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FILE TITLE: AGRICULTURE	SERIES: RURAL AFFAIRS
	PART: II
PART BEGINS: 1st MARCH 2002	PART ENDS: 11 March 2002
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Labour Administration

PART CLOSED.

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PART

CLOSED

DATE CLOSED	11 MARCH 2002

Series : **RURAL AFFAIRS**

File Title : **AGRICULTURE**

Part : **11**

Date	From	To	Subject	Class	Secret
01/03/2002	DEFRA		Meat and Livestock commission Response to Sir Donald Curry's inqu	C	
01/03/2002	Cab Off	EU/PS	GMOs : Letter to Tony Brenton	U	
04/03/2002	PD(DH)	PM	Government response to Anderson Commission on FMD	R	
04/03/2002	EU/PS	US /HME	GMOs Restarting the approvals Process	R	
05/03/2002	DEFRA	DEFRA	European Parliament : Temporary Committee on FMD Work Program	U	
06/03/2002	DEFRA	DEFRA	Policy Commission Follow Up - Other Organisation Contributions	U	
06/03/2002	SS/DoH	PM	Foot and Mouth Outbreak: Government Memorandum to the Lessons	U	
06/03/2002	PUS/DoH	FCS	EU proposals to consolidate and simplify food hygiene legislation	C	
07/03/2002	DEFRA	PD(MH)	Restocking Post FMD	R	
07/03/2002	DEFRA	PD(MH)	Sustainable Food and Farming: Steering Paper (as at 7 March versio	U	
08/03/2002	FSA		Food Standards Agency - Culture Change	U	
08/03/2002	PD(MH)	PM	Food and Farming Seminar	R	
08/03/2002	PD(MH)	PM	Lessons Learnt Inquiry	R	
08/03/2002	DEFRA	PD(MH)	Government Memorandum for the FMD lessons learned inquiry	U	
11/03/2002	PD(MH)	DEFRA	Seminar on Food and farming	R	

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(in Matrix)

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LONDON SW1A 2AA

From the Senior Policy Adviser

11 March 2002

Dear Andrew

SEMINAR ON FOOD AND FARMING

The Prime Minister has considered possible actions on which announcements could be made on the day of his seminar on food and farming.

Without prejudice to the outcome of the spending review, he is keen for government to be able to announce:

a) further proposals for control of illegal meat imports;
b) the establishment of the food chain centre, where we should work to secure support from others round the table;
c) moves to enhance horizontal co-operation – for example among farmers;
d) support for assurance schemes and regional marketing groups;
e) progress on the organic action plan;
f) something on helping farmers cope with and input to regulation – could DEFRA work up some ideas here please over the next week or so.

He would also like to reiterate his support for CAP reform.

This is not to say that we might not say something in other areas too, such as the nutrition forum or pilots for benchmarking and demonstration farms/ broad and shallow agri environmental schemes.

I would appreciate your Ministers' advice on what if anything we ought to say about the future of live and options for virtual animal markets.

Yours ever,

Martin Hurst

MARTIN HURST

Andrew Slade
DEFRA

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FAX COVER SHEET

www.food.gov.uk

FOOD STANDARDS AGENCY

Attention of	**PS/Prime Minister**	From	John Robinson
Telephone		Telephone	020 7276 8623
Facsimile	**020 7930 9572**	Facsimile	020 7276 8627
Date	**8 March 2002**	This plus 3 Pages	

Message

FOOD STANDARDS AGENCY – CULTURE CHANGE

Please see the attached letter from Sir John Krebs to the Prime Minister for information. Hard copy to follow by post.

cc Wendy Thomson

John Robinson
Assistant Private Secretary to Sir John Krebs FRS

Thus, in particular the cross-fertilisation of civil servants & private sector staff, came up when Krebs met the PM. The PM asked for a note. Could we discuss (tuesday)

TG

Room 615C, Aviation House, 125 Kingsway, London WC2B 6NH
Tel: 020 7276 8623 Fax: 020 7276 8627 E-mail: john.robinson@foodstandards.gsi.gov.uk

www.foodstandards.gov.uk

From the Chairman, Sir John Krebs FRS

FOOD STANDARDS AGENCY

Prime Minister

7 March 2002 Reference:

Dear Prime Minister

FOOD STANDARDS AGENCY – CULTURE CHANGE

I was very grateful for the opportunity to meet with you on 22 January. I undertook to let you have a note on how we have promoted culture change amongst the staff of the Agency and this is attached.

My personal impression, coming into government from outside, is that three factors have been especially important in framing culture change:

- clear leadership, by example, on openness and transparency;
- proactive, honest and straightforward communication with the public about risk and uncertainty, being prepared to say "we don't know for certain but here is what we are doing and here is our advice"; and
- involving people, stakeholders and the public, in debate and discussion all along, so that they help to set the agenda rather than just receive the answers.

I am copying this minute to Sir Richard Wilson and to Professor David King given their interest in this area.

Yours

John Krebs

JOHN KREBS

Aviation House, 125 Kingsway, London WC2B 6NH
Switchboard 020 7276 8000 Tel: 020 7276 8010 Fax: 020 7276 8627

ACHIEVING CULTURE CHANGE IN THE FOOD STANDARDS AGENCY

1. The Food Standards Agency has needed to achieve a significant change in culture amongst its staff, who are all civil servants, to embrace its core values which are:-

(a) to put the consumer first;

(b) to be open and accessible;

(c) to be an independent voice.

2. Key steps in setting up the Agency to achieve this goal were:-

(i) recruitment of staff to the Agency from traditional Whitehall Departments on a voluntary basis. This produced a strong degree of personal commitment which would not have resulted had staff simply been transferred irrespective of their wishes;

(ii) senior posts were all filled by competition and in almost all cases were open equally to civil service and outside candidates. This enabled the Agency to attract good quality Whitehall talent but also to take on outsiders in crucial areas, e.g. the Director of Communications was recruited from the BBC and the Director of Enforcement and Standards from a local authority. Recruitment of staff at lower levels has similarly been both from Whitehall but also from the voluntary sector, local authorities and consumer organisations.

3. The main drivers in maintaining cultural change have been:-

(i) continued pressure by the Board of the Agency (all external appointees appointed by Ministers) to advance this agenda;

(ii) an emphasis within the organisation on the need to treat communication of policy as an integral part of policy making;

(iii) training events organised for FSA staff to encourage analysis of the Agency's new approach and lessons learnt from the past (e.g. the Phillips Inquiry);

(iv) consultation with external stakeholders, as well as opinion surveys, to monitor and act on external perceptions of performance.

4. The success of the Agency's new culture in achieving its objectives is in itself highly motivating for staff and reinforces commitment to the Agency's core values. This can be illustrated as follows:-

- public awareness of the FSA has increased from 58% in 2000 to 71% in 2001 (FSA Consumer Attitudes Survey 2001);
- reliability rating of FSA as an information source has increased from 75% 'very/fairly reliable' in 2000 to 93% in 2001 (ditto);
- 'staff have positive views towards the Agency's culture, which have not changed considerably since last year. It is still viewed mainly as professional, consultative, focussed on its business, open and honest, demanding' (MORI Staff Attitude Survey 2001);
- 'As last year, the vast majority of staff understand the Agency's values and how their own roles fit in with them' (ditto).

