

A review supported by the  
Better Regulation Executive  
and National Audit Office

# Animal Health:

A Hampton Implementation Review Report

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## Foreword

Philip Hampton's report: Reducing administrative burdens: effective inspection and enforcement, published in 2005, is one of the cornerstones of the government's better regulation agenda. The principles of effective inspection and enforcement set out in the report, putting risk assessment at the heart of regulatory activity, are designed to encourage a modern regulatory system which properly balances protection and prosperity. Since 2005, the Government has established an expectation that regulators will embed these principles in their approach to regulation.

In November 2006, the Chancellor of the Exchequer invited the National Audit Office and the Better Regulation Executive to develop a process of external review to assess how much progress regulators had made in implementing the principles of Hampton.

"Hampton Implementation Reports" covering the work of five major regulators were published in March 2008. The review process is continuing. At this point in the cycle we are publishing the results of reviews of three regulators, each of which has a significant impact on their specific economic sectors. Together, the Gambling Commission, the Medicines and Healthcare products Regulatory Agency, and the Animal Health agency cover a wide range of economic activity, and work to protect our interests. How they carry out their regulatory activities matters.

Full implementation of Philip Hampton's recommendations is a journey that could take several years. This review is a 'snapshot' in time of the progress of each regulator towards his vision.

Each of the reviews found examples of innovation and initiative by regulators who continue to move the regulatory agenda forward, as well as areas for further improvement.

The assessments were carried out by teams of reviewers with wide ranging experience and expertise in the field of regulation. Talking to a wide range of stakeholders, to staff at all levels within the regulator's organisation, through visits to business sites and analysis of data and papers, the review teams have reached the findings and conclusions set out in this report. The reports reflect the judgement of these review teams on the basis of the evidence put before them.

We would like to thank all of those who have continued to make these reviews a success. In particular, we are grateful to the regulators and their staff for providing support and making evidence available to the review teams, and to all the organisations that generously gave their time to offer evidence to the reviews. Finally, we are extremely grateful to all our reviewers, and their employers, for their involvement, enthusiasm and commitment to this project.



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## Summary and conclusions

This review is one of a series of reviews of regulatory bodies undertaken at the invitation of HM Treasury and focusing on the assessment of regulatory performance against the Hampton principles and Macrory characteristics of effective inspection and enforcement. It was carried out by a team drawn from the Better Regulation Executive (BRE), the National Audit Office (NAO), the Human Tissue Authority (HTA) and the Local Better Regulation Office (LBRO) supported by staff from the BRE (see Appendix 1 for Review Team membership).

The Hampton report<sup>1</sup>, published in 2005, is one of the cornerstones of the Government's better regulation agenda and regulators have been working since then to embed his principles in their approach to regulation. This review process is designed to identify where a regulator is on the road to full implementation and the issues each needs to address to become Hampton-compliant.

The Review Team is grateful to Animal Health (the Agency) for its support during the Review period; and the openness of staff across the organisation to the review process. We are also grateful for the contribution of the Agency's stakeholders for their helpful insights into the nature of the sectors and the wider contexts within which the Agency operates.

### What we found

The Review Team concluded that at the highest level the Agency has a good grasp of the issues facing it and has started to put in place credible strategies to address these issues.

The Review Team considers that there is some distance for the Agency to travel to become Hampton compliant as it is starting from a relatively low base in comparison with other regulators. However, its direction of travel and its plans for improving its regulatory performance are good and coherent. We were impressed by the level of skilled, knowledgeable and professional staff we encountered in the Agency.

Areas to develop include: developing its strategic thinking on using a risk-based approach to targeting the full range of its work, taking a leadership role within the arena of animal health and welfare, and improving its data systems.

- **The Agency performs a vital and effective role in the prevention and eradication of outbreaks of exotic disease** – and has been praised in particular for its recent handling of the Foot and Mouth outbreak
- **The Agency has a cadre of skilled and knowledgeable staff** – who are passionate about the work that they do
- **The Agency gives face-to-face business-specific advice to farms** – and is valued for its expertise
- **The Agency has a sense of the issues that face it as an organisation** – and has plans to address these
- **The Agency is starting to work more closely and join up work with other agencies** – and we would encourage further moves in this area
- **The Agency is looking to increase its involvement in the policy-making process** – we strongly support this move and agree there is probably scope for it to take on greater responsibilities
- **The Agency is aware of the importance of moving to a fully risk-based approach** – and is developing processes to assist with this move
- **The Agency's plans for developing its IT systems will place it at the leading edge of regulatory information management** – and we were impressed by the vision of the system

<sup>1</sup> Reducing administrative burdens: effective inspection and enforcement, Philip Hampton, HM Treasury, March 2005

## Issues for follow-up

The following table sets out the key issues that the Review Team believes the Agency needs to address to meet the Hampton criteria more

fully, measured against some of the symptoms<sup>2</sup> we were looking for to provide evidence of Hampton compliance.

Issue to be addressed	Hampton symptom
<p><b>Developing a shared organisational understanding of a risk-based approach to targeting its work</b></p> <p>The Agency has a number of different approaches to assessing risk. The Agency needs to do more to develop a common and shared understanding of risk and risk management across its remit. In doing so, it should learn lessons from the relatively newly merged parts of the organisation.</p> <p>In addition, the Agency needs to undertake further thinking and to be clearer on the role of inspection as a risk-management tool and the evidence for this. The Agency needs to be clear on what is an inspectable risk, and on how to address other types of risk.</p>	<ul style="list-style-type: none"> <li>• The principles of risk-assessment are published, where appropriate</li> </ul>
<p><b>Risk-based inspection</b></p> <p>The Agency recognises that it has no coherent approach to or theory of risk and no consistent risk-based approach, although it is taking steps to address this. Whilst there are pockets of good practice that exist in the organisation, these currently exist in isolation. We found no evidence of risk as the driver for strategy and no indication of how relative risk might drive resourcing between sectors.</p> <p>In particular, the Review Team found that, on the evidence presented to it, the approach currently taken by the Egg Marketing Inspectorate is neither Hampton compliant nor risk-based. Routine inspections appear to be the norm with a focus on business size rather than any evaluation of the relative risk of a premise and subsequent risk-weighting. We were not satisfied that resources were allocated to areas of very significant risk that fell outside what were deemed to be higher risk but in fact were just larger premises.</p> <p><i>Continued on next page</i></p>	<ul style="list-style-type: none"> <li>• The regulator focuses its greatest effort on businesses where risk assessment shows that both:                         <ul style="list-style-type: none"> <li>– There is a likelihood of non-compliance by business; and</li> <li>– The potential impact of non-compliance is high</li> </ul> </li> <li>• A small proportion of inspections are undertaken on a random basis. Very few inspections are carried out on a routine basis</li> </ul>

<sup>2</sup> From Hampton Implementation Reviews: Guidance for Review Teams, National Audit Office and Better Regulation Executive, July 2008

Issue to be addressed	Hampton symptom
<p><i>Continued from previous page</i></p> <p>The Review Team were not convinced by the need for Government intervention in egg standards work, but were more convinced by the role the Inspectorate can play in disease control (especially on Salmonellosis). We understand that a restructure is under way which will merge EMI delivery into wider Agency delivery.</p> <p>The Review Team questions whether the relative balance of regulatory activity of the Agency is correct across all of the areas of its remit. We recommend the Agency undertakes a review of its overarching approach to regulatory activity, building on the project currently underway to review the Agency's enforcement strategy approach.</p>	
<p><b>Ensuring that the development of the Agency's Business Reform Programme takes sufficient account of cultural change</b></p> <p>The Review Team was extremely impressed with the Agency's plans to improve its data collection and information management systems, and consider that they have the potential to deliver major improvements to the work of the Agency.</p> <p>The Review Team remains concerned that effecting such a change within the organisation will require a major concomitant cultural shift to ensure that the system is utilised as intended and that staff buy into the new system.</p> <p>Since the review we have been made aware of plans for an organisational restructure (announced in January 2009) which aims to significantly reinforce the field leadership of the organisation to address this issue.</p>	<ul style="list-style-type: none"> <li>• Performance information is used to inform the regulatory approach</li> <li>• Responsibility for the achievement of outcomes is clearly cascaded within the organisation</li> </ul>
<p><b>Monitoring the activity of its veterinarians and those undertaking work on its behalf more actively</b></p> <p>The Review Team was struck by the relatively low level of monitoring the Agency conducted of work that was being done on the Agency's behalf.</p> <p>The Agency needs to assure itself that it knows that such work is being done to the requisite quality standards, but also to help ensure a consistent approach across the piece.</p> <p><i>Continued on next page</i></p>	<ul style="list-style-type: none"> <li>• Staff have a clear understanding of the outcomes being sought and how their work contributes to the achievement of outcomes, and these are reflected in their objectives</li> <li>• Performance on the regulator's achievement of regulatory outcomes, the cost to regulated entities, and business/stakeholder perceptions of the efficiency and effectiveness of regulation is easily accessed and understood</li> </ul>

