Responsibility and cost sharing

Responsibility and cost sharing is of critical importance and is influenced by a number of factors:

- Animal Health and Welfare Strategy
- Disease prevention and risk reduction
- Changing the relationship between Government and Industry
- Budgetary implications (Comprehensive Spending Review)
- Industry ambitions
- Ministerial objectives

Responsibility and cost sharing:

- Introduction
- What is responsibility and cost sharing
- How will this work be taken forward
- Stakeholder engagement

Responsibility and cost sharing:

Animal Health and Welfare Strategy

“The strategy can only be achieved if everybody works together and accepts their respective roles and responsibilities”

“The costs of livestock health and welfare are appropriately balanced between industry, and the taxpayer”

Responsibility and cost sharing:

Disease Prevention

- Opportunity to achieve a real reduction in overall risk.
- Introduction of more effective rules for reducing the risk of disease spread as a result of industry engagement in decision making
- Potential for a more effective and efficient management of animal health risks
- General increase in industry awareness

Responsibility and cost sharing:

Risk ownership and reduction

- There is a distinction to be drawn between ownership of risk and responsibility for managing that risk. Responsibility sharing will provide the an opportunity to get the two as closely aligned as possible.
- Responsibility sharing provides a good opportunity for livestock industries to become more active participants in deciding what is the best approach in terms of rules and regulations in relation to risk management activity beyond individual farm level.
Responsibility and cost sharing

Budgetary implications

- Zero Based Review reported in May 2006
- Identified potential savings of 50% of Animal Health and Welfare budget
- CSR negotiations ongoing
- Challenging targets likely (120m)

Responsibility and cost sharing

Industry Appetite

"I see this as a real opportunity to set a new agenda for the relationship between government and farming and we would all be failing in our positions as industry leaders if failed to grasp this opportunity."

"After decades of playing out the 'parent-child' scenario, farming leaders can now decide to engage with Government on a more mature basis."

Responsibility and cost sharing

Charging and regulation strategy

- Principle 1: The polluter, risk owner or beneficiary pays
- Principle 2: If the regulated do not obviously conform to the description of polluter, risk owner or beneficiary then the taxpayer pays all or part of the cost of the regulatory service.
- Principle 3: Aim for full cost recovery
- Principle 4: Charges paid by the individual or firm should broadly reflect the cost incurred by the regulator in regulating that firm or individual.

Responsibility and cost sharing

Opportunities

- Underpin and support delivery of the Animal Health and Welfare Strategy
- Fundamentally change the relationship between Government and livestock keepers to the benefit of everyone.
- Industry will be able to take greater responsibility for its own decisions and will have greater ownership of the risks.
- Provide opportunities for improved regulation and a reduction in the regulatory burden in future.

Responsibility and cost sharing

Principles to underpin responsibility and cost sharing

1. Preserving public safety and maintaining confidence both nationally and internationally in UK food production.
2. Preserving the principles of the AHWS – especially that prevention is better than care.
3. Maintaining and improving capability to deliver policies.
4. Sharing responsibilities so that achievement of animal health and welfare outcomes is effective and efficient.
5. Sharing costs only where the activity provides a clear benefit or service to industry, taking account of affordability, and of the impact on competitiveness.
6. Focus cost sharing where it is most likely to reduce disease risk.
7. Responsibilities should be shared at least where costs are shared.
8. Accountability for both industry and Government.
9. The regulatory burden should be reduced and measures simplified wherever possible.
10. Consistency with EC and international developments.

Responsibility and cost sharing

Principle 1: Preserving public safety and maintaining confidence both nationally and internationally in UK food production

- Protection of public health is central to any animal health policy.
- Better management for disease risks so that overall risks and effects on public health are reduced.
- In everyone’s interest that UK consumers and the International community have confidence that UK food is produced safely from healthy animals that are well cared for.
Responsibility and cost sharing

Principle 2: Preserving the principles of the AHWS – especially that prevention is better than cure

- Animals that are cared for appropriately are more likely to be healthy and less likely to contract or spread disease.
- Beyond the farm gate, surveillance for new and emerging threats and effective border controls are necessary to support the prevention of animal health and welfare threats.

Responsibility and cost sharing

Principle 3: Maintaining and improving capability to deliver policies

- Policy needs to be backed up by effective implementation on the ground.
- The State Veterinary Service and other delivery agents need to be able to rely on robust systems to deliver animal health and welfare objectives.
- Improving efficiency and continued investment in delivery capability will remain crucial.

Responsibility and cost sharing

Principle 4: Sharing responsibilities so that achievement of animal health and welfare outcomes is effective and efficient

- A more appropriate balance of responsibilities will improve policy making by ensuring those who are best placed to manage risk are at the centre of the decision making process.

Responsibility and cost sharing

Principle 5: Sharing costs only where the activity provides a clear benefit or service to industry, taking account of affordability, and of the impact on competitiveness

- Beneficiary pays principle – where a discrete group can be identified as gaining from a service they should bear the cost of providing that service.
- Reflects the encouragement for the livestock sector to take greater ownership for managing animal health and welfare risks on-farm.
- Ensure account is taking of the cumulative impact of cost sharing proposals.

Responsibility and cost sharing

Principle 6: Focus cost sharing where it is most likely to reduce disease risk

- Use cost and responsibility sharing to promote positive behaviour.
- Incentives for good practice.

Responsibility and cost sharing

Principle 7: Responsibilities should be shared at least where costs are shared

- JWG principles that wherever costs are shared so should responsibilities.
- User pays, user says.
- Consideration needs to be given to those who may not pay but who will be directly affected by decisions.
Responsibility and cost sharing

Principle 8: Accountability for both industry and Government

- Responsibility sharing must include an effective mechanism which provides accountability of farming, taxpayer and other interests.
- Industry element of responsibility sharing must be representative of the entire livestock industry.
- Essential that there remains appropriate accountability to Parliament and wider public interests.

Principle 9: The regulatory burden should be reduced and measures simplified wherever possible

- Responsibility sharing provides a valuable opportunity to reduce the regulatory burden.
- Opportunity to re-examine the rationale for intervention and the way in which regulatory requirements are met.

Principle 10: Consistency with EC and international developments

- EC plans for responsibility and cost sharing as part of Community Animal Health Plan.
- Opportunity to influence this debate.
- Essential that the domestic approach to responsibility and cost sharing is consistent with the developing EC plans.

What might responsibility sharing look like?

3 questions

- What are we sharing responsibility for?
- Who are we sharing responsibility with?
- How are we sharing responsibility?

Three possible models to illustrate a continuum of responsibility sharing options:

- Consultation +
- Agency
- Non Ministerial Government Department
- ‘Control v controlled’
- These are not exhaustive and there can be a ‘mix and match’ between structures / governance
Responsibility and cost sharing

Consultation +
• Build on current consultation working
• Could include 'body' with whom there is a statutory duty to consult
• Influence of Industry; Government retain decision making

Possible Advantages
• Strengthens current consultation process
• Relatively easy to establish
• Clear accountability of Government
• Limited cost to establish

Possible Disadvantages
• Limits industry involvement to influence (not decision making)
• Assumes a 'body can be formed' with which to consult
• Speed of response?

Responsibility and cost sharing

Non Departmental Public Body
• Executive non-departmental body to manage disease control elements of animal health
• Arms length from Government but directly accountable to Ministers
• Consists of a board of members appointed by Ministers

Possible Advantages
• Arms length from Government
• Only disease control elements are included so effort can be focussed

Possible Disadvantages
• Degree of independence is limited in relation to policy making
• Possible significant costs
• Risk of splitting animal health responsibilities
Responsibility and cost sharing

Non Ministerial Government Department

- Animal Health managed by an appointed Industry / Government board
- Truly a partnership approach
- Could establish advisory bodies to include a wider range of stakeholders
- Has full responsibility for policy in its areas of authority

Possible Advantages
- Would be seen as a full partnership
- Guaranteed independence – ‘depoliticised’
- Has sole responsibility for policy in its area of competence

Possible Disadvantages
- Complex and potentially expensive
- Criteria for appointment to ensure accountability?
- Likely to need complex legislation

What next?
Responsibility and cost sharing

December 2006
- Consultation on principles to underpin responsibility and cost sharing
- No specific proposals
- Help inform discussion which will lead to more detail proposals

Responsibility and cost sharing

July 2007
- Detailed consultation on Government proposals for responsibility and cost sharing
- Proposals developed with Industry and others
- Proposals will form the basis of a Responsibility and cost sharing Bill