From: **Martin Hurst**
Date: **8 March 2002**

PRIME MINISTER

cc: **Jeremy Heywood**
Jo Simons o/r
Paul Brown
Helen Mason

FOOD AND FARMING SEMINAR

You are chairing a seminar on food and farming, to follow up on the work of Don Curry's commission, on 26 March. This note:

a) seeks your approval to some 'quick wins' – to announce on the day. These would demonstrate action, as the first stage of a strategic response to Curry, rather than just more consultation. Don Curry is already getting worried that his work is being left on the shelf, and we need to prove the converse. **Are you happy with the provisional list (subject to approval by Margaret) below? Is there anything you dislike/on which you would like more detail?**

b) takes your mind on two contentious issues: controlling restocking post FMD, and alternatives to live animal markets (e.g. web-based). You could say signal at the seminar that we are prepared to think fairly radically, or we could work up proposals over a longer period with DEFRA. **Which approach do you prefer? Do you find either issue unattractive in principle?**

I can't just wipe but see other comments.

There is a call to film your opening remarks. **Are you content?** Yes

Quick Wins

In invites to the seminar we have stressed that it is not a talking shop, but is about starting to deliver on Curry. There is much we cannot pledge to do. We cannot prejudge the spending review (the Curry proposals cost £200m p.a.). And while we are pushing the cause of CAP reform, it is not ours to give. Finally there are issues, such as modulation, where we have no agreed position, and where buy in from the devolved administrations will be needed to make progress.

In order to get a sense of movement, and to energise stakeholders to bring their own pledges for delivery to the table, we need then to start to deliver on some of the other recommendations. The key areas where we have identified the potential for rapid change (some involve small sums of money – perhaps £2m in total - that DEFRA are looking to find from their own resources) are:

- illegal meat imports. This issue has a totemic significance for the farming community. Margaret is chairing a high level group in the week before your seminar, and there should be concrete proposals you will be able to announce.

- the food chain centre. The Curry commission has the need for rationalisation/ spread of best practice in the food chain – through a food chain centre - as a key finding. You will be able to announce its establishment, and we will ensure that a number of attendees will pledge their support/input.

- Moves to enhance co-operation (among farmers and across the food chain). The NFU would be willing to match fund £250k from DEFRA to help promote co-operatives. Don Curry attaches a high personal importance to this.

- Supporting assurance schemes, such as the red tractor, and regional marketing groups. The Scots and Welsh do much more than we do here at present.

- Organic action plan. A recommendation of the Curry commission progress and a long standing pledge of government. It could include some public procurement measures, such as buying more organic produce for schools.

- Possible pilot for new ways of agri-environment spending. The National Trust have offered three farms for pilots of the 'broad and shallow' approach (i.e. simple, non bureaucratic support for rural/environmental outputs from farms). This could yield useful information and defer criticism about modulation (from its backers and its detractors) without tying our hands.

- A pilot project for benchmarking and demonstration farms.

- CAP reform. We can't deliver Europe. But you can reiterate the personal importance you attach to reform, not least because of the impacts on the developing world, and trail the formal government position.

- Establishment of a new nutrition forum, with DoH and the FSA.

- Something on helping farmers cope with and input to regulation.

Restocking/animal markets

Rural communities place some significance post FMD on the return of animals where they were culled out, and the reopening of livestock markets. Yet neither is necessarily sustainable in the long term (and widespread markets were a factor in the unprecedented nature of the FMD outbreak). At the risk of upsetting more conservative voices in these communities, we could seek, before 'normality' is restored, to move to more sustainable stocking levels, and modern marketing.

Much of the restocking agenda is driven by the nature of CAP payments. But there is something wrong with a position where we will be prosecuting farmers for overgrazing a year after we have paid for their flock to be destroyed. A more sustainable position would have fewer animals in different parts of the country.

For sheep, this may happen anyway. 67% of farmers intend to restock at a lower level, and DEFRA are consulting on possible plans to use the 'sheep envelope' to buy out quotas in sensitive areas. It is estimated that the breeding flock fell from 18.5m in 2000 to 15.7m in 2001, and will only rise to 16.3m by 2005.

For cattle the position is less good. The environmental footprint of cattle is large: nitrate pollution of watercourses, ammonia and methane pollution of the air. But in many cases farmers are planning to increase stock levels relative to before FMD. The UK is a net importer of beef. But it is arguable whether this should be the sole consideration governing policy.

The Danes have run 'virtual [i.e. web based] animal markets' for some time, and we experimented with these during the height of FMD in Hexham. Animal

markets retain an important social function – they can be the only time isolated farmers ever see their colleagues. But the animal movements this entails can be a risk to animal health, and have an environmental footprint of their own. They may also be linked to CAP fraud. Some sheep currently move 8 times, up and down the country, between birth and slaughter (a period of relatively few months). A more balanced mix of traditional markets with new means of marketing could be a way of taking the industry forward into the 21st century.

Signed : Martin Hurst
08/03/2002

MARTIN HURST

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Discuss on Monday please. I still think the A section is weak. Should we draw attention specifically to the net science advice that we followed

From: **Martin Hurst**
Date: **8 March 2002**

PRIME MINISTER

cc: **Jonathan Powell**
Jeremy Heywood
Sir Richard Wilson

LESSONS LEARNT INQUIRY

We are nearing the end of the preparation of the Government evidence. You saw the whole of a previous draft and stressed that the final document, which DEFRA hope to publish next Friday (along with the latest version of their contingency plan for any future outbreak), must have 'crisp and clear' answers to the main questions that may be asked.

The attached executive summary (at A, 9 pages) is a creditable attempt to do this – you have not seen it before. I have inserted a few annotations, after discussion with Brian Bender, where we both feel some more work is needed. I also attach the revised draft of the key lessons learnt section (at B, 25 pages), which you have seen at an earlier stage. **Could we have any comments by early next week. Do you want to see any of the material again, before publication?**

I attach at C Iain Anderson's appointment letter from David North. We intend to make this public shortly after the result of the Judicial Review (now delayed another week or so), or with the publication of the government's evidence to the Inquiry, to help reinforce public perception of Iain's independence. It is fairly anodyne. Its release may not wholly silence doubters – there may still be requests for other material, but we would not propose to accede to these – but it should be

mildly useful. DEFRA are also keen for the letter to be published, and it will be hard to refuse, given that Peter Ainsworth is asking for it. **Are you content?**

Finally, you said you would be happy in principle to accept publication of the minutes of your evidence to Iain (at D, Jeremy gave this a rigorous check at the time). Sir Richard Wilson strongly advises against pledging publication, because of the precedents it might establish. We do not therefore propose to give the secretariat the go ahead to publish the document, at least yet. **Do you concur?**

