 Regulatory Policy Committee	Opinion	
Impact Assessment (IA)	Compulsory microchipping of dogs	
Lead Department/Agency	Department for Environment, Food and Rural Affairs	
Stage	Final	
IA number	DEFRA1372	
Origin	Domestic	
Expected date of implementation	2016	
Date submitted to RPC	10 April 2014	
RPC Opinion date and reference	15 May 2014	RPC11-DEFRA-1211(2)
Departmental Assessment		
One-in, Two-out status	IN	
Estimate of the Equivalent Annual Net Cost to Business (EANCB)	£0.4 million	
RPC Overall Assessment	GREEN	
RPC comments		
<p>The IA is fit for purpose. The IA addresses the concerns raised in our consultation stage opinion of 26 January 2012. In addition, the preferred option has been amended following consultation, so that all dogs will be microchipped by 2016.,The concerns regarding enforcement and relative compliance set out in the consultation stage opinion no longer apply.</p> <p>The Department's assessment that the proposal will result in an IN is consistent with the Better Regulation Framework Manual. Based on the evidence presented, the RPC can validate the estimated equivalent annual net cost to business of £0.4 million.</p>		
Background (extracts from IA)		
What is the problem under consideration? Why is government intervention necessary?		
<p><i>“There is continuing stakeholder and public concern over the impact on society of irresponsible dog owners. Irresponsible ownership creates negative externalities through an increase in the number of lost/abandoned dogs which leads to poor dog welfare and results in an estimated annual cost of £32.8m to local authorities and welfare organisations. There have been significant efforts by charities to increase microchipping take-up (improving traceability and more responsible ownership). However, with the numbers of strays remaining high, these measures have not been wholly effective. Government intervention is now necessary to increase the numbers of microchipped dogs to benefit dog welfare and wider society.”</i></p>		
What are the policy objectives and the intended effects?		
<p><i>“The policy objective is to improve animal welfare by increasing traceability of dogs</i></p>		

through microchipping and to encourage responsible dog ownership. This is an integral part of a wider package referred to in the introduction to the evidence base. More lost dogs will be re-united with their owners more quickly to the benefit of owners and dogs and saving Local Authorities and charities considerable kennelling costs. It will also be easier for those responsible for tackling abuses of dog welfare to bring owners to account and to protect public safety. Traceability back to breeders will in the longer term lead to dog health improvements as poor breeding conditions and practices lead to health problems and generic/congenital problems.”

Comments on the robustness of the OITO assessment

The IA says that this is a regulatory proposal that would impose a net cost to business (an 'IN') with an estimated equivalent annual net cost to business of £0.4 million. This is consistent with the current Better Regulation Framework Manual (paragraph 1.9.10) and, based on the evidence presented, appears to provide a reasonable assessment of the likely impacts.

Comments on the robustness of the Small & Micro Business Assessment (SaMBA)

The proposals increase the scope of regulation on business. Therefore a SaMBA is required.

The SaMBA is sufficient. The IA explains that all the businesses that will be affected by the regulation are likely to be small or micro businesses (dog breeders, veterinarians and database companies). As such, exempting them from the requirements would mean that none of the benefits of the proposal would be achieved. In addition, as all the affected businesses are likely to be small or micro, there will not be any disproportionate impacts on them in comparison to larger businesses, because there are no such larger businesses in the sector.

Quality of the analysis and evidence presented in the IA

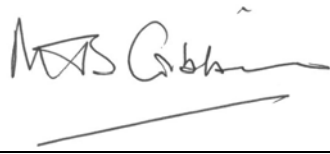
The IA says that the proposal has been amended in response to the consultation. The preferred option is now to require that all dogs be microchipped by 2016. The proposal will result in direct costs to businesses involved in the breeding of dogs, those responsible for the management of databases of dog ownership information and veterinary practices. The IA also sets out the expected costs of microchipping for dog owners and the indirect benefits to civil society organisations of more responsible dog ownership, reducing kennelling, re-homing and euthanising costs.

Transitional costs arise from the need for dog breeders to purchase scanners and undergo implantation training, and for veterinary practices and database companies to update their systems. These are expected to amount to £0.8 million in the first year. These transitional costs, along with the ongoing costs of purchasing microchips and installing them, result in an equivalent annual cost to business of £0.4 million. The baseline includes £9 million of funding provided by voluntary organisations to support individual dog owners in getting their dogs microchipped by date on which the regulations come into force in 2016.

The detailed modelling in the IA provides a reasonable estimate of the number of

dogs that will need to be microchipped, and of the associated costs and benefits.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons". The signature is written in a cursive style with a long horizontal stroke at the end. There is a small mark above the letter 'i' in "Gibbons".

Michael Gibbons, Chairman