

Title: The Bovine Embryo (Collection, Production and Transfer) (Fees) Regulations 1995 IA No: Defra1435 Lead department or agency: Department for Environment Food and Rural Affairs Other departments or agencies:	Impact Assessment (IA)		
	Date: 28/05/2012		
	Stage: Consultation		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Jim Estall jim.estall@defra.gsi.gov.uk 0207 238 5118/Sonia Guthrie sonia.guthrie@defra.gsi.gov.uk			
Summary: Intervention and Options			RPC Opinion: AMBER

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£0m	£0.106m	£0.011m	No
			NA

What is the problem under consideration? Why is government intervention necessary?

The Bovine Embryo (Collection, Production and Transfer) (Fees) Regulations 1995 set fees for services under the Bovine Embryo (Collection, Production and Transfer) Regulations 1995. These apply to Great Britain (GB). This SI transposes Directive 89/556/EEC as far as collection and production for intra-union trade of bovine embryos is concerned. Current fees do not reflect the true cost to government of providing this statutory service resulting in a subsidy for applicants and a financial cost to the general taxpayer. Government intervention is necessary to remove the subsidy and relieve the burden on the general taxpayer and it is intended to increase the charges to businesses to full cost recovery levels.

What are the policy objectives and the intended effects?

Controls on Bovine embryos are necessary to prevent the spread of certain animal diseases transmitted through embryo transfer and which prevent economic wellbeing of the livestock industry. This proposal aims to relieve the burden on the taxpayer of providing this statutory service without compromising Animal Health and Welfare and our ability to trade in Bovines and related products. The intended effect of the policy is a more efficient use of public resources by transferring the cost of service provision from the general taxpayer to the direct beneficiaries of this licensing service and move toward Full Cost Recovery (FCR), in line with Government policy (Managing Public Money (October 2007) HM Treasury).

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

0. Do nothing (no change to current policy of partial recovery)
1. Introduction of fees increases to achieve Full Cost Recovery (FCR) in year 1 (from October 2012) for the inspection and approval of bovine embryo, collection, production and collection teams (from October 2012)
2. Phased introduction of fee increase to achieve FCR by year 2 (from October 2013) for the inspection and approval of bovine embryo collection, production and transfer teams.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: Month/2017					
Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium No	Large No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: No		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible
SELECT SIGNATORY:

Date:

Summary: Analysis & Evidence

Policy Option 1

Description: Introduction of Full Cost Recovery (FCR) for the inspection and approval of premises for all applicants, with implementation in October 2012

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.013	0.114

Description and scale of key monetised costs by 'main affected groups'

This option introduces full recovery of costs from services in 2012. The average annual cost at constant prices is £13,000. This cost will be borne by businesses collecting, producing and storing bovine embryos. (See table on page 6).

Other key non-monetised costs by 'main affected groups'

None

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.013	0.114

Description and scale of key monetised benefits by 'main affected groups'

The beneficiaries of this option will be the general taxpayer who will benefit from a cost transfer to the industry. The magnitude of these benefits will be the same as the costs above.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks

Assumption: service cost forecasts for 2011/12 are based on the assumption that the number of teams will remain at or close to 2010/2011 volumes.

Discount rate (%)

3.5

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.013	Benefits: 0	Net: 0.013	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Phased introduction of fee increases from October 2012 to achieve Full Cost Recovery (FCR) for the inspection and approval of premises for all applicants from October 2013

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.013	0.106

Description and scale of key monetised costs by 'main affected groups'

This option introduces full cost recovery from October 2013. Additional costs will be borne by businesses exporting to other EU Member States or trading with other companies domestically. The annual average cost to business would be about £13,000. (See table on page 6).