Martin Hurst

MARTIN HURST

A: EXECUTIVE SUMMARY

The Outbreak

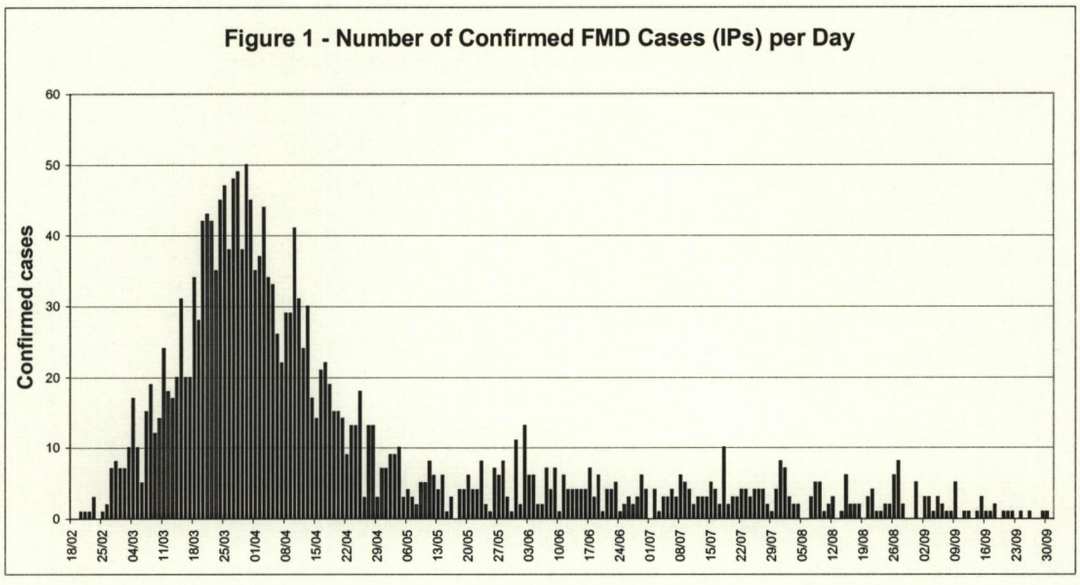
1. The Foot and Mouth outbreak of 2001 in Great Britain differed significantly from the last major outbreak in 1967-68. The 2001 outbreak was a national epidemic, predominantly in sheep, whereas the 1967-68 outbreak was mainly a disease of cattle in the dairy farms of the Cheshire Plain. In 2001, by the time the index case in Northumbria was identified the disease was already seeded, mainly as a result of animal movements, in over 58 premises, each of which then acted as the focus for a major outbreak; in 1967 nearly all the secondary outbreaks were attributed to wind, birds and rodents. Across the world there had never previously been an outbreak of the scale of the 2001 outbreak in sheep.

2. The first suspected case of this outbreak was confirmed in pigs at an abattoir in Essex on 20 February 2001. Tracings from this case led to the fourth case, and the first outside Essex, being confirmed on 23 February at Heddon-on-the-Wall in Northumbria. From evidence there it appeared that the virus had been active since the beginning of February. Consequently on 23 February, although the disease had been found up to then only in pigs and cattle, the movement of all susceptible animals throughout Great Britain was banned.

   [Perhaps add: "there is no doubt that at the time these movement restrictions were regarded as draconian. On the basis of evidence later obtained, they could, however, have been imposed earlier – on 20 February. This (i.e. imposition of restrictions on first confirmation of a case of FMD) is the approach now adopted in our contingency plans."]

3. Tracings following the discovery of outbreaks over the next few days indicated that sheep movements, particularly through Longtown market in Cumbria before the virus was identified in Northumbria, had spread the disease widely across Great Britain. By 1 March there were outbreaks in 15 counties, and the national and local contingency plans had been rapidly implemented; but by mid-March the wide geographic spread of the outbreaks, the numbers of animals involved and the importance of managing the disposal operation so as to prevent harm to the environment or to public health were causing significant problems. Government action from the middle of March increased the resources available to support the State Veterinary Service (already reinforced to a major extent), by strengthening the administrative teams across the country and bringing in the armed forces.

4. On 30 March, as shown in Figure 1, the number of FMD cases peaked, and thereafter the number of cases began slowly to decline, although a long tail of separate outbreaks, in the Brecon Beacons, around Settle, near Thirsk, in the Penrith Spur and finally in Allendale near Hexham, occurred through the summer. Abruptly, after 2026 outbreaks in Great Britain, and 4 in Northern Ireland, the epidemic ended; and there have been no cases since 30 September.



5. The importance of maintaining freedom from disease has meant that the traditional autumn movements of animals have been closely controlled by licensing, while a massive serology programme was undertaken to check for sheep flocks which had been exposed to the disease. A more relaxed, but still precautionary interim movements control regime was introduced on 11 February.

6. With freedom from disease has come, in 2002, agreement from the EU Standing Veterinary Committee that animals and meat products could be exported from the UK and on 22 January confirmation from OIE that the UK had regained status as FMD-free, clearing the way to resume exports to member countries of the OIE.

The Government Response

7. From the beginning of the epidemic the Prime Minister and the Cabinet Office took the lead in directing and co-ordinating the Government's response. Briefed on an almost daily basis by the Minister of Agriculture and the CVO,

the Prime Minister chaired Ministerial meetings on the strategy to control the disease and environmental issues and to ensure the availability of sufficient resources. From the first week the Cabinet Office co-ordinated interdepartmental meetings of officials to address the control of the disease and the impact of the animal movement controls, and the Ministry of Defence was forewarned that there might be a need for military support.

8. The Minister of Agriculture made weekly statements in Parliament and answered many questions on detailed aspects of policy and operations *[comment from Jeremy: this sentence needs to be redrafted]*. The EU Commission and other Member States were kept fully informed. Daily updates were made to the Commission, and during the whole outbreak full reports were made to the weekly meetings of the Standing Veterinary Committee. Stakeholder meetings both nationally, with Ministers and officials, and locally provided the means of keeping all those involved informed of policy developments.

9. Within MAFF, the EU approved contingency plans were implemented and a national Departmental Emergency Control Centre (DECC) was established on 20 February and local Disease Control Centres (DCCs) were set up in existing Animal Health Divisional offices (AHDOs) in all areas as outbreaks occurred. The State Veterinary Service (SVS) within MAFF secured support from overseas governments who sent vets on secondment and from private veterinary surgeons, but the wide geographical spread of the disease and consequent need for increased resources in many places limited MAFF's ability to provide sufficient staff to meet all the demands.

10. By mid-March it became apparent that there was a need to augment the resources deployed. The Government strengthened the operational side: the Cabinet Office Briefing Room (COBR) was established to drive forward the operations strategy, Regional Operations Directors were appointed from March 19 when the first ones went to Cumbria and Devon to reinforce the DCCs and handle the logistics and operations, and the Joint Co-ordination Centre (JCC) was established in MAFF's Animal Health headquarters to co-ordinate the Government's operational response, both in Whitehall and across the DCCs.

11. Civil resources were already engaged and far exceeded those that the armed forces could provide, but it became clear that the logistic and organisational capability available in the armed forces could now be used to mobilise the civil resources more effectively and they were brought in and deployed across the country and in the JCC. With this support in place, the SVS, with the growing numbers of private vets and vets from other countries, could focus their energies on purely veterinary functions.

[This could tackle more head on the issue of whether the army should have been brought in sooner. It could say, given the difference of view in government on the analysis: "It is not clear to government whether the army could usefully have been brought in sooner, and this is an issue the Inquiry will presumably be considering. The establishment of the new Civil Contingencies Secretariat - see para 32 below – will provide the basis for such decisions to be taken in a more structured way in future crises of this sort.]

12. The effort to control the disease was huge, and far exceeded the resources of MAFF/DEFRA. Staff were loaned from other departments and recruited locally. At the peak, around 7000 officials were directly engaged on FMD, in addition to about 2000 vets and 2000 members of the armed forces. This compares with the total staff in DEFRA of about 9,200. Also engaged in the operation were many others working in other government departments and agencies, local authorities and private companies contracted for slaughter, haulage, disposal and cleansing and disinfection. Laboratory capacity for serology was increased from being able to deal with only 400 tests a week at the outset to over 200,000 a week by November, in time for the major push to test sheep and enable infected areas to be lifted.