Issue to be addressed	Hampton symptom
<p><i>Continued from previous page</i></p> <p>This is especially relevant to knowing what is happening to help achieve outcomes. We are aware that the Agency has recently developed proposals to introduce reinforced veterinary and technical team leadership arrangements and a central quality assurance and compliance function to help address this issue.</p>	
<p><b>Development of a strategic approach to advice and guidance</b></p> <p>The level of face-to-face business advice to farms by the Agency is high and well regarded. The Review Team believes that this could be supported by improvements to its other advice and guidance tools such as its website and the visibility and clarity of ownership of its published guidance.</p> <p>Key to this is for the Agency to develop an overall strategy for segmenting its end-user customer-base, to develop a wider understanding of their needs and preferences for advice and guidance, and to then tailoring its response to meet these needs.</p> <p>The Agency is making moves in this direction and has recently developed a Customer Insight Strategy to look to achieve a better understanding of its customers.</p>	<ul style="list-style-type: none"> <li>• The regulator is aware of businesses' preferred information sources</li> <li>• The majority of businesses benefit from advice and guidance</li> </ul>
<p><b>Providing strategic leadership of animal health issues to local authorities</b></p> <p>There is currently a gap in the Agency's approach to local authorities at a corporate level.</p> <p>Whilst the Agency has no real levers over the work of local authority enforcement, it should work to build a greater shared sense of ownership of the area of animal health between itself and local authorities.</p> <p>We believe that the Agency can build on its recent initiatives to improve its links with local authorities. In particular the Agency could work with other interested parties, including LACORS. One possibility might be participation in the Local Better Regulation Office's (LBRO's) World Class coalition to strengthen their links with local authority enforcement partners, providing leadership and support as they work to a common and shared agenda.</p>	<ul style="list-style-type: none"> <li>• Guidance to local authority enforcers encourages a risk-based approach</li> </ul>

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## Introduction

- 1 This review of the Animal Health agency (the Agency) aims to provide a structured check on performance against the principles<sup>3</sup> and characteristics set out in the Hampton and Macrory reports (see Appendix 2).<sup>4</sup> The team reviewed the Agency against a performance framework<sup>5</sup> developed by the Better Regulation Executive (BRE) and the National Audit Office (NAO) which provided a guide for reviewers on the kind of evidence to look for and questions to consider. However, the process is not the same in scope or depth as a full value for money audit of economy, efficiency and effectiveness and the Review Team's conclusions are based on a combination of evidence and judgement. A brief description of the scope of the review and methods employed is at Appendix 3.
- 2 The Agency was formed on 1 April 2007, following the merger of the State Veterinary Service (SVS) and the Dairy Hygiene Inspectorate (DHI) with the Egg Marketing Inspectorate (EMI) and Wildlife Licensing and Registration Service (WLRS)<sup>6</sup>. It is an executive agency of the Department of Environment, Food and Rural Affairs (Defra).
- 3 The Agency has responsibility for ensuring that farmed animals in England, Scotland and Wales are free of notifiable disease and well looked after. This generally involves working to prevent, control or eradicate these diseases, or a combination of these approaches, in order to minimise the risk and impact of notifiable animal diseases, for the protection of public health and the economy of Great Britain. In addition, the Agency implements and enforces legislation and regulations relating to animal welfare, the facilitation of

international trade and the protection of endangered species.

## Resources

- 4 The Agency is financed primarily by Defra and in 2007-08 had a cash budget of £108.2 million. The Agency employs 1,600 people, one-third of whom work in the field – including ports and airports – and of these, half are qualified veterinarians. Its headquarters are in Worcester, and it has 23 regional offices across Great Britain. Most of its costs are people-related, with employment costs constituting £66 million (55%).
- 5 Animal health matters are fully devolved into the national administrations of the UK. However, operations are carried out by Animal Health throughout Great Britain, funded directly by Defra and governed by a concordat.

## Context

- 6 To set the work of the Agency in context, in 2007, the total value of output at market prices from farming in the UK was £15.7 billion, and farming contributed £5.8 billion to the UK's GDP. Three-quarters of the UK's land area is used for agriculture and the sector employs some 500,000 people. Around 40% of UK farms are devoted mainly to dairy farming, beef, cattle or sheep. The UK receives £3 billion annually from the European Union in agricultural subsidies.
- 7 The impact of notifiable diseases of animals in the UK can be substantial – for instance

<sup>3</sup> Reducing administrative burdens: effective inspection and enforcement, Philip Hampton, HM Treasury, March 2005.

<sup>4</sup> Regulatory Justice: making sanctions effective, Final report, Professor Richard B Macrory, November 2006.

<sup>5</sup> Hampton Implementation Reviews: Guidance for Review Teams, National Audit Office and Better Regulation Executive, July 2008.

<sup>6</sup> The Dairy Hygiene Service had similarly merged with the State Veterinary Service on 1 October 2006.

the NAO estimated that the foot and mouth outbreak in 2001 cost over £3 billion to the public sector and £5 billion to the private sector.

- 8 Animal disease outbreaks do not only affect the agricultural economy; other sectors such as tourism can be affected. Consumer confidence in the safety of food can be damaged, impacting severely on the market. For example, BSE resulted in

a ban on beef exports for over 10 years (costing over £600 million a year), the disposal of 8.5 million cattle aged over 30 months (costing £3.9 billion) as well as damage to local communities and social networks, and to markets and economies. In recent years there have been numerous outbreaks of other ‘exotic’ (i.e. non-native) animal diseases such as Bluetongue and Avian Influenza.

**Figure 1: Recent outbreaks of exotic disease**

Occurrence	Location	Disease
2001-02	National	Foot and Mouth Disease
2005-06	Surrey	Newcastle Disease
2006-07	Norfolk Fife East Lothian Suffolk	Avian Influenza Avian Influenza Newcastle Disease Avian Influenza
2007-08	Clwyd Surrey Norfolk Suffolk Dorset	Avian Influenza Foot and Mouth Disease Bluetongue Avian Influenza Avian Influenza

## The Hampton vision

9 Both the Hampton and Macrory reports are concerned with effective regulation – achieving regulatory outcomes in a way that minimises the burdens imposed on business. Key to this is the notion that regulators should be risk-based and proportionate in their decision-making, transparent and accountable for their actions and should recognise their role in encouraging economic progress.

### Risk-based

- 10 The Review Team found that, at a strategic level, the Agency has an understanding of the importance of taking a risk-based approach to regulation. However, there appears to be no consistent risk-based framework across the activities of the Agency. Whilst it aims to be risk-based, in some of its activity it is arguably not, at present.
- 11 The Agency is hampered to an extent by a lack of access to reliable data systems regarding its regulated sector that could inform such an approach. However, the Agency is on the road to developing new systems that will assist with this.
- 12 Another issue that hinders a consistent approach to risk is the fact that the Agency has yet to fully consolidate the regulatory bodies that have merged into it in recent years. Whilst the Agency has prioritised changing the management structure of the organisation before seeking to fully assimilate these bodies, the Review Team believes that integration of these bodies, especially regarding their thinking on risk and risk-modelling, into ‘one Animal Health’ is a priority. The Review Team believes that this will enable strategic and resourcing decisions to be made that will be more obviously based upon risk. These include, for example, an improved customer focus

through fewer, more joined up inspections, shared effort amongst delivery partners both in outbreak situations and between outbreaks, and a better use of resources.

- 13 Following the review we became aware that the Agency will be restructuring. The restructure (announced January 2009) aims to address the structural issues by merging the operational delivery and technical expertise functions of the previously distinct predecessor bodies. However, if a coherent organisational view and understanding of risk is not developed, the success of these moves may be limited.
- 14 We concluded that the Agency needs to make a step-change in its current approach to risk, to build on the knowledge, practice and systems of its new regulatory constituents and to use the integration process to develop a common understanding of risk and approach to risk management across the organisation.
- 15 There should be a risk based approach to enforcement at all levels:
- **Strategic** – on policy engagement decisions and on the use of resources between outbreaks
  - **Operational** – on whether intelligence and data suggests a focus on particular areas or sectors
  - **Targeting** – which enforcement tool or type of engagement should be used as well as whether and how often to inspect
- 16 In general, the Review Team found that the Agency puts a great deal of weight behind the value of inspection which seemed to be used as a management tool for businesses rather than a regulatory tool for Animal Health. However, the rationale behind this approach as the best form of risk management was not apparent. In practice we found no evidence of a joined up

strategic approach to assessing inspectable risk or the benefits of using a robust risk assessment methodology to target inspections (and therefore action) where it was most needed.

We found:

- **An understanding of the importance of a risk-based approach at the strategic level**
- **The Agency is developing tools that should enable it to develop a risk-based approach**
- **A need to develop a shared organisational understanding of risk across the Agency and with policy customers**

### Transparency and Accountability

- 17** Generally, the Agency attempts to be transparent. However, the complexity of the delivery landscape and the role of the Agency in the delivery chain (for example, the lack of an integrated enforcement approach with local authorities) can appear confusing to an outsider in terms of where ultimate responsibility lies. There is a need for a single enforcement policy for the Agency that is risk-based and consistent with Defra and local authorities, and we welcome moves the Agency is taking to develop such an enforcement policy.
- 18** The Review Team considers that the Agency could take greater steps towards transparency, in particular regarding the streamlining and visibility of its regulatory information.
- 19** In addition, corporately the Agency does not appear to take a lead in communicating the rationale for policy decisions to stakeholders. To an extent, this is because currently policy responsibility lies with Defra. However, as the Agency is responsible for enforcing policy, it could

take more of a role in explaining sometimes contentious decisions as it undertakes the implementation of these decisions. This is in line with Agency aspirations (for example, the Customer Performance Indicator on TB communications agreed at the Agency's suggestion in 2008).

- 20** Finally, the delivery landscape is confusing, with a number of bodies involved in the animal health and welfare chain: Defra, the Agency, local authorities and Official Veterinarians (OVs), Rural Payments Agency (RPA), and Veterinary Medicines Directorate (VMD). Explaining more clearly what the Agency is and what it does (and indeed what it does not do) would help to give some clarity about the Agency's purpose to both stakeholders and to its staff.