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.013	0.106

Description and scale of key monetised benefits by 'main affected groups'

Benefits to taxpayers result from transferring costs to industry. The magnitude is the same as the costs to business above.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: 0.012	No	NA
Benefits: 0		
Net: 0.012		

Evidence Base (for summary sheets)

1. Background:

- 1.1 The Bovine Embryo (Collection, Production and Transfer) (Fees) Regulations 1995 sets the fees payable for services under the Bovine Embryo (Collection, Production and Transfer) Regulations 1995 which is the GB legislation that transposes European Directive 89/556/EEC as far as collection and production for intra-Union trade of bovine embryos is concerned. It also lays down (mainly welfare related) requirements for embryo transfer. They also provide for domestic trade in bovine embryos.
- 1.2 The policy for bovine embryo collection, production and transfer rests with the Competent Authority which in this case is Defra. It is administered by the Animal Health and Veterinary Laboratories Agency (AHVLA), an executive agency of Defra, who carry out inspections and approval of embryo collection, production and transfer teams.
- 1.3 The bovine embryo industry is very small. Currently there are 18 approved Bovine Embryo Collection and Production Teams approved for intra-Union Trade (see Annex 1). The teams consist essentially of a team veterinarian (plus a Deputy) and a number of technicians who help with the collection (providing anaesthesia) and processing of the embryos. Most embryos are collected on the farms/holdings where the donor females reside. The teams need to have access to a laboratory in which to process the embryos. The laboratory can be a mobile laboratory or a permanent one. Embryos can either be processed in mobile laboratory on the farm/holding or taken to a permanent laboratory for processing. If in-vitro embryos are produced (eg in a 'test-tube'), special cabinets (with laminar flow) are required in which to process the embryos. After processing, the embryos are mostly frozen and stored in an approved store pending dispatch for embryo transfer. Embryo transfer within GB is also regulated to ensure there is no foeto-maternal disproportion and this can only be carried out by a veterinarian. Approval of the teams involves an interview with the veterinarian, an inspection of the laboratory (including laminar flow cabinets if appropriate) and storage facilities.
- 1.4 (AHVLA) carry out, on behalf of the Competent Authority (Defra), a range of services to this industry in relation to approval of Bovine Embryo premises, production teams and one laboratory, additional laboratories, storage centres and additional storage centres, to ensure compliance with European Directive 89/556/EEC.

2. Problem under consideration

- 2.1 The Bovine Embryo (Collection, Production and Transfer) (Fees) Regulations 1995 set fees for services under the Bovine Embryo (Collection, Production and Transfer) Regulations 1995. This Statutory Instrument guards against diseases which could be transmitted via embryos and to facilitate trade. Current fees do not reflect the true cost to Government of providing this statutory service resulting in a subsidy for users and a financial cost to the general taxpayer. The service that AHVLA provide to industry is to licence Bovine Embryo (Collection, Production and Transfer) Teams and Storage centres. It controls the conditions under which embryos are collected, identified and traced. In short, it controls the health status of donor animals.
- 2.2 Government intervention is necessary to remove the subsidy and relieve the burden on the general taxpayer and it is intended to increase the charges to businesses to full cost recovery levels. HMT has ruled out the previous method of publishing the charges on the web. This means that we will have to publish a schedule setting out the new fees to the Bovine Embryo (Collection, Production and Transfer) (Fees) Regulations 1995. Wales and Scotland will be required to amend their legislation to reflect the new charging fees.

3. Rationale for intervention

- 3.1 These costs are transferred to industry by charging, essentially there is a cost to the industry and equivalent benefit to society as the revenue is paid to AHVLA. This arrangement avoids

the implicit subsidisation of private sector at taxpayer expense. Charging for these services is in accordance with Treasury and Defra's rationale for charging.

- 3.2 Our evidence base shows the charging regime to date will not recover full costs.
- 3.3 The full cost to AHVLA for providing this service in 2011/12 will be circa £18,000.00. Income received for 2010/11 was £4159.00. Expected income for 2011/12 is £5,875.
- 3.4 However, the current levels of charges don't reflect the true cost of the service, resulting in a significant subsidy and burden on the general taxpayer.
- 3.5 Other Member States (MS) have a different approach to how they charge for services to industry. It has been recognised that some MSs are more supportive than others. We have consulted other Member States on their approach to charging and some fully recover their costs, some subsidise and some partially subsidise. The table below illustrates responses from some Member States. For those who are yet to respond we will obtain this information during consultation. As there is no EU legal basis for charging for such work, there isn't a requirement for MSs to operate in the same way.