13. With this effort engaged, the outbreak was brought under control after the peak at the end of March, the disposal backlog was eliminated by the end of April, and the position was such that all but a few of the armed forces could be withdrawn by the end of June to be immediately available if renewed outbreaks occurred, as for example in Northumberland in August.

Controlling the outbreak

Culling policy

14. The Government pursued from the outset the EU agreed policy of stamping out the disease, although the possibility of vaccination was kept under continuous review. Towards the end of March, the initial control policy, focused on culling susceptible animals on infected premises and tracing and culling susceptible animals that had been exposed to the disease as dangerous contacts, was strengthened. The epidemiological models developed by the Chief Scientific Adviser's Science Group indicated the importance for disease control of reducing the time between report and slaughter for infected premises to 24 hours and of introducing a cull of susceptible animals on contiguous premises to be completed within 48 hours of report. On the advice of the CSA these targets were introduced. Although there were often significant difficulties in meeting these targets especially the 48 hours target for the contiguous cull, they provided a bench mark for monitoring and directing the eradication operation and contributed to the control of the outbreak. As the disease declined, the

policy was slightly modified to reflect changing circumstances but the targets remained in place.

15. Movement controls are always imposed around infected premises. From June onwards the outbreak was really a number of 'hotspots' of infection, each with their own characteristics, the main ones being in Devon, Settle in North Yorkshire, Brecon and Crickhowell, Somerset, Thirsk, the Penrith spur in Cumbria and finally in Allendale near Hexham. More specific controls and biosecurity measures were adopted in each of these areas culminating in the imposition of Restricted Infected Areas (RIAs) in Thirsk, Penrith and Hexham areas. Tight biosecurity rules and controls on movement of vehicles were introduced and the disease was rapidly contained and then eradicated in these areas, although in the Penrith spur in Cumbria the disease was then at its most resilient. This approach set the pattern that will be followed to control outbreaks in future.

Vaccination

16. Vaccination was considered from early in the outbreak; the Prime Minister asked for papers to be prepared on 11 March and held a seminar with Ministers, the CVO, the CSA and other scientists on 29 March. By the end of March agreement had been secured from the European Commission to the contingent use of vaccination and operational planning meant that a request had been submitted to the Commission to reserve vaccine for GB use. The CVO and CSA both recommended that vaccination should be used in particular, specified circumstances and if certain criteria were met. During April, in the light of this advice, the Government accepted the case for vaccinating cattle only in North Cumbria and Devon in the light of the intensity of infection in those areas and the forthcoming turnout of cattle from indoor housing to outdoor grazing; but only if the vaccination programme was supported by a substantial majority of the farming community, by veterinarians, by the wider food industry and by consumers.

17. The debate on vaccination was particularly vigorous and public during mid-April and much effort went into presenting information on the science behind vaccination by putting the answers to specific questions from the National Farmers Union on the MAFF website and by the CSA and CVO explaining the position to stakeholders and the media. However, by 23 April it was apparent that the criteria of support for a vaccination programme could not be met and with the decline in the number of daily cases the arguments for vaccination became less compelling. Contingency plans remained, however, in place for the rapid introduction of a vaccination programme should the situation change. Vaccination was considered later in the outbreak to prevent the possible spread from the Thirsk area south to the major pig production areas in Humberside, but the outbreak was contained and the option not pursued.

Disposal

18. Disposal of carcases became an issue during March and was not fully resolved until the end of April. For disease control purposes, the favoured option was disposal on farm, either by burial or pyre burning, but the need to safeguard public health and limit damage to the environment reduced the availability of these options. All on-farm disposal methods required ground water authorisations from the Environment Agency and in some areas the high water table and geology meant that very few could be granted. As a consequence, these options proved inadequate for the number of carcases involved. A move to building large pyres on off-farm sites increased concerns about possible damage to health for local people and caused considerable local nuisance. The possible risk from BSE meant that cattle over 5 years old could not be buried and had to go to rendering.

19. Rendering, the first option in the Government agreed hierarchy for environmental and public health reasons, was being rapidly brought into play and was available from 9 March, with tight biosecurity protocols to govern the haulage of carcases to the plants and the removal and disposal of by-products from the plants, but was neither sufficient nor conveniently located to deal with all the demand. Locations for the development of engineered mass burial sites were identified, and the first, Great Orton in Cumbria, was brought into use on 26 March. Other mass burial sites in England, including Tow Law, Widdrington and Throckmorton were brought into use during April. Licensed commercial landfill sites were also used, although mainly for non-FMD carcases from the Livestock Welfare Disposal Scheme and the possibility of directions to require the operators to accept FMD carcases was considered but never put into effect.

20. With mass burial sites available, in addition to rendering and with some local use of air curtain incinerators, clearing the piles of carcases that had been left on some premises where culling had taken place became possible, the epidemic was declining and the backlog of carcasses was eliminated by 7 May, before the burial site at Ash Moor in Devon was fully prepared. Public opposition and the availability of other options meant that the use of pyres in England and Wales ceased on 7 May. Mass burial sites remained available for use during the remainder of the outbreak, although from early July nearly all the carcasses went to rendering.

[Need something hereabouts to demonstrate the degree of adherence across the board to scientific/ veterinary advice.]

Costs

21. The current estimated costs of the epidemic to DEFRA are £2,070 million. The main items are compensation for animals that have been culled, cleansing and disinfection, and valuers fees, vaccine, serology, disposal and haulage, staff costs and fees for temporary vets. Work on establishing the full costs of the outbreak to the Government is currently underway.

Impact on the Rural Economy

22. Foot and mouth disease and the measures to control it had a major impact on the rural economy, tourism in particular. This was concentrated in but not confined to the areas worst affected by the outbreak. The total impact on the gross revenue of tourism-dependent businesses is estimated at £2.7 – 3.2 billion, but much of the expenditure lost to rural tourism was displaced elsewhere, and the net impact was significantly less: the overall impact on the national economy, including losses to farming, tourism and other industries, is estimated at 0.2% of GDP.

23. At the start of the outbreak, with the spread of the disease unknown, the Government advised the public to stay off farmland and avoid contact with farm animals; it gave local authorities power to close all footpaths. When local authorities acted on these powers, the countryside appeared closed and the public's response was to stay away. Television footage of cattle carcases burning on pyres was carried round the world and media stories of piles of rotting animals awaiting disposal emphasised the impression both here and abroad that the countryside was not open for tourists.

24. From April through the summer a balance had to be struck between introducing and implementing the controls necessary to ensure complete eradication of the disease and opening up the countryside. Thus the importance for farmers to maintain biosecurity on farms had to be balanced with the fact that veterinary risk assessments showed that visitors keeping to footpaths away from farm premises brought little risk of spreading the disease. When veterinary risk assessments became available as early as March showing that the risk was such that local authorities could be encouraged to reopen footpaths outside restricted areas and so encourage tourists back to the countryside, the information was publicised by central government, which urged the reopening of footpaths and visitor attractions wherever safe but some local authorities were slow to act and

parts of the countryside remained closed after it was necessary to prevent the spread of the disease.

25. Efforts both in the UK and abroad were directed at reassuring people that FMD was not a risk to human health and to ensuring that tourists were given accurate information about measures in place to control the disease.