**We believe there is a need for greater clarity in the delivery landscape and for the Agency to do more to communicate policy to stakeholders**

### Economic progress

- 21** Regulators can have a significant impact on the economic conditions under which regulated businesses operate. This is recognised by the statutory Code of Practice for Regulators (the "Regulators' Compliance Code") which states that "Regulators should recognise that a key element of their activity will be to allow, or even encourage, economic progress and only to intervene where there is a case for protection"<sup>7</sup>. This requires regulations and their enforcement to be proportionate to the potential for harm and that regulators should be aware of their influence on economic progress.
- 22** We found that Agency field officers understand their role in helping improve economic prosperity for farmers, and they engage with farming businesses in a way that aims to help ensure business

<sup>7</sup> Regulators' Compliance Code: Statutory Code of Practice for Regulators, BERR, 2007, p11

success. The commitment of Agency veterinarians to the welfare of farmers is both strong and commendable.

- 23** However, at an operational level this commitment can focus on the individual farmer rather than balancing his needs against the wider local and national perspective. For example, we were told that there have been cases where Agency staff have allowed animal movements to occur that technically should not have been allowed. Whilst this is undoubtedly helpful for the farmer in question, it can present a danger to the wider farming industry.
- 24** There is a danger that without monitoring, the close relationship that front-line staff have with the farming community could slide too far. In fact, the relationship is already perceived to be too close by some industry stakeholders that we spoke to.
- 25** The situation with animal by-product premises (also regulated by the Agency) is more complex, since the regulator is also a major customer for the industry during disease outbreaks for disposal of carcasses. This more complex regulator-business relationship seemed to the team to provide positive incentives to the regulator to be alive to the economic sustainability of the sector, within a strong regulatory oversight regime. However, there are dangers with such a relationship, and these are discussed more fully in the 'Inspections' section.

We found

- **A strong commitment to and culture of support towards farming businesses amongst front-line staff**
- **A need to ensure that this close level of support does not slide too far in support of the individual business over the needs of the wider farming industry**

## Design of regulations

### Hampton principles

*“All regulations should be written so that they are easily understood, easily implemented, and easily enforced, and all parties should be consulted when they are being drafted”*

*“When new policies are being developed, explicit consideration should be given to how they can be enforced using existing systems and data to minimise the administrative burden imposed”*

## Key findings

- Culturally, many of the Agency staff the Review Team spoke to did not see themselves as having a strong contribution to make to policy making
- The Agency is increasing its engagement in policy development with Defra
- The Agency should take a lead role in the area of animal health and welfare

## Background

- 26** The regulation of animal health – and the institutional structures to police it – has evolved gradually since the mid-nineteenth century, as Government has sought to combat particular threats to animal health as diseases and the scientific methods to control them have been identified. The original Veterinary Department was established in 1865 and subsequently it and its successor organisations assumed responsibility for legislation passed by Parliament periodically to combat threats to animal and human health. The current legal framework is a complex mix of EU legislation and implementing UK legal instruments, including through the Animal Health Act (1981) and subsequent amendments and secondary legislation.
- 27** Current UK legislation stems primarily from European legislation. This prescribes what is expected of national competent authorities. For example, Directive 82/894/EEC lays down the diseases which must be notified to the Commission when

they are identified in member states and the notification procedures. There are also Directives aimed at preventing and controlling outbreaks of specific diseases.

- 28** Historically, Defra has had responsibility for design of animal health and welfare regulation, and the Agency’s role has been an operational one. As such, the Agency does not prepare impact assessments or public consultations.
- 29** However, in recent years, Animal Health has become more involved in advising Defra on the design of regulations. Animal Health is represented on Defra’s “Core Group”<sup>8</sup> of stakeholders (where it is one stakeholder amongst many) which the Department uses for policy formulation and consultation – other members include livestock industry specialists. Defra consults this group on a wide range of policy questions, from EU regulatory proposals, through to handling of exotic disease outbreaks. Additionally, the Agency sits on Defra’s Expert Groups.

<sup>8</sup> The Core Group was established during the Foot and Mouth outbreak in 2006 and now operates on a formalised basis.

## Review Findings

### **Culturally, many of the Agency staff the Review Team spoke to did not see themselves as having a strong contribution to make to policy making**

- 30** At a strategic level, staff in the Agency were keen to stress that they were actively involved in policy development. However, the majority of staff we spoke to emphasised Defra's overall responsibility for policy and did not feel that they had 'ownership' of policy. Defra policy staff that we spoke to emphasised that policy making, in practice, was a collegiate effort by the Core Group.
- 31** The Review Team considers that the position of the Agency in the delivery chain (neither fully responsible for policy nor enforcement) can allow it to 'sidestep' blame from stakeholders for Government decisions that impact negatively upon them. The Review Team feels that this can be understandably seductive for front-line staff as it allows them to keep their strong and close relationship with farmers whilst implementing the operational elements of those decisions.
- 32** However, this can have implications for how the Agency holds a Government line following a policy decision. The Review Team heard that, at least historically, Agency staff had not been good at advocating and explaining the rationale for Government actions. However, this is improving and we were told that Agency staff were currently robustly holding the Government line on control measures for bovine TB, for example.

### **The Agency is increasing its engagement in policy development with Defra**

- 33** The Agency is taking some proactive steps to increase its involvement in the design of regulations including putting staff in place

to deal with the policy interface with Defra, each of which look to lead on specific areas of policy and to get involved with policy discussions in the Department at an early stage. The Agency has also co-located a member of staff in Defra.

- 34** To ensure the 'field' perspective feeds into policy development, the Agency has also instituted twice yearly policy liaison meetings with all Divisional Veterinary Managers (DVM, the head veterinarian for a divisional office) to discuss specific issues such as Bluetongue, communications, vaccination programmes and so on.

### **The Agency should take a lead role in the area of animal health and welfare**

- 35** The Review Team accepts and recognises the need for departments to be responsible for negotiating and introducing legislation, particularly given their accountability through Ministers to Parliament.
- 36** At present the management of animal health policy and all decisions rest with the Secretary of State and Defra officials. However the rationale behind establishing independent regulators is that Ministers may not necessarily be best placed to take decisions in certain areas requiring technical expertise. Additionally, the political process can be perceived as opaque and potentially subject to inappropriate political factors.
- 37** The Review Team therefore considers that there is a real opportunity for the Agency to develop into the lead body in the area of animal health and welfare in an analogous manner to the way that the Food Standards Agency (FSA) is the lead body on food safety. The Agency is ideally situated as an expert delivery body that should play an influential role in the policy development process given its breadth of reach and scope on regulatory issues to do with the livestock industry.

- 38** The Review Team considers that the Agency is not currently fulfilling that role, and it could play more of an active role in cementing both the policy and enforcement ends of the delivery chain by taking ownership of more policy issues and increasing its activity in and taking leadership of the enforcement arena.
- 39** For example, there is no one person in the Agency who currently owns the relationship with local authorities. This means that, in practice, local authorities feed into Defra policy making solely via the Local Authorities Co-ordinators of Regulatory Services (LACORS), which is a fairly centralised process.
- 40** The Agency has taken some actions to improve the relationship recently such as setting up an Enforcement Delivery Team (EDT) in April 2008, which has responsibility for managing the Agency relationship with local authorities and establishing clear arrangements for bi-annual meetings with LACORS and representative local authorities to discuss high level operational issues. In addition there is a requirement in the new Framework Agreement, which comes into force on 1 April 2009, for Divisional Veterinary Managers to hold regular quarterly meetings with the local authorities in their Divisions.
- 41** We believe that there is further work that could be done in this area and that there are benefits in Animal Health acting as a 'bridge' between local authorities, who are taking enforcement actions under relevant legislation, and with the policy development process.

## Advice and guidance

### Hampton principle

*“Regulators should provide authoritative, accessible advice easily and cheaply.”*

### Key findings

- **It is currently unclear who owns the theme of advice and guidance between the Agency and Defra**
- **The Agency’s website is not an effective communication tool**
- **The messaging of the ‘Animal Health’ brand is mixed**
- **The Agency provides face-to-face business-specific advice as a matter of course**
- **The Agency needs to ensure that it continues to explore innovative approaches to targeting ‘hard to reach’ stakeholders**
- **There appears to be no overarching strategy for the provision of advice and guidance**

### Background

- 42** The Agency gives regulatory advice and guidance through a number of routes. The most important of these historically has been face-to-face interactions between its veterinary and technical staff and farmers.
- 43** More recently, the Agency has established email, fax and voicemail alerts for farms, veterinary practices and other stakeholders in a given geographical area which is affected by disease control restrictions following a suspect or confirmed disease outbreak. If an outbreak of a notifiable disease is confirmed in an area, comprehensive information packs are delivered to every holding in the area within 2 days.
- 44** The Agency also operate a number of dedicated telephone helplines, which are easy to find on its website. These include animal health information, cattle movement and livestock identification.
- 45** The Agency’s advisory documents are regularly updated and the Agency has recently developed and published a new Welsh Language Scheme.
- 46** The Agency is also working with Defra to develop further the Whole Farm Approach – a Defra initiative to provide a single electronic channel for farmers and other stakeholders to transact with Government.

## Review Findings

### It is currently unclear who owns the theme of advice and guidance between the Agency and Defra

- 47** The provision, availability and branding of advice and guidance on animal health and welfare issues is currently confused and lacking in coherence. Ownership of guidance appears to be divided. Some guidance is issued by Defra, other publications by the Agency. There is no apparent logic to who produces and owns which specific areas of guidance. In practical terms, this makes it more difficult for stakeholders to locate relevant material.
- 48** The Review Team believes that the Agency is best placed to own the role of setting the parameters of advice and guidance and owning the business-facing function based on its front-line experience. The Review Team welcomes the fact that this responsibility is in the process of being transferred from Defra to the Agency. We understand that the Agency has started a project to review and re-brand its guidance that will deliver more recognisable Agency ownership of guidance.

