping with the spirit and effect of the FOIA, and in keeping with the government's Transparency Agenda, all information is assumed to be releasable to the public unless exempt. Therefore, the information released to you will now be published on www.gov.uk together with any related information that will provide a key to its wider context. Please note that this will not include your personal data.

I attach Annex C, which explains the copyright that applies to the information being released to you.

I also attach Annex D giving contact details should you be unhappy with the service you have received.

If you have any queries about this letter, please contact me.

Yours

Martin Devine

Executive Agencies Team
Defra



Annex A

Original questions (in italics) with response:

Defra does not undertake wider markets / non-core work directly, but your enquiry is relevant to its five Executive Agencies (The Animal Health and Veterinary Laboratories Agency (AHVLA), the Centre for Environment, Fisheries and Aquaculture Science (CEFAS), the Food and Environment Research Centre (FERA), the Rural Payments Agency (RPA) and the Veterinary Medicines Directorate (VMD)).

For VMD charges are based on full cost recovery model. The VMD was formed in April 1989. It was established as an Executive Agency on 2 April 1990. From this date VMD was required to achieve full cost recovery across for the three business areas, licensing, residues and policy work. Full cost recovery is as defined in HMT Fees and Charges guidance.

RPA do not undertake wider markets / non-core work.

In respect of AHVLA, CEFAS and FERA more information from each Agency is provided below in response to your questions.

1) Any guidance, briefings, desk notes etc relating to how Defra and its executive agencies chose quoting mechanisms for wider markets/non core work. Please limit this from April 2010 to 8th July 2013.

AHVLA: No material from this period is available. AHVLA charges are based on full cost recovery (in line with Managing Public Money <https://www.gov.uk/government/publications/managing-public-money>) except in the case of Private Veterinary Surgeon (PVS) work where AHVLA charge a price below full economic cost to encourage increased demand to be supplied to the Agency as the samples collected are used for wider surveillance and monitoring of disease in UK livestock.

CEFAS: Our Spend control procedures are applicable to this question. For significant external expenditure Spend Review requests are completed by Project Managers to flag the need for and seek permission to procure goods and services in support of any Cefas project delivery. The procedure seeks clarity from the Project Manager that the procurement is necessary (usually on the basis of lack of capability or capacity within Cefas, but can occasionally be on the basis of cost – i.e. to enable project delivery within budget parameters). The Spend Control, procedure also focuses upon the nature of commissioning to ensure that Government procurement procedures are adhered to.

FERA: The attached diagram (Annex B) shows the process that the Pricing and Contracts Assurance Committee (PCAC) that Fera follows when quoting for work. Fera does not hold any additional guidance, briefings, desk notes, etc. relating to how we chose quoting mechanisms for wider markets/non core work between April 2010 to 8th July 2013.

2) Any guidance, papers, meeting minutes or emails regarding the circumstances in which a marginal cost model can be used by executive agencies rather than a full economic cost model. Please limit this from April 2010 to April 18th 2013.

AHVLA: No material from this period is available

CEFAS: Cefas' pricing policy is published on our Internet site. It aims to achieve long term value for customers and a return to Cefas to support its sustainability and value to Government as a net cost Agency.

The high level basis of our pricing is:

- Government projects/services awarded under single tender arrangements are priced at full cost recovery;
- Competed work for Government/public sector bodies or wider market industry customers are priced above full cost recovery to a competitive value to support self reinvestment;
- Research and development funding is priced as competed work but subject to relevant eligibility criteria
- Information available for re-use via Open Government Licence is made available at no more than marginal cost and free where this does not involve cost to Cefas.

In setting prices, Cefas will ensure that it is not involved in any anti-competitive behaviours and practices which are likely to be illegal or constitute an abuse of its position where it has strong market power.

FERA: Between the dates of April 2010 to April 18th 2013, Fera did not use any marginal cost models and we do not hold any information relating to this.

3) Any information documenting relating to where exemptions to full economic/full costs charging have been requested by Defra executive agencies to Defra's main department.

AHVLA: No material relating to exemptions can be located.