26. The Government established a Task Force with the main outside players to consider how best to deal with the effects of the crisis on non-agricultural businesses, and put in place a series of measures designed to help affected businesses, while making clear that it was not liable to compensate businesses for consequential losses arising from measures put in place in the public interest. The package of measures, including the deferral of taxes and National Insurance on a case by case basis made a substantial contribution to mitigating the impact, although some of the measures have proved to be less effectively targeted than others and in retrospect help could usefully have been made available more quickly.

27. The Government is now putting a major effort into the "Your Countryside - You're Welcome" campaign, involving some 50 rural stakeholders to encourage visitors back to the English countryside this year.

Lessons Learned

28. The experience gained in this outbreak is now informing the way the Government is preparing to deal with any future outbreak and it is developing interim contingency plans. It is worth recording that other EU Member States and third countries are reviewing their contingency plans in the light of the UK's experiences. It is. Recommendations from the Inquiries will contribute to long term contingency arrangements. The interim plans will be shared with stakeholders at national and local levels, will be made public and be tested and then taken further with the involvement of the key parties. The plans will take account of the broader economic impact of disease control measures in contingency planning and in decision-making from the earliest stages of an outbreak. Closure of footpaths would, for example, not again be on a blanket basis, but based on veterinary risk assessments. Protocols will be established on the way access should best be managed taking into account the impact on walkers and the businesses that cater for them besides the requirements of disease control.

29. The interim plans are based on the policy assumption that there would be an immediate standstill of all animal movements within GB once a single case had been confirmed. The plans will include trigger points for increasing the

resources available to deal with an outbreak as it develops, both in terms of establishing a command structure for policy and operational matters, from COBR, through the operational co-ordination function of the JCC to staff working at the local offices, ensuring that staff resources are available and can be brought in from all government departments and that the armed forces can be called upon as required.

30. Plans for disposal will take account of the range of methods used in this outbreak, existing and proposed EU environmental protection legislation and public health protection, so as to be able to deal with a rapidly growing outbreak. Tight biosecurity and strictly enforced movement controls would be imposed under "restricted infected area" orders. Operational plans for maintaining the availability of serology testing and mounting a vaccination programme are being developed while vaccination policy is being taken forward in the EU and OIE and research, particularly on methods to distinguish between vaccinated and infected animals, is being pursued.

31. Other lessons have already been acted upon, including measures to control possible ways in which FMD or other animal diseases might be introduced by a complete ban on swill feeding and tighter controls on the illegal importation of meat and meat products. The Animal Health Bill, already in Parliament, is seeking to tighten the way in which an outbreak can be controlled and to ensure that farmers contribute to disease prevention by maintaining good biosecurity.

32. Learning from the experience of the FMD outbreak and the fuel protests, the establishment of the Civil Contingencies Secretariat in the Cabinet Office will help to ensure an early, graduated and co-ordinated response across Government to future crises. The creation of DEFRA with responsibility for the food chain, farming and fisheries, other aspects of the rural economy as well as environmental protection, will help to ensure that the development of policy on one aspect of the rural economy takes full account of its impact on others.

[Communications systems: to be added]

[Readiness of the farming industry: to be added]

33. Lessons have also been drawn from the benefits gained in terms of co-operation and effectiveness from the close communications with the European Commission, good working relationships with many stakeholders, both local and nationally, and the importance of strengthening for the future those relationships that developed later in the outbreak.

B: PART 3 - LESSONS LEARNED

Introduction

3.0.1 The foot and mouth disease outbreak in 2001 was on a scale previously unknown. It had a huge impact on farming and on other parts of the rural economy, notably tourism. The course of events is set out in earlier parts of this Memorandum. During the epidemic there were developments in policy which represented the Government's ongoing response to its assessment of events and the impact of Government policies on those events.

3.0.2 Others will give evidence to the Inquiry on their understanding of the events and why they happened. This part of the Government's Memorandum explains what issues for consideration are seen as having arisen from the way the outbreak was managed, what actions have been taken as a result of developments during the outbreak, and what is planned for the future. Full consideration of all the policies, organisational structures and plans must await the outcome of the Inquiries and public debate on the way forward. Some of the actions described here therefore, can be seen as interim measures; others represent positive and immediate moves to implement policies identified during the epidemic or to build on approaches that worked well during the epidemic.

3.0.3 The first section covers the issues that have been identified for action, identifying how this is being taken forward. This includes the importance of disease control policies take full account of the wider rural policy context and mitigating the impact on rural businesses and communities; developing effective and large scale operational contingency plans; taking forward plans on vaccination in the EU and by research; maintaining the availability of increased serological capacity; the development of animal identification and movement controls; taking forward work on disposal routes; and developing generally applicable lessons on improving communications, data management and management information. This section also covers areas where existing policies have been successfully implemented during the outbreak and emphasises the importance of maintaining existing practices that have been found to work particularly well. This section therefore includes the use of independent and public scientific advice and the benefits of engaging early and effectively with other countries, and in particular with other Member States and the European Commission.

3.0.4 The second section covers those areas of policy where action has already been taken to develop issues identified as needing change. Here is

included the introduction of the Swill Feeding Ban, the introduction of the Animal Health Bill and current efforts to stop illegal imports of meat and meat products. This section also covers the actions taken to drive home to farmers and others in contact with stock the overriding importance of good biosecurity.

3.0.5 The final section indicates the structural and organisational changes that have been made or that are planned to come into effect in an emergency to carry forward the lessons learned in this outbreak. These build on the importance of ensuring that disease control policies are considered within the framework of the whole rural economy - by the creation of DEFRA; the need for central co-ordination in the event of emergencies - the establishment of the Civil Contingencies Secretariat in the Cabinet Office; the importance of clear lines of management and control in an emergency - demonstrated by the restructuring of DEFRA and establishment of the post of Director General of Operations and Service Delivery to whom all the services in the field, including the Veterinary Field Service now report; the benefits of a broad cross-departmental approach to tackling problems, particularly those that affect much of the country; and the need to engage all stakeholders and interested organisations, particularly locally based organisations, in developing the approach to policy and operational issues which affect so many people.

SECTION 1 - ISSUES IDENTIFIED FOR ACTION

Keeping the Countryside Open

3.1.1 The early spread of FMD through sheep movements before the disease was reported meant that eradication measures inevitably had a wider impact on the rural economy that would have been the case if the disease had been contained in a small area. The Government believes that the eradication policy was correct, but recognises that managing the effect of disease control, slaughter, disposal and biosecurity measures on the wider community is of itself a major exercise and needs to be included in future contingency planning that involves that community. The balance between the imperative of disease control and of preventing damage to the rural economy is an area where the advice of the Inquiry would be particularly useful.

3.1.2 Issues of particular relevance are:

- how widely powers to close rights of way should be available, and by whom (DEFRA or local authorities) they should be exercised;
- the guidance to be given to local authorities on whether and how widely to exercise rights-of-way closure powers, and to owners and operators on whether to close other events and visitor attractions;
- the importance of basing decisions on both full published veterinary risk assessments, and on an assessment of the likely impact of closures on the non-farming economy;
- the importance of explaining clearly to the public and national and international media the basis on which decisions have been taken, including an explanation of the risks - low but not negligible - that disease may be transmitted by non-farming countryside users. (It is noteworthy that in the early weeks of the outbreak, most of the pressure – not only from farmers, but also from the media and overseas Governments, was for a restrictive approach to countryside access. Only gradually, as the impact of closures on rural tourist businesses became apparent, did the balance of public and media comment shift. Even then, some – including some local authorities – continued to take the view that any precaution that might reduce disease spread was justified, regardless of its collateral impact.)
- the difficulty of conveying different messages to different target audiences: to farmers about the need for tight bio-security, and to local authorities, event organisers and the public that most countryside recreation could safely continue; also the difficulty of

qualifying a highly precautionary message once better advice was available.