### The Agency's website is not an effective communication tool

- 49** In line with Government's Transformational policy to bring together sources of advice for business, the Agency does not have its own dedicated website, or its own web address; technically, it is part of the Defra website and the address is [www.Defra/animalhealth](http://www.Defra/animalhealth).
- 50** There is a certain duplication of material, which can lead to confusion as the more up-to-date information appears to be hosted on the Defra webpages rather than the Agency pages. As a result the quality of the material on the Animal Health website can appear to be variable to an external user<sup>9</sup>.
- 51** This dual location of material is not helped by a lack of clear signposting to advice and guidance publications – for example, guidance on dairy and egg inspections can be located from links on the page dedicated to information on charges for inspecting premises for avian influenza.
- 52** At a broader level, there is no dedicated section of the website containing regulatory advice and guidance. In part this may reflect the Agency's organisation, which is focused around specific diseases in specific animals. However, it is difficult to tell at whom guidance is aimed, whether businesses or members of the public.
- 53** There are two points the Review Team would make here. The first is that much of the confusion of the current Agency website could be alleviated if there were much clearer and up-to-date links to the material on the Defra site from the Animal Health webpages. Secondly, the current 'dual hosting' approach arguably creates uncertainty about the role of the Agency vis-à-vis Defra, and its visibility as far as stakeholder perceptions are concerned.
- 54** There is a need for greater clarity of identity between the two parts of the site, particularly regarding the relative responsibilities of Defra and the Agency. This is especially important in terms of the information that is contained within these sections. We understand that by the end of March 2009 all "livestock" related web-published content will be migrated from the websites of Defra, Animal Health, RPA and other agencies and NDPBs to [www.Businesslink.gov.uk](http://www.Businesslink.gov.uk). Animal Health will then assume ownership of the livestock

<sup>9</sup> For example, we found three advisory publications 'Dealing with TB in your Herd', a 'Practical Guide to Dairy Hygiene' and an 'Egg Quality Guide' that were on both the Defra and Animal Health websites. The first was extremely difficult to find - on the Animal Health website it is not listed on the A-Z index and required following numerous links to find it on the Defra website; the second was badged as a Food Standards Agency document; and the third (on the Animal Health website) was an old MAFF document. The Defra website contained the more recent 2007 Animal Health-branded guidance on marketing of eggs, but this did not appear on the Animal Health website.

content on Business link and so will be in a position to address this.

### **The messaging of the ‘Animal Health’ brand is mixed**

- 55** The Agency has undergone some major changes in its organisational position in recent years. Once a core part of a Government Department as the State Veterinary Service (SVS) it became an external agency whilst still retaining the name SVS in 2005, and was then re-branded as Animal Health following a merger of the SVS with a number of other, smaller, regulatory bodies in 2007.
- 56** The Agency has therefore put a sizeable amount of resource into developing its new identity as ‘Animal Health’. It has developed a logo and brand identity which was reflected in the Agency offices we visited. This has extended to producing branded jackets and other branded material which have proved to be extremely popular amongst staff.
- 57** However, whilst on the surface there was the impression of a consistent corporate identity, there were some areas where this identity was not being pushed. For example, the website presence of the Agency is not the most highly visible as discussed above (it is a sub-set of the Defra website). Indeed, a local authority animal health officer we spoke to was not even aware of the existence of the Agency’s website. Additionally, many of the leaflets and advice publications are more strongly ‘Defra’ branded than ‘Animal Health’ branded. The Agency is currently developing a ‘Guidance project’ which will introduce Animal Health branded guidance.
- 58** This lack of a fully coherent sense of identity was reflected in conversations we had with Agency staff. Frequently in our discussions the identity of the precursor SVS tended to dominate and come through more than that of Animal Health. The exception to this was from a senior member of one of the newly merged bodies, who clearly saw himself as part of a wider Animal Health identity and not as a separate regulator that happened to be sitting within another regulatory body.
- 59** Additionally, Agency staff we spoke to were of the opinion that farmers did not recognise the name of ‘Animal Health’ as a brand. To some extent this appears to be because Agency staff have not been proactively dispelling the farmer’s view of themselves as the ‘man from the Ministry’.
- 60** The Review Team believes that the Agency needs to do more to promote its identity and its role as an organisation to stakeholders. Clarity of identity is a key to clarity regarding policy delivery and of customer focus. Whilst good progress has been made on establishing an identity, such as an increased presence at shows and markets and establishing ‘Animal Health’ disease alerts for stakeholders and farmers, we believe that the Agency has not yet developed its identity sufficiently thus far.

### **The Agency provides face-to-face business-specific advice to businesses as a matter of course**

- 61** The Review Team were impressed by the approach of Agency staff towards providing business-specific advice and guidance to business (particularly farmers). In addition to face-to-face advice and guidance we are aware of a great deal of effort that is undertaken via local offices to keep businesses informed about new legislative developments. We consider the implications of this close relationship more fully in the ‘Inspections’ section.

**The Agency needs to ensure that it continues to explore innovative approaches to targeting ‘hard to reach’ stakeholders**

- 62** Many of the Agency’s stakeholders are in the “hard to reach” category, and there is a presumed low take-up of IT by farmers which can in theory limit the effectiveness of e-solutions to communication. The Agency has taken a number of initiatives to try to reach farmers such as a text-based notification regarding disease outbreak.
- 63** Whilst the Agency understandably puts a great deal of effort into ensuring communications reach farmers during outbreak situations, it is not obvious that similar effort goes into providing advice and guidance between outbreaks. We saw no evidence that the Agency monitored how effective its provision of guidance was, and how well it was penetrating the sector. The Agency could conceivably do more to understand the ‘reach’ and penetration of its communications to businesses.
- 64** Since the review, we have been made aware of the Agency’s Customer Insight Strategy which the Agency believes will go some way to addressing these comments. As part of the implementation of the strategy, the Agency will be carrying out research amongst its own front line staff and with customers.

**There appears to be no overarching strategy for the provision of advice and guidance**

- 65** The Review Team found no evidence of an overarching strategy which examined customer needs and then responded on the basis of these needs. We saw no evidence of analysis of IT usage amongst farmers, levels of literacy and comprehension, preferred media for receiving advice and guidance that was then brought into an overarching approach for the Agency to deliver advice and guidance as a regulatory tool to secure compliance. To an extent, this may be due to the fact that the Agency has had to incorporate a number of legacy approaches to customer identification (such as EMI, WLRS, DHI and SVS) and as yet this has not been brought within any overall Agency approach. However, the Agency’s Customer Insight Strategy and the Guidance strategy which are currently in development are both designed to address this.

## Data requests

### Hampton principle

*“Businesses should not have to give unnecessary information or give the same piece of information twice.”*

## Key findings

- **The Agency could make greater moves towards e-enablement of its forms**
- **The current data architecture of the Agency is not fit for purpose, with numerous databases and repositories of information**
- **The new Business Reform Programme is an ambitious and impressive programme to address these deficiencies, with acknowledged risks regarding its implementation**

## Background

**66** The Agency states that it has over 1,000 forms, though not all of these are aimed at business stakeholders; many are for use by inspectors following site visits or veterinarians granting a licence. In general, most data requests relate to applications for licences or authorisations.

**67** The type of areas where Animal Health makes data requests include:

- **Animal by-products** – businesses need to apply for approval to undertake activities, such as incineration, handling and storage.
- **Livestock transport** – a one page form must be completed by those involved with transporting animals, to certify that animal welfare rules were observed in transit.
- **Egg production** – application for the registration of an egg production site.

**68** Information gathered through data requests is recorded on a number of different

database systems some within the Agency, and some held by other bodies with a regulatory interest in this area. Some of the main ones that we became aware of during our review were:

- **Animal Movement Licensing System (AMLS)** – This is a system where local authorities input data regarding the movement of sheep and pig flocks or herds. It is owned and run by the Rural Payments Agency (RPA).
- **Cattle Tracing System (CTS)** – This is a cattle livestock movement database that is owned and run by the British Cattle Movement Service in the RPA. This system covers each individual animal via a ‘cattle passport’ from birth to death. In 2007/08 it recorded 2.6m births, nearly 13.3m cattle movements and over 2.6m deaths.
- **VetNet** – This is the main database on which most of the Agency’s work is pinned. The system receives a feed from CTS, however it currently does not ‘talk to’ the AMLS.

- **Disease Control Systems (DCS)** – These are 3 separate databases (for Foot & Mouth Disease, Classical Swine Fever and Diseases of Poultry) developed from 2001 onwards and owned by the Agency. They are used during outbreak situations to identify livestock premises and to control and monitor disease. During an Exotic Disease outbreak the Agency continues to use VetNet for endemic disease business activities, and uses DCS and SAM for the outbreak related work.
  - **Vebus** – This is an Internet based system which enables and supports the electronic completion and submission of forms used when testing bovine animals for Tuberculosis and Brucellosis and is owned by the Agency.
  - **Poultry register** – This is a separate database system which is owned and held by the Agency (it transferred from Defra on 1 April 2008) for self-notification of flocks of over 50 birds. As of 11th February 2008, the Poultry Register held details of 24,269 premises. A total of 251,913,661 birds have been registered on the system.
  - **Animal Health and Welfare Enforcement System (AMES)** – this is a database which is owned by Defra and intended to capture local authority enforcement data. It is not a statutory requirement and only covers farms so does not capture all the activity that local authorities undertake (such as with horses or animal by-products).
- 69** Many of these databases use the identification scheme of County/Parish/Holding (or CPH) to generate an identifier for the farm. In addition to these systems, the Agency also has 3 legacy systems for the EMI, DHI and WLRS.

- 70** A major Business Reform Programme (BRP) is under way within the Agency aimed at developing a new IT system and rebuilding processes to improve customer service and efficiency. In part it is a response to the recommendations of both the Anderson and Eves reviews regarding a lack of data and data sharing during emergency outbreaks. The new system will ensure better information sharing and improve the capability of the agencies concerned to deal effectively with an outbreak. As part of this work, the Agency aims to improve the quality of the data it holds on the system and, therefore, has been undertaking an authentication process with the farming community.

