

Title: Increasing dangerous dogs index fee (Annex E)	Impact Assessment (IA)
IA No: DEFRA 1255	Date: 01/02/2012
Lead department or agency: Defra	Stage: Development/Options
Other departments or agencies:	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Phil Alder 020 7000 5000

Summary: Intervention and Options	RPC: AMBER
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Cost of Preferred (or more likely) Option				
Total Net Present Value £	Business Net Present Value £-m	Net cost to business per year (EANCB on 2009 prices) £-m	In scope of One-In, One-Out? No	Measure qualifies as NA

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

The Dangerous Dogs Act 1991 only permits possession of certain types of dog if they are added to an Index of Exempted Dogs (the "Index") by their owners. Placing a dog on the Index requires owners to pay a fee which is intended to cover the costs of placing a dog on the index. The current fee (£20) no longer covers the cost of operating and administering the index. The current fee (set in 1997) needs to increase in order to move towards full cost recovery and remove the need for Government funding to support the operation of the Index. The operation of the Index of Exempted Dogs and the fee payable to operate this index is set in secondary legislation so requires government intervention to change it.

What are the policy objectives and the intended effects?

The policy objective is to amend the fees paid by an owner of a prohibited dog so they take into account the cost of operating and administering the Index of Exempted Dogs. The intended effect is to recover the cost of issuing the certificate of exemption and administering the Index and remove the need for Government funding to support the operation of the index. The Government considers that owners should bear more responsibility for the costs that come with owning a dog. The proposal therefore considers the distributional impacts of increasing the fee: the transfer of costs from Government to dog owners. This IA does not seek to analyse the impact of the Index itself.

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

0. Do nothing. This option would leave the fee at the current amount, and would mean that a higher than necessary level of public money would continue to be required to subsidise the cost of issuing a certificate of exemption. This option is not justified especially as the current fee has not been increased for 13 years.
1. Increase the fee to cover the cost of issuing a certificate of exemption (not the cost of enforcing the Index of Exempted Dogs). This option would involve a reasonable increase in the fee, and would reduce the amount of public money required to administer the Index. This is the preferred option, it is consistent with Government policy to recover the full cost of operating a service of this nature.

Since the operation of the Index of Exempted Dogs and the fee payable to operate this index is set in secondary legislation no other options have been considered.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/2013					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro No	< 20 No	Small No	Medium No	Large No
What is the CO2 equivalent change in greenhouse gas emissions? (Million tonnes CO2 equivalent)			Traded: NA	Non-traded: NA	

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: Increase fee from £20 to £77

FULL ECONOMIC ASSESSMENT

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

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate		£0.06m	£0.38m

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

Owners of dogs banned under the Dangerous Dogs Act 1991 placing their dog on the Index of Exempted Dogs will face an increase in the one off fee payable (before tax) from £20 to £77, an additional cost of £57 per dog. Assuming on average that there are 1,000 dogs placed on the index each year, this equates to an overall additional annual cost to owners of £57,000, from 2013/14 onwards.

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

Minimal costs not estimated in this IA for changing the information material about the fee payable.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate		£0.06m	£0.38m

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

Savings to Government as less public funding will be required to support the cost of operating the index from 2013/14 onwards. This is merely a transfer of the costs of operating the index from Government to dog owners: the benefit to Government is equal to the cost to owners.

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

Benefit of internalising for dog owner more of the cost of choosing to own a dog of prohibited type, for which this fee may be payable, given that there is no efficiency or equity reason why taxpayers should subsidise this. However this transfer of costs to owners is not expected to result in behaviour changes.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
It has been assumed for simplicity that the number of dogs seized by police annually and registering on the Index will be the same in each year of the period in this IA at 1,000 a year (the trend has been rising with over 700 in 2010). The increase in the fee is not considered to be sufficiently high as to result in different decisions being taken about dog ownership and Registration on the Index.		