- the impact of carcase disposal measures on perceptions of the desirability of visiting the countryside, which may – subject to practical constraints – influence the choice between disposal methods.

3.1.3 The Rural Task Force recommended that a protocol should be developed in anticipation of any future outbreak of FMD or other animal disease, based on a veterinary risk assessment, as to how widely and for how long footpath closures and restrictions on access are likely to be justified, taking into account the impact on walkers and the businesses that cater for them besides the requirements of disease control. The Government plans to consult shortly on the draft of such a protocol On the basis of present advice, this is likely to recommend that closures should normally be confined to Infected Areas, and probably to 3km zones around infected premises. The existence of such a protocol should much reduce the risk of advice being issued in good faith at the start of an outbreak, which subsequently proves to have been unduly precautionary.

Measures to mitigate the impact on Rural Businesses

3.1.4 There is a need for quickly available and reliable information on the impact of disease control measures on rural businesses. Employment data at the level of the whole economy cannot measure accurately the impact on individual sectors, particularly those such as tourism with high levels of self-employment, and routine monitoring of small businesses would not be cost-effective and would increase their regulatory burden. Surveys are probably the best tool, but there is a need to have contingency arrangements so that ad hoc surveys can be mounted quickly. DCMS is working on a similar approach to collecting information on tourism.

3.1.5 It is long-standing Government policy that compensation is not normally payable for consequential losses resulting from actions taken in the public interest; and the Government believes that this policy remains justified. Any support for rural businesses had therefore to be in a form that did not constitute compensation and was not seen by other claimants as such. However, the Government may be justified in particular when businesses of a particular type or in a particular area are suffering serious losses, in giving assistance to facilitate survival and aid recovery. This can be important not just in terms of the survival of individual businesses, but in the context of safeguarding the economy and community as a whole in a badly affected area.

3.1.6 Grants from the Business Recovery Fund - the principle form of direct assistance - were tied to expenditure on reinvestment for recovery. However, the main problem for most small rural businesses, both farms which had not been culled out and non-farming businesses, was the need for help with cash-flow to survive, particularly to help meet the costs of temporary borrowing. The temporary interest-free deferral of tax was therefore among the most popular forms of help provided. There is a need to review mechanisms for providing support that meets businesses' needs without compromising the no compensation policy. The Inquiry's views on this issue would be appreciated.

3.1.7 A further issue in relation to supporting small non-farming business was the need to negotiate separately each element of such support between DETR, DEFRA, DCMS and the Treasury. As a result, assistance was provided in a range of forms and in a series of tranches over a long period. The Government's stance could therefore easily be presented as grudging and defensive, and unnecessary ill-will was generated among affected businesses. The Government acknowledges a need, at an early stage in an outbreak, once reliable information is available about the effect on non-farming businesses to reach early decisions about the scale and form of help it would be appropriate to provide.

Contingency Planning

3.1.8 As explained in Part 2, Section 2, the Government had contingency plans which were implemented effectively at the outbreak of the epidemic. The unprecedented size of this outbreak meant that the contingency plans were not sufficient to bring the necessary resources into play as quickly as the Government would have liked. The Government is therefore working to revise and update interim operational contingency plans to support existing detailed local plans and veterinary guidance. They will also ensure that dealing with a disease outbreak is set, at the outset, within the context of its impact on the rural economy, and the need to protect the environment and human health. Other countries in Europe and elsewhere are similarly revising their plans which, like that of the UK, were based on the expectation of an outbreak occurring on a similar scale to those previously experienced. The development of these plans does not seek to pre-judge the outcome of this Inquiry and they will be developed further after the Inquiry has reported.

3.1.9 The plans are based on assumptions that have developed during the 2001 outbreak as the most effective way of stamping immediately upon foot and mouth in order to control an outbreak. These assumptions, and extant policy, will be subject to veterinary risk assessment in the event of an outbreak to ensure that the response is proportionate. They are:-

- All animal movements would be stopped countrywide once the first case was confirmed;
- Contiguous premises would be culled, with 24/48 hour targets for culling infected premises and contiguous premises;
- Vaccination should be considered as a separate strategy, but would not be an alternative to slaughter in the first instance;
- Footpaths would not be closed outside Infected Areas, and within those areas, closures would be based on the published protocol and veterinary risk assessments;
- Movement restrictions in infected areas would be introduced to maintain biosecurity;
- Disposal by incineration would be implemented immediately, with rendering and other disposal routes being available as an additional resource, subject to environmental, land use planning and public health considerations.

The Government would welcome the views of the Inquiry on these.

3.1.10 In the context of these assumptions the interim plan comprises three sections:-

(i) Contingency arrangements (planning stage) which looks to demonstrate a level of preparedness i.e. that resources, accommodation and disposal options are readily available and that all interested parties are briefed on their responsibilities.

(ii) Report case - immediate action (operational stage). This deals with operational issues from a national and divisional perspective in the first day or two from disease confirmation. It covers how animal health offices would respond on day one to a disease outbreak and indicates when the armed forces should be alerted. It covers the establishment of central and local structures and sets out their job descriptions.

(iii) Report case - longer term action (operational stage). This section develops the same issues, but from 48 hours+ and relates to the establishment of regional operations directors and divisional disease emergency control centres.

3.1.11 Dealing both with the broader issues of preparedness and the detailed structures and staffing that are necessary to make the operation run effectively, the plan draws heavily on experience during the last outbreak. In particular the plan will ensure that disposal routes, procurement and contract management information and instructions, financial structures and systems, IT systems, and management

information requirements on all activities are fully thought through and included so that they can be implemented immediately and efficiently.

3.1.12 As one of the main issues is the provision of staff resources, the plan provides senior management agreement in departments across Whitehall to staff being made available to manage and run the operation immediately the need is identified. It also sets out the way in which the armed forces would be alerted so that engagement, as necessary, could be achieved most effectively. It sets out the need to plan and operate closely with other agencies concerned such as the Environment Agency, Government Offices and local authorities so that all concerned understand the requirements and their part in disease control, in the wider context of environmental and public health protection. It seeks to ensure good communication between all the organisations involved and with the community at large, and a fully co-operative approach to disease eradication.

3.1.13 The contingency plans currently being prepared focus primarily on England and Wales, with similar work being taken forward in Scotland. A separate plan is being drawn up in Northern Ireland.

3.1.14 As the plan draws on the involvement and support of other departments and the wider community it will be published on the DEFRA website as a living document and will be updated to ensure that it reflects policy developments and operational experience. It is intended that there should be national and local simulation exercises during 2002 to test the plans and ensure that they, together with recommendations from the Inquiries' reports, will go to produce effective longer-term contingency plans for dealing with foot and mouth disease and other diseases.

Vaccination

3.1.15 Action is being taken forward, based on what was learned during the epidemic. The UK will contribute to discussions on the revised proposal for a new EC Directive to control FMD which is likely to be issued by the Commission in the early part of 2002. The experience of the 2001 outbreak and the findings of the EU FMD conference, which recognised that the EC needed to be able to respond rapidly and flexibly to future outbreaks and that the appropriate response might include emergency vaccination, will be taken into account in the deliberations on the Directive.