Other Member States (MS) Approach to Charging Approval of Bovine Embryos Collection and Production Teams	
Cost Fully Recovered	Estonia, Latvia, Lithuania, The Netherlands
Costs Partially recovered	Czech Republic, Finland (approval charge fixed and set yearly), Norway (NOK3925),
No Cost - Industry subsidised	France, Ireland, Luxembourg, Poland, Romania
Other Comments	Cyprus – not applied Germany – unable to provide information

*There are 27 Member States (including the UK), and responses received are from: Cyprus, Estonia, Finland, France, Germany, Ireland, Latvia, Lithuania, Luxembourg, Norway, the Netherlands, Poland and Romania.

4. Policy objective

- 4.1 The objective of this policy is to relieve the burden on the taxpayer of providing this statutory service without compromising the Governments' s commitment to Animal Health and Welfare and ability to trade in Bovines and related products including germplasm.
- 4.2 The intended effect of the policy is a more efficient use of public resources by transferring the full cost of service provision from the general taxpayer to the direct beneficiaries of this licensing service and move toward Full Cost Recovery (FCR), in line with Government policy (Managing Public Money (October 2007) HM Treasury).

5. Description of options considered (including do nothing)

- 5.1 Three options have been considered in delivering the policy objective of ensuring that the licensing and control of Bovine Embryo Collection, Production and Transfer is cost neutral to Government. They are:

Option 0: This is the 'do nothing' baseline (ie keep charges at current levels) against which other options are evaluated. Costs and benefits are not measured for this option but clearly it would not deliver the government's objective of full cost recovery.

- **Option 1: Introduction of Full Cost Recovery charges from October 2012) for inspection and approval of premises.** This option would deliver the Government's stated objectives and recover the full cost of the service in one go.
- **Option 2: Phased introduction of fee increases to achieve Full Cost Recovery charges from October 2013 for inspection and approval of premises. From October 2012 fees would increase by half the eventual full increase.** This option would deliver the

Government's stated objectives and recover the full cost of the service, but over a slightly longer period.

- **Preferred option - Option 2** – This option would fully recover cost for services provided by AHVLA over a longer period and allow an adjustment period for business

6. Costs and benefits for each option (including administrative burden)

6.1 Options

Option 1: Introduction of full cost recovery charges from October 2012 for the inspection of Bovine Embryo (Collection, Production and Transfer Teams) and for approval of premises.

Cost and benefits:

- Industry will have to meet the actual costs for services provided by AHVLA in connection with the collection, production and storing of bovine embryos. The total extra cost to the sector are set out in the table below and amount to about £7,000 in the financial year 2012/13 and £14,000 a year thereafter.
- In economic terms fees and charges are regarded as a form of transfer i.e. the costs are transferred from one party to another. In the above cases the additional cost is being transferred from the government (taxpayer) to those who receive the service. The taxpayer therefore enjoys a benefit of equal magnitude to the cost borne by the user of the service.

Option 2: Introduction of fee increases for the inspection of Bovine Embryo (Collection, Production and Transfer Teams) inspection and approval of premises to achieve FCR from October 2013 with phasing in from October 2012 at half the eventual full cost.

Costs and Benefits:

- As shown in the table below the additional costs to industry (and benefits to the taxpayer) will be about £3,500 and £10,500 in 2012/13 and 2013/14 respectively and £14,000 a year thereafter.
- The following table shows the increased cost to business as a consequence of higher charges. These costs are shown on the summary pages at the beginning of this document and are equivalent to the reduced need for subsidy from the general taxpayer. They are also therefore the benefits of these options.

Table: Increase in costs to business from higher charges (equivalent to benefit to taxpayer)
(Financial years £m)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At constant prices											
Option 1	0.007	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.133
Option 2	0.003	0.010	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.125
Present Value (a)											
Option 1	0.007	0.014	0.013	0.013	0.012	0.012	0.011	0.011	0.011	0.010	0.114
Option 2	0.003	0.010	0.013	0.013	0.012	0.012	0.011	0.011	0.011	0.010	0.106

(a) discounted at 3.5%

The basis for charges is set out in Annex 2. Annex 3 sets out the current fees (which were set in 1995) and the proposed increase.