## Review Findings

### The Agency could make greater moves towards e-enablement of its forms

- 71** There is a dedicated section on the Animal Health website that links to forms, but these are limited to a small number of areas of its business, for example bird registration and applications to participate in the National Scrapie Plan. Many of these are “specimen” forms, for which hard copies must be requested from the Agency; in one area, rabies, not even specimen forms are available; and very few forms can be returned electronically.
- 72** A number of forms covering other areas of Animal Health’s responsibilities, such as animal movements and animal by-products, can be found in the ‘forms’ section of the Defra website. However, there are no links to these from the Animal Health website, other than the generic link to the Defra forms database. Furthermore, most of the forms are branded with the Defra logo (some are also labelled as MAFF – the predecessor of Defra). This has the potential to cause confusion for stakeholders about who in Government is asking for what information.

- 73** The Review Team believes that the Agency's forms should be held in one place that is clearly signposted, and they should be easily accessible and up-to-date. In addition, these forms should be able to be completed and returned online.

**The current data architecture of the Agency is not fit for purpose, with numerous databases and repositories of information**

- 74** In the Agency's own words, they currently hold 'inflexible systems that are not user-friendly and are unstable'. VetNet in particular was described to us as an 'old, creaking' system. As a result of these system failures, the Agency developed numerous manual systems and a dependency on bulky paper files to manage their information.
- 75** During the review, we were struck by the multiplicity of data systems which the agency uses in order to conduct its activity. The number of, and the access to, these databases presents the Agency with serious issues currently.
- 76** For example, local authorities cannot access VetNet, instead they use AMES, AMLS and CTS. Local authorities also use their own enforcement databases, usually on a FLARE system, which is a premises database. As many local authorities cannot currently link their existing systems to the AMES database, they in effect have to undertake double entry of enforcement data.
- 77** It was not totally clear whether all this data was being utilised fully. For example, Animal Health staff told us that they did not find the data in AMES of much use. Local authority staff that we spoke to saw a value in the data and used it to inform the development of their annual plan of activity and their intelligence picture. However, they
- do not have any access currently to data held by the Agency.
- 78** Having a multiplicity of data systems that do not talk to each other, with different units of analysis, with differing levels of data quality can present huge challenges when looking to identify what animals are supposed to exist within a given area during an outbreak.
- 79** The Agency is well aware of these issues, and is developing a new database system, with a current working title of "Sam", as part of their Business Reform Programme. The Review Team feel that this work would benefit from the Agency taking ownership of both the CTS and AMLS systems so that there is one organisational focus for data regarding the existence and movement of livestock. We understand that these systems and the business processes that they support are currently under review.

**The new Business Reform Programme is an ambitious and impressive programme to address these deficiencies, with acknowledged risks regarding its implementation**

- 80** The Review Team discussed the developing new "Sam" data system with a number of Agency staff and viewed the initial 'foundation' stage of the system. The Review Team were impressed with the plans for the system. If developed as fully intended it will put the Agency amongst the leading edge of information management and work-stream planning. It was particularly impressive that the programme intends to draw the overall activity of the Agency together in one place and to link this with the strategic vision of the organisation. This will allow the Agency to tie together its outcomes and activity. The use of data to drive operational and tactical decisions is potentially a very powerful tool.

- 81** In particular, the Agency is making impressive moves to cleanse the historical data that it currently holds and developing a sleeker dataset. It is also addressing the 'unit of analysis' issue to disaggregate the traditional County/Parish/Holding (CPH) identifier to be able to determine the customer, the unit (animal/herd) and location.
- 82** Development of such a system will be a remarkable cultural step change for an organisation which currently relies to a great extent on paper-based filing systems. The delivery of the "Sam" system therefore has a number of high risks, especially regarding implementation, and making the necessary cultural changes within the organisation for the system to function as intended. Getting this right will be extremely important to deliver the undoubted benefits "Sam" offers.
- 83** The Agency is aware of these risks and there is high-level senior support for the project and the Agency has nominated a senior 'change champion' to drive through the cultural changes that are needed. However, a lot of cultural change may need to be driven in practice by Divisional Veterinary Managers (DVMs) – who are the lead Agency manager at the Agency's 23 Divisional Offices which will require significant support for them. We understand that the Agency has recently rolled out a training and development plan for DVMs, and coaching arrangements put in place to give them support. We recommend that the outcomes of these new arrangements are closely monitored to ensure that they are delivering the level of support that will be required – particularly around developing a customer focus.

## Inspections

### Hampton principle

*“No inspection should take place without a reason.”*

## Key findings

- **The Agency is attempting to link up its inspection work with that of other agencies**
- **The Agency has no overarching approach to or theory of risk and risk assessment**
- **The Agency’s performance management of its veterinarians and those undertaking work on its behalf appears weak**
- **Corporate ownership of the local authority relationship needs to be more active**

## Background

- 84** The Agency works in two main modes of operation. ‘Outbreak’ – where a confirmed case of exotic disease has been identified and ‘between outbreak’ where the Agency conducts routine preventative activity for endemic disease and undertakes contingency work.
- 85** The Agency’s regulatory impact therefore depends on the mode in which it is operating. Periods between outbreaks are spent working to manage endemic disease and welfare issues, and preventative measures to reduce the risk of future outbreaks, as well as contingency planning to ensure preparedness when there is an outbreak. During an outbreak, the objective of the Agency is to eradicate the disease and limit its public health and/or economic impact.
- ‘Outbreak’**
- 86** EU regulation dealing with the containment of animal diseases is fairly prescriptive, for example in the setting up of exclusion zones around affected sites, restrictions on movement of animals and the testing procedures necessary before restrictions are lifted. In view of this, room for manoeuvre in adopting a risk based approach is limited.
- 87** The steps the Agency takes to manage an exotic disease outbreak, once it is confirmed, include the establishment of a Local Disease Control Centre (LDCC) with staff, communications and IT equipment; commencement of the scientific work to identify the strain of the disease and its source; and an immediate livestock movement ban. An additional part of the Agency’s contingency planning for exotic disease outbreaks is a service called InStant, which allows the Agency to communicate messages to stakeholders by fax, text, voicemail and email. Over 1 million messages were sent during the avian influenza, foot and mouth and bluetongue outbreaks during 2007-08.
- 88** The Anderson review in 2008 praised the Agency for its contingency planning for exotic diseases in his report on the 2007 Foot and Mouth outbreak in Surrey.
- ‘Between outbreak’**
- 89** Between outbreaks, the Agency is responsible for inspecting a wide range of

premises and activities (although legal-based enforcement functions are carried out by local authorities). These include:

- **Approval of premises** – inspection and licensing of a variety of premises, such as markets, quarantine centres, rendering plants, exempt finishing units and other types of premises at which animals or animal by-products are gathered.
  - **Animal by-products** – sites and equipment which ensure that animal by-products and catering waste of animal origin are safely disposed of.
  - **Animal welfare** – inspections of animals at farms, during transport, at market and at slaughter (except at licensed abattoirs, for which the Meat Hygiene Service is responsible). During 2007-08 the Agency carried out around 14,000 welfare inspections in Great Britain.
  - **Egg Marketing Inspectorate** – ensures standards of egg production are maintained and that eggs imported for human consumption meet the same standards. Also EMI regularly assesses and reports the prevalence of salmonellosis in poultry and checks that eggs are correctly labelled and that marketing regulations are being complied with. During 2007-08 over 8,300 inspections of egg marketing businesses were carried out in England and Wales.
  - **Dairy Hygiene Inspectorate** – in England and Wales, Animal Health ensures that a satisfactory standard of hygiene is maintained in relation to the raw milk supply. This involves inspecting dairy animals, milking facilities and equipment and milking operations. During 2007-08 over 11,900 inspections were carried out.
  - **Wildlife Licensing and Registration Service** – Issuing permits and certificates for the import/export and commercial use of any species of animals, plants and their parts and derivatives listed under CITES (for example, crocodile skin handbags). Additionally, it is responsible for registering birds held in captivity under the Wildlife and Countryside Act 1981.
- 90 The Agency also carries out disease surveillance activity as part of national vigilance against the threat of animal disease, for example to determine levels of bovine TB. This has some of the characteristics of inspection, at least as far as interaction with stakeholders is concerned.
  - 91 Inspection work is carried out by Veterinary Officers, Veterinary Inspectors, and Animal Health Officers who are based at Animal Health Divisional Offices (AHDOs).
  - 92 Animal Health staffing is approximately 50% administration, 25% veterinarians and 25% technical officers (Animal Health Officers). Technical Officers can undertake a variety of front-line duties, such as collecting blood samples and undertaking bovine TB tests. However, they are unable to carry out activities such as veterinary surgery and diagnosis/interpretation.
  - 93 Animal health and welfare legislation is also enforced by local government, by both Trading Standards and Environmental Health Officers (depending on the kind of activities and premises concerned and their location).
  - 94 A Framework Agreement was produced by Defra, the Welsh Assembly Government and the Local Authorities Co-ordinators of Regulatory Services (LACORS) following the 2001 foot and mouth disease outbreak. This enables bids to be made by local

authorities for funds to enable them to undertake extra enforcement work. A revised framework agreement has been agreed and will come into effect on 1 April 2009. This sets out minimum standards of activity for local authorities throughout the entire spectrum of animal health work. It also includes a voluntary framework for animal welfare work. In parallel, a new animal health national indicator for local authorities is being introduced on 1 April 2009 as part of the Department of Communities and Local Government's (CLG) initiative for a new performance for local government.

- 95** In addition, the Agency can draw on the skills of some 9,000 registered Official Veterinarians (OVs). These are privately operating veterinarians who are appointed by the Agency to carry out certain official duties throughout Great Britain under the Animal Health Act 1981 (such as undertaking blood tests and export certification) for which either the Agency or the farmer re-emburses them. Currently, the vast majority of work paid for by the Agency is undertaken by less than 50% of OVs. The costs of the work that was funded by the Agency in 2007/08 was around £20 million.
- 96** Fees are charged for some inspection and licensing activities – for example, there is a service level agreement with the FSA for dairy inspections – but income from these is low, around £4 million in 2007-08.

## Review Findings

### **The Agency is attempting to link up its inspection work with that of other agencies**

- 97** The Agency undertakes animal health and welfare work on behalf of the Rural Payments Agency (RPA) for cross-compliance under the Single Payment Scheme, which the Agency co-ordinates with the RPA. In addition, the Agency is exploring how it can link up its bovine TB testing activity with the work of the RPA Inspectorate (RPAI) which undertakes checks of ear-tagging of livestock.
- 98** The Review Team considers this to be a positive move, and welcomes further close and joined-up working between the Agency and the RPA. We also note the approach the Agency is taking in Scotland as part of the 'SEARS' partnership which aims to co-ordinate the nine public bodies that interface with rural land managers. In addition to this, the Review Team considers that the Agency could explore joined up working with other inspectorates that interface with rural businesses such as the HSE and the Environment Agency. Whilst these agencies may be looking at differing risks and potential harms, there is value in a co-ordination of efforts and also in sharing intelligence on compliance to reduce business burdens.

### **The Agency has no overarching approach to or theory of risk and risk-assessment**

- 99** The Agency is currently mid-way through a significant programme of organisational change, including the assimilation of a number of small regulatory bodies (WLRS, DHI, EMI) within an existing larger body, the State Veterinary Service. It is in the process of slowly combining their skills into the new organisation. As a result the Agency currently has a number of different approaches to risk within its separate constituent parts.

- 100** Aspects of the Agency's approach to risk-based inspection and enforcement are good – for example the WLRS and the DHI approaches to identifying risk, are different, but, on the evidence the Review Team saw, both are good approaches. However, the threshold for using these risk methodologies to target inspections could be raised so that fewer businesses are inspected each year. This would allow the Agency to release more resources to increase its provision of advice and guidance, including tailoring it to specific sectors.
- 101** However, the Review Team considers the work of the Agency's Egg Marketing Inspectorate to be not at all Hampton-compliant and indeed questions the need for its traditional functions. In essence, the EMI undertakes quality control inspections of egg production, rather than leaving this to either the producer or the purchaser (generally the large supermarket chains). Inspections seem to be scheduled on the basis of business size rather than by use of any systematic risk-assessment methodology. In addition, there was a strong assumption of business non-compliance by inspectors we spoke to. We found examples where inspectors would repeatedly visit the same premises monthly, or even more frequently. We also heard evidence that the routine inspection programme actually militates against action on rogue operators that had been identified by the EMI but which fell outside of this risk framework.
- 102** In addition, we understand that EMI has been approached to undertake non-statutory inspection work on a consultancy basis by one company in its sector. There are strong conflict of interest issues that arise from this, which the Agency is currently considering. The Review Team believes that this would take the EMI beyond its recognised regulatory function and would urge the Agency to carefully consider whether this would be an appropriate activity. Indeed, this move is perhaps a reflection of the relationship between industry and the regulator in that it is perhaps seen as more of a consultancy rather than an enforcement body.
- 103** More widely, the Agency has no coherent approach to or theory of risk and risk-assessment. The risk methodology for TB testing, for example, is based on the historical occurrence of the disease at a parish level. The level of incidence of disease within a parish will therefore set the testing frequency for that parish. This appears to be quite a blunt risk assessment methodology, and it does not correspond with other risk frameworks within the organisation. However, this surveillance regime is set by Europe and is an antiquated system. Additionally, the role of wildlife vectors is currently ignored in this system.
- 104** To an extent this is understandable: the Agency is looking to control risks across a number of widely differing areas and species, and it is a relatively newly-merged organisation.
- 105** Nevertheless, the balance of regulatory activity which the Agency is currently conducting did not appear to us to be informed by a risk-based system. For example, the Review Team attended an inspection of an animal rendering facility. It transpired that this operation was visited by the Agency on a very frequent basis, more than once per month. In addition to the Agency visit, they were also visited by the local authority animal health team around once per month. On top of this there were regular visits from the Health and Safety Executive (HSE) and the Environment Agency. The plant in question estimated that they were inspected on average once per week. The Review Team was surprised

by this level of regulatory activity given that the Agency saw it as an exceptionally well-run and well-managed facility.

- 106 The Agency had no clear answer as to why this facility was being visited so often by its staff. There was no clear reasoning behind the high frequency of visits, which we understand were occurring in excess of legislative requirements.
- 107 The danger this level of inspection can pose is that it can encourage a culture of dependency amongst the regulated entity. Such high levels of oversight can encourage a certain dependency by the business on regulatory visits as its de facto quality control mechanisms. The internal processes of the company can therefore suffer as a result, raising the risk profile of the business. Additionally there may also be the risk of regulatory capture.
- 108 However, we did find evidence that thinking about risk at a corporate level was developing within the Agency. The progress of the Agency's new IT system, "Sam", is playing a large part in the development of this thinking, and we strongly welcome this.

### **The Agency's performance management of its veterinarians and those undertaking work on its behalf appears weak**

- 109 The Review Team saw little evidence during the review of effective management of the performance of front-line staff or of those undertaking work on its behalf. The Agency recognises this and has begun a number of initiatives to strengthen the management and development of frontline staff and those undertaking work on its behalf such as a new Operations Manual and moves towards a new organisational structure.
- 110 When talking to Agency veterinarians, we found no evidence of understanding of how their individual objectives linked through to the agency's business plans. Staff were unable generally to explain the strategic outcomes of the organisation and how their work helped to deliver this. Whilst we understand that there is a training and development strategy, this was not apparent from front-line staff that we talked to nor was it apparent that it was currently delivering. The Review Team was unconvinced that the Agency centrally had a good grasp of the activities its staff were undertaking on a day-to-day basis, and of the quality of these activities. We understand that there may be scope in the development of the "Sam" data system to help address these issues.
- 111 Similarly, the Agency has no real levers over the work of local authority enforcement or other activities which they conduct in the area of animal health and welfare. Despite the importance of this area to local and rural communities, evidence gathered by the Rogers Review team shows that only a few authorities spend high proportions of time on animal health (only 3%), 24% spent extremely low proportions of time and the most common response was low proportions of time (42%)<sup>10</sup>. In addition to low levels of activity, the Agency has no strong levers to influence the consistency of work that is done in this area by local authorities. Currently, the Agency does not give any direction to local authorities on how they should conduct their activity, although we understand that quarterly meetings between local authorities and DVMs will occur under the Framework Agreement from April 2009.
- 112 Finally, the Agency funds Official Veterinarians (OVs) to undertake some regulatory work on its behalf such as bovine TB monitoring and testing. However, despite paying for this work, there appeared to be a lack of a rigorous level of audit of the work that was being done by OVs. We found no evidence that the Agency

<sup>10</sup> National Enforcement Priorities for Local Authority Regulatory Services, Peter Rogers, March 2007

knew whether this work was being conducted on time and to the requisite quality standards. In fact, we heard evidence from OV's that the quality of work undertaken by some OV's was well below the standard expected. We welcome the fact that in the last 18 months the Agency has carried out work with the British Veterinary Association in this area and a draft framework agreement is in its final stages, including the introduction of explicit quality standards and an Agency right to audit performance for the first time.

### **Corporate ownership of the local authority relationship needs to be more active**

- 113** Whilst during outbreak situations, the Agency and local authorities perform extremely well in responding to the situation, on a day-to-day basis (i.e. between outbreaks) the picture appears to be more mixed.
- 114** There appears to be no leadership for local authority activity by the Agency, there is a lack of a common approach, there is no support for training and developing procedures, and there is no sense that local authorities and the Agency are working to shared objectives. When the relationship does work well, in particular parts of the country, this appears to be because of individuals rather than any shared approach or processes. The Agency is making moves to address this such as guidance to DVMs on their responsibilities to hold quarterly meetings with local authority partners and restructuring the Agency's organisational boundaries to establish coterminous boundaries with local authorities.
- 115** Currently, local authorities receive direct funding via the Framework Agreement for undertaking work on animal health and welfare. This stands at around £8.6 million per year nationally. The money is hypothecated and does not come through the Revenue Support grant, which enables resource to be channelled directly into front-line delivery.
- 116** However, we found little evidence that either the Agency or Defra has a firm grasp of what local authorities are doing with this funding. Although local authorities are supposed to record enforcement data onto AMES, this is not a statutory requirement and Defra policy makers doubt the quality of data that is on this system. Indeed, the AMES database appears to be the only check on the work that is being done by authorities; the Agency has traditionally avoided involving its DVMs in a formal budget management/monitoring role with local authorities, though we were told this is now changing.
- 117** The Review Team considers that the Agency should take more responsibility in terms of leading local authority activity in the area of animal health and welfare, and they should have an interest in the work that local authorities are doing across the country in terms of taking a consistent approach. The Review Team believes that the Agency should work with local authorities to develop a partnership approach to this work, and in this respect could learn lessons from the HSE in terms of building this shared approach.
- 118** Whilst the Framework Agreement provides useful funding for local authorities to conduct animal health work, we understand that the arrangement is likely to come to an end in 2011. This has the potential to put in jeopardy some of the good work that is being done by local authorities, as they will need to bid for funding of this work against more high-profile areas of work such as social services. There is a real risk that work in this area will suffer as a result. The amount of work which the framework

funding pays for varies by authority; however one authority we spoke to (at the high end) estimated that their framework funding accounted for some 30% of its resource/activity in a year, including all of its farm advice function.

- 119** The Agency is aware of this risk and has worked with CLG to develop an animal health and welfare indicator (NI 190) for the new national indicator set for local government. The Review Team believes that this is a welcome move, but that it will be a necessary rather than a sufficient

condition for securing a continued level of LA resource in this area. There is a danger that the indicator may not provide the same amount of leverage for LA activity in the area of animal health and welfare as the Framework Agreement currently does. Local authorities are under extreme resource pressure, and take-up may be overridden by specific local needs. This is particularly applicable to 'urban fringe' authorities where the statutory requirement for effective animal disease prevention is not matched by the local imperatives of the mainly urban population.

## Sanctions

### Hampton & Macrory principles

***“The few businesses that persistently break regulations should be identified quickly, and face proportionate and meaningful sanctions.”***

***“Regulators should be transparent in the way in which they apply and determine administrative penalties.”***

***“Regulators should avoid perverse incentives that might influence the choice of sanctioning response.”***

***“Regulators should follow-up enforcement actions where appropriate.”***

## Key findings

- **The Agency does not currently have an enforcement policy or a strategic approach to enforcement**
- **Levels of fines for breaches of legislation are relatively low**
- **Data on the success rate for prosecutions undertaken by local authorities appears questionable**
- **The Agency has shown leadership at a regional level in developing a multi-agency approach to dealing with problem farms**

## Background

**120** Animal Health has the legislative power to undertake enforcement, but it currently undertakes little formal legal-based enforcement action itself. Sections 63 and 64A of the Animal Health Act 1981 confer wide powers of entry to ‘inspectors’ who are appointed either by the Minister (including veterinary inspectors) or by local authorities for disease control and the monitoring of compliance with legislation made under that Act. The main powers are derived from the Animal Health Act (AHA) 1981, but there is also the Animal Welfare Act 2006, the Wildlife and Countryside Act 1981 (for some of the WLRs work) and the European Communities Act 1972 (for implementing

EU derived obligations across the range of Animal Health’s responsibilities). Much of the disease control legislation (whether made under the AHA 1981 or under the European Communities Act 1972) designates the local authority as the enforcement body. For WLRs work, investigation/prosecution is for the police, whereas for DHI it is the FSA and for the EMI it is Defra. In practice, local authorities tend to undertake formal prosecution proceedings, with Animal Health officials acting as witnesses of fact in these legal proceedings.

**121** The majority of offences committed are by farmers, though some are by members of the public (illegal imports of cats and dogs contravening rabies legislation or failure to

have a horse passport), by airlines (carriage of illegally imported animals or carriage conditions which breach animal welfare rules). The most common or typical offences can be:

- Failure to dispose of animal carcasses or other animal by-products in line with legislation, or failure to store animal by-products properly;
  - Livestock untagged;
  - Not recording livestock movements, or movements of animals under restrictions;
  - Failure to transport animals in good conditions (e.g. accommodation too small or food and watering inadequate);
  - Failure to prevent unnecessary suffering of animals, e.g. denying prompt treatment for ill or lame animals, leading to them being left in pain or discomfort.
- 122** A variety of sanctions is available for breaches of the Animal Health Act and other animal and welfare legislation, ranging from giving oral advice to criminal prosecutions. The vast majority of breaches attract action at the lower end of the scale, in relation to livestock identification, movement and records. In 2007, around half the successful prosecutions related to animal welfare, while animal by-products and livestock identification, etc, each constituted around 20%.

## Review Findings

### The Agency does not currently have an enforcement policy or a strategic approach to enforcement

- 123** As highlighted in the Inspections section, the Agency is currently assimilating a number of regulatory agencies into itself. As a result, there are a number of differing approaches to and cultures of enforcement within the Agency.
- 124** For example, the DHI has its own enforcement policy and EMI staff whilst not PACE trained, have PACE awareness and follow PACE principles when it comes to note-taking and evidence gathering to ensure admissibility in Court. EMI will use Defra to investigate and prosecute offences under Eggs & Chicks Regulations and other Regulations that come under Defra policy ownership. EMI also use FCA's own investigators and lawyers if there is an offence under any of the hygiene legislation that EMI enforce for FSA. For the majority of Agency staff their main involvement with legal-based sanctioning activity is as 'witnesses of fact' in local authority cases.
- 125** The Review Team found no evidence of an 'enforcement culture' in the Agency amongst former SVS staff that we spoke to. Some staff did not even see their role as that of a regulator. In addition, there appears to be no-one who 'owns' the issue of enforcement within the Agency at a senior corporate level. However, as an interim measure, the Chief Executive has taken a proactive approach and has commissioned a project to inform her about how best to take this forward.
- 126** The Review Team believes that the Agency should expedite the development of its enforcement policy which is currently in development, and should also start to explore how it can share knowledge across all the constituent parts of the Agency.

### Levels of fines for breaches of legislation are relatively low

- 127** Breaches of animal health and welfare legislation can attract a range of penalties. The penalties available depend on the specific provisions of the legislation but are generally up to six months imprisonment and or a scale 5 fine (currently up to £5,000). The penalties available for some wildlife offences are higher – up to 5 years imprisonment and/or a fine (unspecified). According to information provided by local authorities to Defra, currently in the majority of cases most penalties seem to be at the lower end of the scale, such as conditional discharges or small fines (c. £250 for minor breaches of animal welfare legislation or fines of £1,000 - £2,000 for illegal imports or welfare offences during transport).<sup>11</sup>
- 128** More severe sentences such as very large fines, community service, bans from keeping animals, suspended and custodial sentences are uncommon, reserved for repeat offenders, severe cases of animal cruelty, severe breaches of animal by-products legislation or moving untagged animals without authorisation and passports.
- 129** The Review Team believes that the deterrence value of the sanctioning regime may not be being maximised. The Agency is aware of this, and although it has no direct influence on the scale of the punishment handed out by the courts, we believe that it could do more to raise awareness of the legal establishment regarding the severity and importance of some of these offences. In particular, the Agency could explore giving more information to the courts regarding the nature of the regulatory regime, the seriousness of the offence itself and any financial benefit business

may have accrued from these breaches as recommended by Professor Macrory in his 2006 report on regulatory enforcement<sup>12</sup>.

- 130** Taking cases through the courts is costly and resource intensive and the Agency is keen to explore the range of expanded civil sanctioning options that are available under the Regulatory Enforcement and Sanctions Act 2008.

### Data on the success rate for prosecutions undertaken by local authorities appears questionable

- 131** According to figures from Defra on the outcomes of local authority enforcement activity<sup>13</sup>, a large proportion of cases appear to be failing (in terms of prosecutions initiated against convictions secured).
- 132** These figures are generated from Section 80-81 returns from local authorities rather than data from the AMES database due to concerns around inaccurate and incomplete data on that system. The Review Team discussed these figures with representatives from LACORS and a local authority, none of whom thought the numbers were representative.
- 133** The Review Team is concerned that this data is being put into the public domain without any checks as to its reliability and without any consultation of local authorities. The danger is that this data could give a misleading picture of local authority enforcement action.

### The Agency has shown leadership at a regional level in developing a multi-agency approach to dealing with problem farms

- 134** The Agency has on occasion showed genuine leadership in some areas of multi-

<sup>11</sup> Source: Return of expenditure incurred and prosecutions taken under the Animal Health Act 1981 and incidences of disease in imported animals for the year 2007, Defra and Welsh Assembly Government, March 2008

<sup>12</sup> Regulatory Justice: making sanctions effective, Final report, Professor Richard B Macrory, November 2006.

<sup>13</sup> Source: Return of expenditure incurred and prosecutions taken under the Animal Health Act 1981 and incidences of disease in imported animals for the year 2007, Defra and Welsh Assembly Government, March 2008.

agency working to deal with problem farms. The example we were given involved an elderly tenant farmer who began to have health problems that impacted severely on his ability to adequately care for his cattle and to comply with legislative disease control requirements, leading to numerous breaches of animal health and welfare regulations. The Agency worked collaboratively with the local authority, the farmer and a local rural support charity to address the welfare needs of his cattle.

- 135** Following a joint exercise with the farmer, other local farmers, the Agency, Trading Standards, County Council, RPA, the RSPCA and the rural support charity, the farmer agreed that all his animals would be tested for bovine TB and sold.
- 136** The Review Team believes this multi-agency partnership approach could be applied on a wider scale and could be generalised so that the Agency works collaboratively with delivery partners as the co-ordinator of multi-agency problem solving in this area.

## Focus on Outcomes

### Hampton principle

***“Regulators should measure outcomes and not just outputs.”***

## Key findings

- **The Agency has a sense of its ultimate outcomes at a senior level**
- **However, measuring the Agency’s input and contribution towards its outcomes has proved problematic**
- **There needs to be more clarity regarding the optimum level of resourcing and activity required for both its ‘outbreak’ and ‘between outbreak’ work**

## Background

**137** The Agency seems clear at a high strategic level that the activities it undertakes are aimed at protecting public health and the economy. Below this, it articulates that its chief objectives are to combat endemic diseases and plan for and eradicate exotic diseases. It also acknowledges its role in protecting animal welfare, although this does not appear to have had the same level of prominence attached to it organisationally as disease control. We understand that the new Agency strategy (agreed November 2008) addresses this and raises the priority of welfare. In the case of outbreaks of exotic diseases, the Agency prioritises its efforts and resources into eradication. As the Agency’s 2007-08 Annual Report notes, the opportunity cost of not dealing with disease outbreaks effectively and promptly can be huge – in relation to avian influenza, the turnover of the poultry industry in the UK in 2006 was £1.6 billion and the H5N1 strain has a high mortality rate when passed to humans; and, in relation to foot and mouth disease, beef exports in 2006 totalled £823 million. Without disease-free status these markets would be lost.