3.1.16 The need for more research into FMD vaccines and tests to distinguish between vaccination and non-vaccinated animals was strongly endorsed by the EU FMD conference in December. The OIE annual meeting in

May is the first opportunity for this issue and that of movement restrictions and post-vaccination treatments to be raised.

3.1.17 The Government looks forward to the recommendations of the Royal Society and Lessons Learned Inquiries to help it establish a clear basis for decisions on the use of vaccination in a future outbreak. Issues being examined meanwhile include contingency work on identifying potential vaccination centres and their requirements, and updating instructions for running a campaign.

Serology

3.1.18 At the start of the outbreak, serology was used principally as an aid to diagnosis, to enable Infected Areas to be lifted and to assist epidemiologists. It was quickly realized that the existing capacity at the Institute for Animal Health, Pirbright, would be insufficient to allow for the increasing demands as the number of cases grew.

3.1.19 The decision substantially to increase serological capacity was also influenced by the fact that the EU, in order to declare the UK FMD-free, was likely to require that a serological survey of all holdings with sheep and goats in protection zones and a random sample of holdings with sheep and goats in surveillance zones, be undertaken.

3.1.20 To allow for such mass testing, DEFRA funded capital improvements to laboratories at CAMR, AHT and to VLA regional laboratories at Penrith, Shrewsbury and Luddington to bring the laboratories up to the required containment standards for FMD serology. This was a major achievement; it meant that capacity which initially was only 400 tests a week was increased to over 200,000 a week, in time to deal with the number of samples taken through the autumn as a major effort was put into lifting restrictions and enabled the UK to achieve FMD-free status quickly after the epidemic ended. It also reflects another major achievement in providing training and supervision by vets for the hundreds of lay bleeders who were recruited for this task at DCCs across the country. Three VLA regional laboratories have now been decommissioned although they could - relatively quickly - resume serology testing should that be necessary. The contracts for serology at CAMR and AHT last until at least mid-May and mid-November respectively. Contingency plans for serology testing on a mass scale for the future are currently being drawn up to ensure rapid access.

Disposals

3.1.21 This outbreak demonstrated that once all the available disposal options were in use there was no reason for disposal to constrain a policy of eradication. However, of all aspects of the operation, disposal aroused most public reaction, both locally, with the use of mass burial sites causing frequent demonstrations by local residents and community action to limit their use, and across the world, as tourists reacted to media coverage of pyres. There is therefore a need to ensure for the future that sufficient disposal routes are available immediately, that they comply with legal requirements and can be operated within environmental constraints and are those most acceptable to the public.

3.1.22 During the course of this outbreak an agreed disposal hierarchy was developed and followed. This hierarchy takes account of environmental and public health issues and favours rendering and incineration followed by licensed landfill, then pyre burning with on farm and mass burial as equally least favoured. The air curtain incinerators, used under emergency powers, have no formal place in the hierarchy at present, but it is hoped that trial work now being undertaken will enable them to be placed after rendering and fixed plant incineration, but before licensed landfill.

3.1.23 Current contingency arrangements provide for immediate use of fixed plant incineration under the umbrella of a contract the RPA has with incinerator companies. Rendering, under a similar contract, will come on stream within 48 hours, if the scale of outbreak is estimated to exceed the limited incinerator capacity and full biosecurity arrangements at the plants can be implemented.

Future Plans

3.1.24 A full cost analysis of all the means of disposal used in this epidemic is being undertaken to provide a sound financial input to further considerations on a future hierarchy of disposal outlets. This will augment the legislative, environmental and public health issues that are already in consideration. All the issues that have arisen in this epidemic are of course relevant:- the effect on tourism of images of pyres, the public health and nuisance issues related to burn and mass burial sites, the effect on local communities of mass burial sites and the major environmental management tasks that need to be addressed in relation to them; and the environmental public health and legal constraints on burial and burning on-farm.

3.1.25 In addition, there has been considerable scientific assessment of the methods used; modelling and monitoring of the plumes from burn sites, work on dioxin emissions from pyres, tests on the efficacy of air curtain burners and ongoing monitoring on public health issues in relation to disposal workers. More work in these areas may need to be considered.

3.1.26 A key element of future contingency planning will be consultation between DEFRA, GOs, local authorities and regional stakeholders to develop local disposal contingency plans. This will include consultation and agreement on the methods of disposal most suited to the locality, the use of local disposal facilities such as rendering and incineration and also the use of licensed commercial landfill. Local consultation will also need to address the location of strategic carcase collection centres and lorry parks that would be employed in the event of another major disease outbreak. Contingency plans will also involve 'agreements' with hauliers to provide appropriate biosecure transport for the haulage of carcases to disposal sites at agreed rates. These arrangements will ensure that carcases are only transported in leak-proof vehicles and that lorries normally used for the transport of grain or feed are not used.

Legislative Provisions

3.1.27 Future disposal plans also need to address proposed changes in legislation, in particular the impending EU Animal By-Products Regulation and the implementation of the Pollution Prevention and Control (PPC) Act 1999. These regulations would severely curtail the disposal routes utilised during the FMD outbreak.

3.1.28 Under the provisions of the proposed Animal By-Products Regulation due to be implemented by the end of 2002, disposal in both licensed landfill and mass burial sites would be prohibited, since the general provisions state that Category 1 material (animal by-products as specified in article 4, including whole carcases) shall only be disposed of by incineration or rendering.

A derogation is detailed in article 24(c) states that the competent authority may, where necessary, decide that:

> "animal by-products may be disposed of as waste by burning or burial **on site** in the event of an outbreak of a disease mentioned in List A of the International Office of Epizootic Diseases (OIE), if the competent authority rejects transport to the nearest incineration or processing plant because of the danger of propagation of health risks or because a widespread outbreak of an epizootic disease leads to a lack of capacity at such plants."

3.1.29 Initial discussions suggest that the 'on-site' stipulation would rule out mass burial sites and licensed landfill sites as disposal options for any future outbreak.

3.1.30 A further issue relating to the use of licensed landfill, which remains unresolved, is that Government only has powers of direction whilst landfills are controlled under Part II of the Environmental Protection Act 1990. Existing landfills will gradually become subject to the Regulations made under the PPC Act 1999 to transpose the Landfill Directive - and the power of direction will be lost. The Landfill Regulations will apply immediately to new landfills and existing landfills will be subject to them during the period 2003-2007.

3.1.31 The practical effect of these proposed legal changes is that unless sufficient rendering or incineration capacity can be made available, it would not be possible to dispose of the number of carcases generated in this outbreak without recourse to pyre burning or on-farm burial. These issues are being addressed by DEFRA.

Cleansing & Disinfection

3.1.32 During the FMD outbreak secondary cleansing and disinfection was undertaken on some 7,116 farms. Procedures for this work are being reviewed and amended in the light of experience. In particular, procedures will reflect the need to ensure that secondary C&D is proportionate to the size of the holding and potential risk of virus spread, as well as reflecting the tighter contractual provisions implemented after review in August.

3.1.33 Current guidance on the disposal of seized materials and other C&D wastes by burning and burial on site, in keeping with existing farming practices. This practice will however be prohibited under proposed Animal Waste Regulations which will fully implement the EU Animal Wastes Directive. This will mean that all non-organic waste arising on farms will become controlled wastes and will need to be disposed of in accordance with the Waste Management Licensing Regulations 1994. The C&D element in the SVS instructions will be amended to reflect these changes in regulation.