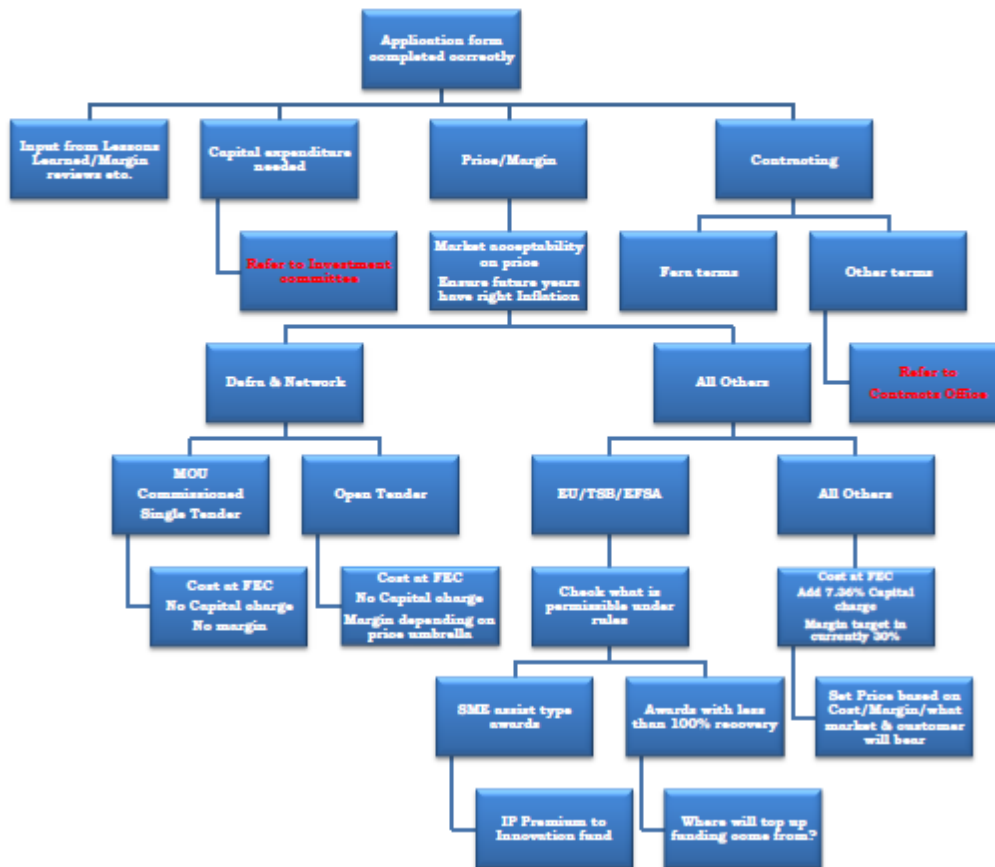
CEFAS: None

FERA: Fera has not requested any exemptions to full economic/full costs charging from Defra and we do not hold any information relating to this.

Annex B

The process that the Pricing and Contracts Assurance Committee (PCAC) that Fera follows when quoting for work

PCAC Navigator



This diagram is also attached as a separate file in case you have difficulty reading it in this format.

Annex C

Copyright

The information supplied to you continues to be protected by copyright. You are free to use it for your own purposes, including for private study and non-commercial research, and for any other purpose authorised by an exception in current copyright law. Documents (except photographs or logos) can be also used in the UK without requiring permission for the purposes of news reporting. Any other re-use, for example commercial publication, would require the permission of the copyright holder.

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Annex D

Complaints

If you are unhappy with the service you have received in relation to your request you may make a complaint or appeal against our decision under section 17(7) of the FOIA or under regulation 18 of the EIRs, as applicable, within 40 working days of the date of this letter. Please write to Mike Kaye, Head of Information Standards, Area 4D, Nobel House, 17 Smith Square, London, SW1P 3JR (email: requestforinfo@defra.gsi.gov.uk) and he will arrange for an internal review of your case. Details of Defra's complaints procedure are on our [website](#).

If you are not content with the outcome of the internal review, section 50 of the FOIA and regulation 18 of the EIRs gives you the right to apply directly to the Information Commissioner for a decision. Please note that generally the Information Commissioner cannot make a decision unless you have first exhausted Defra's own complaints procedure. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF