

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT ANIMAL BY-PRODUCTS, PET PASSPORT
AND ANIMAL HEALTH (FEES) (ENGLAND)
(AMENDMENT) REGULATIONS 2023

Tuesday 6 June 2023

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Saturday 10 June 2023

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The Committee consisted of the following Members:

Chair: SIR ROBERT SYMS

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| † Abrahams, Debbie (<i>Oldham East and Saddleworth</i>)
(Lab) | † Jones, Mr David (<i>Clwyd West</i>) (Con) |
| † Churchill, Jo (<i>Vice-Chamberlain of His Majesty's Household</i>) | † Kruger, Danny (<i>Devizes</i>) (Con) |
| † Crosbie, Virginia (<i>Ynys Môn</i>) (Con) | † McCartney, Jason (<i>Colne Valley</i>) (Con) |
| † David, Wayne (<i>Caerphilly</i>) (Lab) | † Mayhew, Jerome (<i>Broadland</i>) (Con) |
| † Glindon, Mary (<i>North Tyneside</i>) (Lab) | † Skidmore, Chris (<i>Kingswood</i>) (Con) |
| † Hamilton, Mrs Paulette (<i>Birmingham, Erdington</i>)
(Lab) | † Sobel, Alex (<i>Leeds North West</i>) (Lab/Co-op) |
| † Harrison, Trudy (<i>Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs</i>) | Throup, Maggie (<i>Erewash</i>) (Con) |
| † Hollern, Kate (<i>Blackburn</i>) (Lab) | Turner, Karl (<i>Kingston upon Hull East</i>) (Lab) |
| | † Vara, Shailesh (<i>North West Cambridgeshire</i>) (Con) |
| | Huw Yardley, <i>Committee Clerk</i> |
| | † attended the Committee |

First Delegated Legislation Committee

Tuesday 6 June 2023

[SIR ROBERT SYMS *in the Chair*]

Draft Animal By-Products, Pet Passport and Animal Health (Fees) (England) (Amendment) Regulations 2023

2.30 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Trudy Harrison): I beg to move,

That the Committee has consider the draft Animal By-Products, Pet Passport and Animal Health (Fees) (England) (Amendment) Regulations 2023.

The draft regulations, which were laid before the House on 18 April, will make amendments to the Animal Health (Miscellaneous Fees) (England) Regulations 2018 and the Animal By-Products and Pet Passports Fees (England) Regulations 2018 to ensure that there is no under-recovery or over-recovery of costs. The amendments do not contain any changes to policy—only the fees that the Animal and Plant Health Agency can collect on behalf of the Secretary of State.

The fees are designed to fund APHA's frontline statutory animal health services for safeguarding animal health and supporting our domestic and international trade, which are: consignments inspection and licensing of facilities involved in the trade of livestock semen, eggs and embryos; inspection and licensing of facilities involved in the handling of animal by-products not destined for human consumption; inspection of live animals and certain high-risk products arriving from third countries at our border control posts; surveillance of commercial poultry flocks and licensing of private laboratories carrying out tests under our national salmonella control programme; and registration and approval of premises intended to export breeding poultry from Great Britain. The proposed amendments also include the removal of the fees regime for pet passports, as pet passports are no longer issued in Great Britain.

Following public consultation, new fees for those services were last introduced in 2018, with a commitment to businesses that fees would be reviewed biennially. The agency's focus of effort and resources on EU exit work and covid meant that the reviews were halted and consequently the fees have not been refreshed. As a result, full cost recovery is not being achieved and the schemes are operating at a deficit of between £0.4 million and £0.5 million per year. That shortfall is being funded by the public purse.

New fee schedules to deliver full cost recovery have now been developed. No additional margins or profits have been included, and my counterparts in His Majesty's Treasury have approved the approach taken. The average increase in fees to achieve full cost recovery would be 51%. Given the substantive cost increases for some fees, we are proposing to continue the approach agreed in the 2018 regulations and apply phased increases over two years, with 50% of the fee uplift delivered in July 2023 and full cost recovery delivered from July 2024.

The exception to that is border control post services and some other small-value activities, where we are proposing to increase fees and achieve full cost recovery from July this year. The uplift in border control post fees from 2023 will help us to avoid operational conflicts with changes that may follow the review of the new borders and boundaries fees process. Delaying the uplift further would only increase the gulf between cost and recovery, and the impact of the changes would be even greater because of the impact of compounding factors such as inflation.

APHA has continued to engage with business users and associations on service performance and fees following the 2018 revision, and those businesses are aware of the proposed new fee schedules. We are not aware of any negative responses to the fee changes, and engagement inquiries have been focused solely on service performance. The statutory instrument applies to England only. The Scottish and Welsh Governments are following a similar approach and have introduced corresponding legislation. I commend the draft regulations to the Committee.

2.34 pm

Alex Sobel (Leeds North West) (Lab/Co-op): I thank the Minister for outlining the need for the changes. This is a wide-ranging SI, increasing the fees charged by the Animal and Plant Health Agency for a range of services, from bovine semen control to salmonella control programmes. While His Majesty's Opposition support the enforcement of our agreed regulatory framework, I worry about steep and speedy increases in associated costs. The SI provides for an average median uplift in fees of 41% for services related to animal by-products, 53% for services related to salmonella controls, 21% for services related to poultry health and 65% for services related to breeding controls.

The explanatory memorandum notes that, due to a lack of uprating in recent years and the need to ensure cost recovery, the increases to fees are much higher than inflationary rises. While we accept that the increases will be phased over two years, can the Minister understand that those are not the only additional costs that many businesses will face? Given that the current rate of inflation is over 8% and some key agricultural inputs have increased by over 100% in the last 18 months, is she convinced that this is the right time for such stark increases in costs?

The explanatory memorandum also notes that regular reviews of the 2018 fees were put on hold due to "reviewed agency prioritisation" in the light of Brexit preparations and the covid pandemic, hence the need for a significant increase now. It states that the responsible body

"had already engaged with key stakeholders for the businesses affected and are planning to re-engage",

but no further information is offered. What form did the previous engagement take? What was the general response? When will the next round of engagement commence and what will it look like?

Will the Minister inform us when the next fees review will be undertaken, and can she give an assurance that we will not see a repeat of the issues that seem to have been encountered this time around? Our agri-businesses are struggling, and additional unexpected costs will not help. I worry that capacity issues at the Department for

Environment, Food and Rural Affairs, unquestionably due to challenges post Brexit and post the pandemic, are hitting our sector at the wrong time. We would appreciate an update on how many more SIs on issues pertaining to the sector are delayed and when we should expect them. I look forward to her response.

2.36 pm

Trudy Harrison: I understand that any cost to business at this time is difficult, but I reiterate the need to do this now. Leaving it any later would clearly add further costs to the public purse. The fees have not been uplifted for five years—four years for ABP—so the gap between costs and income have been a burden to taxpayers. The longer fees are left unchanged, the more the gap will increase.

As I said, APHA is spreading the increase over two years. That is absolutely in response to the overall 51% increase. The instrument will maintain the alignment of animal

health inspection fees with UK Government policy to recover the full costs of official checks. That is essential, and will become more expensive if we do not manage the work that APHA does effectively arising from commercial activities.

As I outlined, the draft regulations ensure that UK Government policy for full cost recovery for our animal health services is maintained and that the costs of providing those services are met solely by the businesses using the services. In answer to the hon. Gentleman's question about when they will next be reviewed, we will endeavour to get back to the trajectory of reviewing biennially—that is, every two years. I fully commend the draft regulations to the Committee.

Question put and agreed to.

2.38 pm

Committee rose.