**138** Animal Health has published a Corporate Plan for 2008-11 and a Business Plan for 2008-09. The documents are fairly similar, containing a strategic overview with the Agency’s key purpose – *“To minimise the risk and impact of notifiable animal diseases, for the protection of public health and the economy throughout Great Britain”* – and listing the five strategic objectives in support of this:

- Develop our capacity and capability to meet the demands of now and the future;
- Become more consistent, effective and efficient to provide better value for money;
- Establish and maintain a balanced customer-focused approach so that both we and our customers know what service to expect;
- Develop Animal Health’s position as the lead in our core business area to ensure an effective and joined up approach;
- Work with partner organisations, the industry and individuals to shape a complete, simple and coherent package of measures.

## Review Findings

### **The Agency has a sense of its ultimate outcomes at a senior level**

- 139** At a strategic level, we were convinced that the Agency does have a clear sense of where it wants to get to and how it intends to do this. It has recently developed, for example, a number of strategic aspirations to help facilitate this. However, there remains a great deal of work in communicating these aspirations to staff and to get their buy-in to the vision of where the organisation needs to get to. We understand that a full programme of staff conferences is booked to take this forward.
- 140** Across the majority of staff we spoke to during the review, we found a widespread lack of understanding of the Agency's strategic outcomes and little sense of a shared and agreed overall purpose. We also did not get a clear answer to the question of 'what success looks like' from the Agency's perspective.
- 141** To a certain extent, we believe that the development and implementation of the "Sam" data system will assist in clarifying and unifying the Agency's objectives and translating this into the day-to-day activities of staff.

### **However, measuring the Agency's input and contribution towards its outcomes has proved problematic**

- 142** For each objective, the Agency sets out its broad approach to how it will be achieved and the areas of activity which are included. However, much of this is woolly, there are no discernible performance measures or targets and there is little detail on what stakeholders can expect from the Agency in terms of standards it will apply, its priorities and its performance.
- 143** Whilst the Agency has a number of outcomes and monitors a great deal of internal performance data through Local

Implementation Plans (LIPs), the link between the two is not completely clear. We understand that the Agency is to undertake a project with IBM to develop a clear 'line of sight' from the strategic to the local, which should help address these issues.

### **There needs to be more clarity regarding the optimum level of resourcing and activity required for both its 'outbreak' and 'between outbreak' work**

- 144** The Agency devotes a sizeable and growing amount of resource to bovine TB monitoring. The Agency estimates that approximately some 40-50% of its resource is devoted to this area between outbreaks. During the 2001 Foot and Mouth outbreak, the Agency's predecessor organisation was fully stretched in both managing and then eradicating the outbreak. As a result of this, routine TB testing and control work had to be temporarily halted. When the outbreak was over and testing was re-started, the Agency found that there was a 'spike' in the numbers of TB-infected animals, one of the reasons behind this being the lack of monitoring and control for a number of months.
- 145** This balancing of workload is a constant issue for the Agency, as there are a large number of activities that it needs to undertake in addition to its outbreak work to monitor and control endemic disease such as TB. However, it must also be prepared and in readiness to deal with outbreaks of exotic disease as and when they occur to ensure that these diseases do not become endemic diseases in the UK. The Agency could be described as always having one eye on its readiness to respond to an outbreak. It has put a great deal of resource into developing contingency plans and testing its readiness via exercises.
- 146** As a result of the spike of 2001, the Agency now has an expectation that it will

keep its routine work going when there is an outbreak, which can put its resources and staff under severe strain. For example, in the last outbreak of FMD in 2007, the Agency was running close to capacity and got through it, whilst maintaining its other work, by the 'skin of its teeth'. This outbreak was relatively small and localised compared to 2001.

**147** It is not clear that the relative resourcing of the organisation to meet these twin objectives of preventing or managing endemic and exotic disease is fully worked out. The question of what is the optimum level of activity for the Agency to be undertaking to managing these risks does not currently have a clear answer.

## Appendix 1: Review Team membership

**Dr Colin Church** was, at the time of the review, Managing Director, Regulatory Innovation in the Better Regulation Executive, where he led the strategic policy team. His responsibilities included oversight of relations with local and national regulators, sponsorship of the Local Better Regulation Office (LBRO) and creation of a new civil sanction framework; and a range of reviews of policy areas such as planning, consumer law, health and safety, etc. Prior to this, Colin led the UK team in negotiations on the European chemicals policy REACH, developed the UK's first attempts to deal with the environmental effects of the products of nanotechnology and worked on a number of other issues around the impacts and risks of technology. He has also worked for Ofcom (now part of Ofcom) and spent a short period working for the Council of Ministers in Brussels.

**Sandy Mather** is Director of Regulation at the Human Tissue Authority and has been there since its creation in 2005. She has worked in regulation in health and social care for the last twelve years – she has worked as an inspector for several regulators including, the Quality Assurance Agency for Higher Education, the Commission for Health Improvement, and more recently was Head of Inspection at the HFEA. In 2003 she was seconded to the Department of Health for a year as part of the implementation team setting up the Healthcare Commission. She is a paediatric radiographer by profession and while reading for her PhD at the Institute of Child Health, London she represented her profession at conferences and meetings both nationally and internationally.

**Marcus Popplewell** is a specialist value for

money auditor at the National Audit Office. Marcus has led on a wide range of published value for money reviews across government, including the Environment Agency (on flood defences) the Department for Environment, Food and Rural Affairs (on farming and household waste), the Department for Transport (electronic service delivery), the Ministry of Defence (procurement contracting) and the Department for Work and Pensions (benefit fraud). Marcus has previously worked at Rigsrevisionen (the Danish National Audit Office) in a similar capacity. Marcus is a qualified accountant.

**Graham Russell** is the Chief Executive of the Local Better Regulation Office. Under Graham's leadership, LBRO is working to support local authority regulatory services in improving individual services, working with national government to improve the underlying system of local regulation, and introducing the new primary authority scheme – an initiative that will ensure businesses that operate across council boundaries can count on consistent and reliable advice about their legal obligations. Graham worked in local authority regulatory services for more than 20 years and his last post before joining LBRO was head of trading standards and community safety at Staffordshire County Council. He also chaired the Central England Trading Standards Authorities (CeNTSA), sat on the West Midlands business crime forum and worked with the DTI on developing regional intelligence units and the ScamBusters initiative.

## Appendix 2: Key findings and conclusions of the Hampton and Macrory reports

### Hampton principles of inspection and enforcement

- Regulators, and the regulatory system as a whole, should use comprehensive risk assessment to concentrate resources on the areas that need them most
- No inspection should take place without a reason
- Regulators should provide authoritative, accessible advice easily and cheaply
- All regulations should be written so that they are easily understood, easily implemented, and easily enforced, and all interested parties should be consulted when they are being drafted
- Businesses should not have to give unnecessary information, nor give the same piece of information twice
- The few businesses that persistently break regulations should be identified quickly, and face proportionate and meaningful sanctions
- Regulators should recognise that a key element of their activity will be to allow, or even encourage, economic progress and only to intervene when there is a clear case for protection
- Regulators should be accountable for the efficiency and effectiveness of their activities, while remaining independent in the decisions they take
- Regulators should be of the right size and scope, and no new regulator should be created where an existing one can do the work
- When new policies are being developed, explicit consideration should be given to how they can be enforced using existing systems and data to minimise the administrative burden imposed

Source: Hampton Report, Box E2 page 7

## Macrory's principles and characteristics of an appropriate sanctioning regime

A sanction should:

1. Aim to change the behaviour of the offender;
2. Aim to eliminate any financial gain or benefit from non-compliance;
3. Be responsive and consider what is appropriate for the particular offender and regulatory issue, which can include punishment and the public stigma that should be associated with a criminal conviction;
4. Be proportionate to the nature of the offence and the harm caused;
5. Aim to restore the harm caused by regulatory non-compliance, where appropriate; and
6. Aim to deter future non-compliance.

Regulators should:

1. Publish an enforcement policy;
2. Measure outcomes not just outputs;
3. Justify their choice of enforcement actions year on year to stakeholders, Ministers and Parliament;
4. Follow up enforcement actions where appropriate;
5. Enforce in a transparent manner;
6. Be transparent in the way in which they apply and determine administrative penalties; and
7. Avoid perverse incentives that might influence the choice of sanctioning response.

*Source: Macrory Report, Box E1 page 10*

### Appendix 3: Review scope and methodology

The review focused on those aspects of the Agency's activities where we considered that its actions have the most impact on business. These areas included the majority of its work to minimise the risk and impact of animal notifiable diseases within Great Britain both during and between outbreaks.

The following areas were excluded from the scope of the review:

- Activities for which Defra has responsibility, including policy lead and decision making during emergency disease outbreaks
- Government's overall handling of disease outbreaks
- Issues regarding devolution

Our methods included:

- interviews with a wide range of Agency staff including senior managers;
- interviews with other stakeholders including the trade bodies in the farming sector and rural support representative groups;
- Defra policy staff
- focus groups of Animal Health veterinarians and technical officers ,
- interviews with Official Veterinarians and local authority staff
- observational visits including to an Animal By-Products facility and to a livestock market with Agency and local authority staff; and
- document review, including the Agency's high level strategies and plans.

The review process is described in *Hampton Implementation Reviews: Guidance for Review Teams*. It is not the same as a full value-for-money audit of economy, efficiency and effectiveness and the Review Team's conclusions are both evidence- and judgement-based. These judgements, however, have been made drawing on a range of evidence from different sources, including those described above. Judgements have not been based on evidence from a single source – the Review Team has sought to bring together evidence from a number of different businesses or organisations, and from the Agency's front-line staff, policy officials and senior managers.



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