6.2 Summary of preferred option with description of implementation Plan

- 6.2.2 The preferred option is option 2: Phased introduction of FCR by year 2 of implementation (from October 2013) for inspection and approval of premises.
- 6.2.3 The income for services provided by AHVLA in 2010 -11 is £0.004m. The increase in charges to adopt FCR amounts to £0.014m per annum. We need to determine from industry the values of consignments but in principle, overall cost recovery is achievable.
- 6.2.4 A phased introduction of FCR is being recommended given the size of the increases in the charges. The benefit of this option is to give businesses the time to adapt to the increase and if necessary apply efficiencies to absorb the fees. Annex 4 sets out details as to when the fees will be phased in against each activity/service and when we will achieve FCR.
- 6.2.5 Our plan would be to introduce charges via a Statutory Instrument in October 2012.

6.3 Administrative Burdens

We predict that there will be minimal (perhaps insignificant) increase in the administrative burden on businesses or Government, because, although charges will increase for some activities, the administrative and inspection service remains unchanged.

7. Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

- 7.1 Charging for these services identified in the proposed legislation is in accordance with Defra's overall rationale for charging. If an industry group or individual undertakes an activity that has a potential to cause adverse impact on others, it should face the cost of enforcing and implementing the regulation. Furthermore, where charges are applied for services they should aim for full cost recovery.
- 7.2 In terms of GB trade patterns there is an increasing trend in the volume of bovine embryo trade (see table below). We have not been able to determine the value of this trade in our initial contact with the Bovine Embryo industry and we will pursue this data in our consultation.

Year	Number of consignments	Value of trade (£mill)
2009	134	To be determined through consultation
2010	172	To be determined through consultation
2011 to date	188	To be determined through consultation

- 7.3 This is a relatively small industry in terms of production driven by 18 businesses. (Annex 1 refers). In the absence of information on trade values, we need to understand, through consultation, what the impact of moving to FCR will be. Fees have not been revised since 1995 so an increase in the fees (predominately Veterinary Officer costs) is anticipated by the Bovine Embryo industry. We are introducing efficiency whereby the admin costs for the approvals of the Bovine Embryo Transfer Team and the Storage Centre is combined and or where there is routine inspection of each additional laboratory or store at the same time as and within 8km of any other inspection.
- 7.4 AHVLA and Defra have collaborated with this specialised sector since the BSE ban on the export of bovine embryos from the UK was lifted in 2005, although the structure of fees was not discussed.

8. Risks and assumptions

The main risks if the requirement to introduce full cost recovery based charges is implemented are that the increase in charges proposed may:

- Reduce demand, for the service if some market sectors become unprofitable
- Potentially increasing cost to domestic market and importers (e.g. EU member States and Third Countries)

These implementation risks are considered manageable, with Option 2 providing a longer timescale.

Assumptions

- funding for the project remains at planned level; industry willing to engage with government to meet government's objectives of achieving full cost recovery; resources available to complete project
- the service costs of 2012/13, upon which the fees are calculated, are based upon the assumption that trade volumes (number of consignments) 2010/11 will be maintained post-implementation
- the increase in costs to businesses will not be significant and will be manageable across the piece. The administrative burden of implementation will not be significant.
- changes in business practices in response to changes in fees will vary depending on the size of the business. Businesses may adapt.

9. Direct costs and benefits to business/ Industry calculations (following OIOO methodology)

- 9.1 One-In-One-Out methodology has been followed. However, it should be noted that these proposals are not under the scope of the One-In-One-Out in line with the statement by the MoS for Business and Enterprise that 'fees and charges should only be considered in scope of the Government's One-In-One-Out policy where they resulted from an expansion in the level of regulatory activity'. These proposals do not expand the level of regulatory activity. Treasury's Managing Public Money clearly states that it is government policy to charge for many publicly provided services and the norm is to cover full costs services and all options presented work towards this aim.