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base (for summary sheets)

Introduction

1. This particular proposal is part of a package of measures proposed by the Government as a way of reducing dog attacks, making owners more responsible for their dogs, as well as reducing the cost of enforcing the law on dangerous dogs. The other proposals that will impact on businesses, courts, police and others are: (i) compulsory micro-chipping of dogs; (ii) extending the criminal offence of allowing any dog to be dangerously out of control to private property (where the dog has a right to be); and (iii) removing the mandatory requirement for all suspected prohibited type dogs to be seized by the police. The reference numbers of the impact assessments relating to are: (i) DEFRA1372; (ii) DEFRA1412; and (iii) DEFRA1411.

2. In addition, the Government has also agreed to make funding available for evaluating local community initiatives to foster responsible dog ownership and setting up a network to ensure sharing of best practice between police officers responsible for dangerous dog work.

Problem Under Consideration

3. Under section 1 of the Dangerous Dogs Act 1991 (as amended in 1997) it is an offence to possess certain types of dog that have been identified as bred for fighting or having the characteristics of a fighting dog. However, under sections 4A and 4B of the 1991 Act the court may permit such a dog to be added to an Index of Exempted Dogs if it is considered that the dog does not constitute a danger to public safety. In such cases the court will issue a contingency destruction order in relation to the dog that will allow time for the owners of the dog to meet the requirements for placing a dog on the Index i.e. the dog must be neutered, microchipped and tattooed and be insured against injuring a third party. It will then be a matter for the Index to be satisfied that the necessary requirements have been met and to issue a certificate of exemption to the owner. Issuing a certificate of exemption incurs a cost, which is currently partly met by the owner paying a fee to join the Index, with the majority paid by Government.

Rationale for Intervention

4. The one-off fee charged for adding a dog to the Index of Exempted Dogs under the Dangerous Dogs Act 1991 (as amended 1997) is £20 (this excludes VAT). This fee has remained unchanged since it was last increased in 1997 and does not represent an appropriate amount to cover the cost of issuing a certificate of exemption. The sharp increase in the number of dogs being added to the Index in recent years has meant that the need to increase the amount paid to the operators of the Index to cover the cost of the additional work has become even more pronounced. If the fee is increased in line with inflation (RPI) since it was last amended it would rise to around £30 (this excludes VAT). However to meet Government policy objectives and to recover the full cost of issuing the certificate of exemption and administering the Index the fee needs to be increased to £77 (this excludes VAT). The fee is set in secondary legislation - The Dangerous Dogs (Fees) Order 1997. To change the fee it is necessary to amend the 1997 Order. It is proposed to amend the fee with effect from April 2013. Under Treasury rules we are not permitted to charge a fee that would cover the full cost of enforcing the Index (e.g. costs associated with sending reminders), we can only charge a fee to cover the administration of the Index (e.g. cost of issuing certificate).

5. The dogs being added to the Index have been initially held in contravention of the Dangerous Dogs Act 1991 and the Government does not consider that public money should be used to subsidise the cost of allowing such dogs to be retained by owners who have broken the law by acquiring the dogs in the first place. Set against the other costs involved with placing a dog on the Index the increased one off fee is unlikely to be a substantial barrier to those owners who are determined to retain their dogs. There is no efficiency or equity argument to support the use of public money to subsidise this fee for owners who choose to have dogs of prohibited types.

Policy Objective

6. The policy objective is to reduce the level of Government funding required to support ongoing operation of the Index. At present fee rates, if 1,000 dogs were to be registered, Government funding of £93,000 would be required annually, with owners providing about £20,000. If the fee is increased as proposed this public sector funding requirement will reduce to £35,000 per annum.

Options

7. A non-regulatory approach is not feasible. In order to operate the Index running costs are inevitably incurred.

Option 0: Do nothing

8. This option would leave the fee at the current amount, and would mean that public money would continue to subsidise the cost of administering the Index of Exempted Dogs (issuing a certificate of exemption). The annual cost to the government of operating the register for 1,000 registrations is £93,000. There are no costs and benefits associated with this option as this is the baseline against which the costs and benefits of Option 1 are being measured.

Option 1: Increase the fee to £77

9. This would cover the cost of issuing a certificate of exemption but does not cover the cost of enforcement. This option would involve a reasonable increase in the fee, and would reduce the amount of public money used to administer the Index from £93,000 to £35,000; assuming 1,000 dogs are added to the register annually. This is the preferred option, as it increases the fee to a more realistic level and faces the owner with the true cost of Index registration ("internalises" the cost to the private owner). There is no efficiency or equity justification for providing a subsidised service to owners who have obtained their dogs illegally and have by law to register them – this registration fee is just one necessary cost of choosing to own a "prohibited type" dog.

Justification for setting fee at £77

10. Before a Certificate of Exemption can be issued the operators of the Index first need to be satisfied that the owner has met the conditions of having a dog on the Index. This involves ensuring that they receive a court order directing that the individual dog concerned can be added to the Index. Once this is received the necessary forms are sent to the owner to complete. On return the Index must then check the completed documentation to satisfy themselves that the owner has met the criteria showing that the dog has been neutered, identified by tattoo and microchip and has been insured against injuring a third party. Assuming the documentation is satisfactory, the Index will issue the certificate. The costs associated with the Index completing this work includes stationery, postage, packaging and updating the Index. There is also the time taken for a member of the Index to carry out this work. The number of dogs added to the Index of Exempted Dogs has risen sharply over the last four years and for the purposes of this IA, for simplicity, we assume that 1,000 dogs will be added annually.

11. The amount of £77 is a total cost of each administrative activity involved in the processing of each individual application and can be broken down as follows:

Activity	cost (£)
Confirm receipt of Order to Court	5.10
Processing, checking and resolving queries on the accuracy of Court Orders	20.10
Enter Court Order into Computer System	3.10
Issue Application Pack to Keeper	5.10
Receive / process Application	2.60
Verify Insurance details	2.60
Verify Veterinary details	2.60
Issue Certificate of Exemption	5.70
Notify keeper if application successful / unsuccessful / send Certificate of Exemption to keeper by Post	3.9
Notify Police / Local Authority / Court whether application successful / unsuccessful and whether dog can be released / put down	10.25
Post issue administration	4.40
Provision of statistics and other reports	11.60
Total Costs*	77.18

*estimated costs for activity obtained from the Index of Exempted Dogs

12. Costs such as sending out renewal of insurance reminders to owners, legal costs due to involvement in individual cases, and general enquiries from keepers, police, local authorities, vets, solicitors and other interest groups are not included in the calculation of the Index fee. Such costs do not affect all applicants and there is no power under The Dangerous Dogs Compensation and Exemption Schemes Order 1991 to charge for costs of this nature.

Costs

Option 1: Increase the fee to £77

13. This would mean that owners, who have been permitted by the courts to add their dog to the Index of Exempted Dogs, would pay £77 rather than the £20 they currently pay. The number of dogs added to the Index annually is assumed to be 1,000. The additional amount paid per dog equals £57 which generates an additional £57,000 per annum in fees collected by Government from dog owners. The table below outlines the present value of this cost incurred by dog owners.

Table 1: Present Value of extra fees paid by Dog Owners

Period	0	1	2	3	4	5	6	7	8	9
Increase in fee		57	57	57	57	57	57	57	57	57
Number of Dogs		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cost per annum		56,595	56,595	56,595	56,595	56,595	56,595	56,595	56,595	56,595
Present Value		52,932	51,045	49,319	47,651	46,040	44,483	42,979	41,526	
Total										375,876

Note: These figures do not include VAT

14. The cost of changing the Index information material for owners explaining the revised fee is minimal and has not been estimated for this IA.

Benefits

Option 1: Increase the fee to £77

15. Issuing a certificate of exemption incurs a cost, which is currently partly met by the owner paying a fee to join the index with the remainder paid by Government. Increasing the fee to £77 is a transfer from dog owners to Government, the costs of processing the applications are now met by the dog owners rather than partly met by Government. The benefits of this fee increase therefore accrues fully to Government and match the extra fees paid by dog owners i.e. £57,000 per annum. The policy proposal is simply a transfer from public to private funding with no net increase or decrease in cost.

Risks and Assumptions

16. The number of dogs added to the Index has risen sharply over recent years (2006 – 6; 2007 – 185, 2008 – 330; 2009 – 395; 2010 - 726), and may be expected to continue to rise. For simplicity we assume the number is 1,000 each year in the assessment period in this IA. Police forces have spent more resources on enforcing the legislation and seizing prohibited type dogs over the last year and this level of effort is expected to be maintained. This action was in response to a few high profile incidents of illegally held dogs attacking and killing young children. Work is being carried out to try and reverse a trend in the illegal keeping of prohibited type dogs. It is expected that other policies relating to dangerous dogs are expected to have an impact from 2013/14 onwards (see “Introduction”), with the effect of reducing the numbers of dogs added to the Index. Since these policies are not yet finalised in legislation, they are not part of Business as Usual, and we cannot assume that the expected decline will happen. If it does, the costs, benefits, and net present value of the preferred option would all be slightly lower than presented here.

17. It is assumed that the additional one-off cost of £57 is insufficient to change owners' decisions about dog ownership or about Index registration, since it is small in the context of the full cost of keeping a dog. The Government does not encourage ownership of such dogs because of the general prohibition that is in place. However, if people find that their dog is a prohibited type dog (they may have thought that the puppy they acquired was a different breed or type) then they should contact the police who will explain the legal position. **There are a number of owners who are not minded to seek to have their dog added to the Index in case either the police or the courts do not consider the dog to be safe (numbers cannot be realistically estimated because there are no records). However, numbers of such owners are not**

likely to increase due to an increase in the fee (the thought of losing their dog would continue to be the overriding factor). Anyone who considers they have a prohibited type dog and decides not to take appropriate action runs the risk of being prosecuted for possession. There is the possibility that there will be some owners who may be deterred from adding their dog to the Index because of the cost of the fee. However, the fee is a one-off cost and if owners do not pursue the option of adding their dog to the Index it is likely that the dog will be seized and its fate decided by a court.

Risks

18. There is a risk that £77 does not cover the costs intended over the years as inflation applies. This fee will be reviewed in 2018 and may be revised again after that.

Administrative burden and policy savings calculation

Administrative burden

19. There is no additional administrative burden incurred if either option is selected however, the two options differ in who pays for the existing administrative burden. If Option 0 is pursued then a significant portion of the administrative burden of operating the Index will continue to be met by the public purse. Based on 1,000 dogs being added to the Index every year this would be £93,000 per annum.

20. By adopting Option 1 and increasing the fee to £77 a greater burden would fall on the owners of Dangerous Dogs to pay for the Index rather than the Government. Under this option the Government would only need to pay £35,000 to fund the index.

Policy Savings Calculation

21. The savings to Government by adopting Option 1 would equal £57,000 per annum which is the cost to dog owners of the new higher fees.

Wider impacts

22. It is not expected that any increase in the fee would have any knock-on effects. It is unlikely that the new fee would not be met by dog owners given that it is a one-off payment and does not add much to the overall cost of keeping and placing a dog on the Index.

Statutory equality duties

23. The preferred option has no impact on age, disability, gender, religion or belief, race, sexual orientation, transgender, working patterns or any other matter covered by statutory equality duties.

Economic impacts

24. The preferred option has no impact on competition issues and does not affect small businesses. Prohibited type dogs are only owned by individuals not businesses.

Environmental impacts

25. The preferred option has no impact on environmental issues.

Social Impacts

26. The preferred option has no impact on health and well being, human rights or rural issues. There will be no impact on the Justice system as the preferred option involves no new offences or penalties.

Sustainable Development

27. The preferred option has no impact on sustainable development.

One In, One Out

28. The proposed increase in fee impacts directly on the public only. It does not impact on any businesses or civil society organisations since they do not own “prohibited type” dogs. The proposal is therefore outside the scope of One In, One Out.

Summary and preferred option with description of implementation plan

29. The preferred option is to increase the fee to £77. If it is decided to implement this option then it is likely to be introduced on 1 April 2013 (when the new contract to operate the Index of Exempted Dogs) by use of an Order made under the Dangerous Dogs Act 1991. This policy will be reviewed in April 2018 after 5 years implementation and a decision will be taken then whether to revise the fee again.