10. Wider impacts (consider the impacts of your proposals)

- 10.1 It is anticipated that businesses affected by the change in fees will pass these costs on to customers. We do not anticipate that the proposed charges will restrict competition in this sector within GB. This sector contains a number of players and is fragmented.
- 10.2 However, the phasing of fee increase (option 2) will be the sector to adjust over the time period

10.3 Small firms impact assessment

- 10.3.1 A more detailed exploration with trade associations will be carried out to ensure the issues for small businesses are scoped and set out fully in the draft consultation documents. Furthermore a request for evidence of impacts on small businesses will be carried out through informal and formal consultation. These will assist in determining whether further exemptions, in addition to the 2-year adaptation time provided under option 2, could be justified.

10.4 Competition Impact Assessment

- 10.4.1 The increase in the charges will be an additional cost to business in this sector. It may be possible for some businesses to pass the costs to customers to absorb them themselves. There may be some markets, particularly where profit margins are high, where demand is sufficient and robust for customers to pay the increased prices.
- 10.4.2 However, the sector is currently fragmented with micro, small and medium businesses involved in the trade. Industry will continue to trade and provide a good quality of service to their customers. Furthermore, the phasing of fee increase (Option 2) will help the sector to adjust to changes over a two year period. On this basis we do not anticipate that the proposed charges will restrict competition in this sector within Great Britain.

10.5 Cumulative Impact

10.5.1 The increase of charges to the Bovine Embryo (Collection, Production and Transfer) (Fees) will not have a cumulative impact on the other charging IAs we are consulting on. This sector does not affect the same groups that have been identified in the other IAs.

10.6 Legal Aid

10.6.1 The proposal does not create new criminal sanctions or civil penalties.

10.7 Carbon Impact Assessment

10.7.1 The proposal will have no significant effect on carbon emissions.

10.8 Greenhouse gases Impact Assessment

10.8.1 The proposal will have no significant effect on greenhouse gases.

10.9 Other Environment Issues

10.9.1 The Proposal has no implications in relation to climate change, waste management, landscapes, water and floods, habitat and wildlife or noise pollution.

10.10 Health Impact Assessment

10.10.1 These proposals do not alter the number or frequency of inspections made to protect public health, but rather the sustainability of the inspection system going forward by ensuring full costs are recovered and that therefore the necessary number and quality of official visits continue in future years.

10.11 Race/ Disability/Gender

10.11.1 The legislation does not impose any restriction or involve any requirement which a person of a particular racial background, disability or gender would find difficult to comply with. Conditions apply equally to all individuals and all businesses (except the very smallest) involved in the activities covered by the legislation.

10.12 Human Rights

10.12.1 No impact noted.

10.13 Rural Proofing

10.13.1 The majority of producers affected by the charging legislation are based in rural areas.

Total Number of Bovine Embryo Collection and production Teams as of 28 August 2011 approved for intra-Union trade		
Company	Collection	Production
Paragon Embryo Transfer	Y	N
Windy Ridge	Y	N
Ovaflo Bovine Embryo Transfer	Y	N
Nethercroft Farm	Y	N
Bovine Genetics	Y	N
Stowe Hill Farm	Y	N
The Drove Veterinary Hospital	Y	N
Embryonics – Part of Willows Veterinary Group	Y	N
The Vale Veterinary Centre	Y	N
5 Wolfgill Court, Calside Dumfries	Y	Y
Cambridge Embryo Transfer Ltd	Y	N
Celltech Embryo Transfer Ltd	Y	N
Cedar Veterinary Services Ltd	Y	N
Lambert Leonard and May	Y	N
Bishopton Veterinary Group	Y	N
Westpoint Veterinary Services	Y	N
R H Tait and Company	Y	N
Embryonics – Part of the Willows Veterinary Group	Y	N

Basis for published charges

The proposed fees regulations provide the Secretary of State with powers to recover costs for the activities undertaken on his behalf with regard to:

Approvals for the purposes of Bovine Embryo Collection, Production and Transfer Teams under Council Directive 89/556/EEC and the Bovine Embryo (Collection, Production and Transfer) Regulations 1995

<i>Approval of bovine embryo collections or production teams and laboratories</i>

<i>Approval of bovine embryo transfer team</i>
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<i>Approval of storage premises</i>

<i>Alterations to premises or facilities</i>
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<i>Routine inspection relating to approved teams</i>
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The financial objective should be full cost recovery for the service provided to industry. In principle the full cost should be recovered each year.

The full cost should be calculated on an accrual basis. It is the total cost of all the resources used in providing the service (direct and indirect costs, including a full proportional share of overhead costs and any selling and distribution expenses, insurance depreciation and cost of capital, etc both cash and non cash costs.

The costs should be actual whenever possible, with estimates (e.g. based on periodic surveys) used only when the actual information is not available (or only available at disproportionate cost). Whenever possible, the method of assessing costs should be that used for the operating cost statement of departments' resource accounts (or other public bodies annual accounts) Where necessary, a method of apportioning overhead costs should be determined and applied consistently.

Current charges verses proposed charges with Admin/VO breakdown

Activity	Current Fees Chargeable	Revised/Proposed 2012-13 (at Full Cost Recovery rates)			
	£	Admin Fee	VO time	Cost	Total cost (FCR)
Approval of BE collection or production team with inspection of one laboratory	181.00	188.57	3.00	272.97	461.54
Approval of BE collection or production team with no inspection of laboratory	148.00	188.57	0.00	0.00	188.57
Approval of additional laboratory	130.00	125.71	2.50	227.48	353.19
Approval of additional laboratory when inspection done at same time as and within 8km of any other inspection under the principal regulation	36.00	41.90	1.00	90.99	132.89
Approval of BE transfer team	148.00	17.36	0.00	0.00	17.36
Approval of storage centre	130.00	125.71	2.50	227.48	353.19
Approval of Storage centre when inspection done at same time as and within 8km of any other inspection under the principal regulations	36.00	41.90	1.00	90.99	132.89
Application for alteration to approved premises	81.00	114.94	2.50	227.48	342.41
Routine inspection of records of team with one store	109.00	105.86	2.50	227.48	333.33
Routine inspection of additional laboratory or store	88.00	62.86	2.50	227.48	290.33
Routine inspection of each additional laboratory or store at the same time as and within 8km of any other inspection under the principal regulations	17.00	62.86	0.50	45.50	108.35
VO time per 30 mins		45.50			

Notes:

1. Fees have not been revised since 1995, so a large increase is to be expected.
2. All activities have been process mapped and each activity within a process has been timed and graded.

3. The proposed fee has been broken down into the administration element to which must be added the field element (VO time). In arriving at the VO time for each activity an average has been used to forecast income. In practice the VO time spent on the premises variable.

Options for Delivering Full Cost Recovery (FCR)

Bovine Embryos (Collection, Production and Transfer)						
Activity	Proposed Full Cost Recovery Fees/Charge (2011-12 Rates)	Volumes for 2010	Current Total Income for 2010-11 £'s	Income	Income	Income
				Option 0	Option 1	Option 2
				Do nothing current charges for 2011-12	Introduction of new fees - FCR (From October 2012)	Phased recovery - income at year 1 at 50% of FCR (From October 2013)
Approval of Bovine Embryo(BE) collection or production team with inspection of one laboratory	188.57	0	0	0	0	0
Approval of BE collection or production team with no inspection of one laboratory	188.57	0	0	0	0	0
Approval of additional laboratory	125.71	0	0	0	0	0
Approval of laboratory within 8km of other inspection at the same time	41.90	0	0	0	0	0
Approval of BE transfer team*	17.36	31	1292	1,292	538	915
Approval of Storage centre*	125.71	31	0	0	3,897	1,949
Application for alteration of premises already approved	114.94	0	0	0	0	0
Routine inspection of records of team with up to one lab/store	105.86	20	2603	2,603	2,117	2,360
Routine inspection of each additional laboratory/or store	62.86	0	264	264	0	132
Routine inspection of each additional laboratory or store at the same time as and within 8km of any other inspection	62.86	0	0	0	0	0
Routine inspection relating to additional lab under Regs 92	62.86	0	0	0	0	0
Veterinary Officers time per hour	90.99	128	0	0	11,647	5,823
Total			4,159	4,159	18,199	11,179

* These services to be combined to reduce costs to industry