Animal identification and movement controls

3.1.34 The FMD epidemic has reinforced the importance of establishing individual identification of sheep and the UK is supporting the EU Commission's moves to improve identification and tracing of sheep. It is strongly in favour of electronic identification, because of the large numbers involved and the difficulties of an eartag/paper based system for all animals, while acknowledging such a system is now in place for sheep in relation to movements in the Interim regime. The UK will continue to participate fully in discussions in the EU.

3.1.35 The current interim movement regime, introduced in February 2002 is based on a 20 day standstill period for sheep and cattle, as is already in existence for pigs. The value of this period in relation to disease control will be monitored during the life of the scheme. For the present, veterinary advice is that the 20 day standstill should apply to the entire holding when animals are brought on, rather than just to the incoming animals themselves. DEFRA has undertaken to carry out a formal veterinary risk assessment and a parallel economic assessment of the 20 day rule before reaching a view on future policy in this area. It is hoped that the recommendations of the Inquiries will be available in time to inform these policy decisions.

Effective Communication

3.1.36 It was apparent during the epidemic that there was a demand for straightforward and timely communication on all aspects of the disease, its control and its impact on the countryside which was not always met by the Government. There is no easy way of achieving such communications at a time of crisis, but there is a need to ensure that all avenues are explored to improve the information that can be given, its accuracy, and the speed at which it is provided.

3.1.37 DEFRA is striving to improve public communications and to provide information that is always factual and clear. Briefing the press and informing the public accords with a requirement to disseminate information, demonstrate openness, provide clear explanations and provide accessibility to information and to key personnel. It is particularly important that all those within Government who provide information to the public, whether Ministers, RODs at local stakeholder meetings or case officers managing a cull on a farm should be well informed, up to date and able to explain the policy that is being implemented.

3.1.38 Much was achieved during the epidemic, both centrally and regionally, and the developments will be reinforced, both to ensure good communications internally and clear messages being available for communication externally. There are also lessons to be learned in relation to action that should be taken to present Government policies abroad when the UK media is concentrating on negative stories, and being picked up overseas. In this case effort needs to be directed to communications which provide positive information focused on the particular concerns of individual countries. In all these areas, efforts begun during the epidemic will be maintained.

Management Information

3.1.39 The battle against the epidemic was conducted in a very public arena and there was a constant demand for accurate, detailed and timely information on all aspects of the disease control exercise. Much information was provided to the website and to Ministers, MPs and the public. However, the system could not always provide the precise information required; nor was the Disease Control System, developed solely for that purpose, integrated with the financial management system which was subsequently and separately developed. All these issues are now being addressed to produce an integrated system which takes full account of the need for detailed management information across all aspects of the disease and its control. Considerable work has been undertaken in the DCCs to improve their own local management. Overall this will have major benefits in terms also of providing information for financial audit. Concerns about the problems encountered in deploying mass IT management systems in laboratories which normally dealt with R&D, rather than volume processing of serology tests, means that this is an area where further work is necessary if serology is to be successful employed in a future outbreak.

3.1.40 One aspect of the IT systems used during the outbreak, that worked particularly successfully and is being strengthened is the work on Geographic Information Systems (GIS). This provided valuable locational data, demonstrated the benefits of bringing separate databases together into graphical representations and, by the production of high quality and specific maps, greatly helped the effort to deal with the disease and to explain that effort to others. The SVS team has been enlarged and more development will be taking place.

3.1.41 The Countryside Agency is working to help local authorities improve the quality and clarity of public information on countryside access, it is also looking at the feasibility of a National Countryside Access database, available on the internet, giving up to date information on rights of way and areas of land open to the public. Although these initiatives serve a more general purpose, they will be available to provide information quickly in the event of animal disease.

Independent and Open Scientific Advice

3.1.42 The policies adopted to eradicate FMD were based on veterinary and scientific advice. In line with the recommendations in the Phillips Report on the BSE Inquiry, effort was particularly directed to ensuring that this included advice from independent veterinarians and scientists, and was fully explained in the public domain. The CVO, in developing

his veterinary advice, drew on the knowledge and expertise of staff in the SVS and at the Veterinary Laboratories Agency, including veterinary epidemiologists. He also held regular weekly meetings with senior representatives of the veterinary professions at which the disease and control methods were discussed. From the early stages, he explained the veterinary advice that he was giving to Ministers and stakeholders in media briefings. The CVO established early on a veterinary risk assessment team. The teams veterinary risk assessments, which provided the basis for taking decisions on re-opening footpaths, allowing hunting to resume and allowing other country activities to start again were made public on the DEFRA website.

3.1.43 In line with the Phillips Report's recommendations for developing independent scientific advice and greater openness of government scientific data, the Chief Scientific Adviser established an FMD Science Group. This included three teams of university based epidemiological modellers, as well as government veterinary epidemiologists, veterinary experts, serologists, practising vets and logisticians, amongst others. Advice from the CSA, which arose from discussion in this group, played a significant role in the development of culling policies, slaughter targets and other policies to control the epidemic. The advice from the group was, wherever possible, explained by the CSA in media briefings.

3.1.44 The nature of the subject and the speed with which epidemiological advice was required meant that the Science Group could not be appointed in accordance with usual procedures. The Inquiry's views on how independent scientific advice might best be provided in such circumstances would be valuable.

Engagement with Other Countries

EU - Controlling the Disease

3.1.45 One of the main lessons that was appreciated and acted upon very early in the epidemic was the importance of engaging fully and openly with other Member States, the EU Commission and the Standing Veterinary Committee. The Committee was kept fully informed of developments in the disease control measures and this proved to be very useful as active participation enabled decisions to be taken promptly which were of direct assistance during the outbreak. The Commission also showed a willingness to be flexible and draft decisions at short notice e.g. to endorse plans to grant the UK the right "in principle" to vaccinate cattle in Cumbria and Devon.

3.1.46 As the epidemic waned and ended the positive engagement with the SVC contributed to the timely lifting to EU restrictions on the export of animals and carcases. This also contributed to the OIE's declaration of 22 January that the UK had FMD free status.

3.1.47 The December conference on FMD, organised by the UK, the Netherlands, Belgium EU Presidency and the Commission demonstrated the value of an international forum for discussing and taking forward consideration of issues such as vaccination. The outcome of this conference will feed into the negotiation of a Council Directive to replace Council Directive 85/511/EEC introducing Community measures for the control of FMD on which work was under way before the recent outbreak. In this, the Government will take into account the findings of the Inquiries into FMD.

3.1.48 Once a new Directive is agreed it will be important to ensure that it is fully and speedily implemented in UK law and that the FMD contingency plans are revised to take full account of any changes that may arise from the new Directive.

3.1.49 Engagement with other member states helped secure veterinary assistance from EU as well as from US, Canada and Australia - so at the height of the epidemic there were international vets working here who had been recruited to help the domestic effort.

Impact of the Disease Internationally

3.1.50 As the overseas impact of FMD became increasingly apparent FCO overseas posts were engaged in a huge campaign aimed at countering the impact on international tourism. The FCO fed into other departments (through COBR, Cabinet and correspondence) advice on a range of presentation issues of particular relevance to foreign concerns: such as whether the disease affected humans; whether there were food shortages in the UK; whether the disease could be transported back to their countries. A sophisticated balancing act was needed between addressing concerns in Ireland and the Netherlands that everything possible should be done to counter the disease (closure of sporting events; disinfecting of mats at ports and airports); and elsewhere, where the image of a closed countryside was perpetuated by pictures of mounting carcases and burning pyres. Other overseas activity was affected, ranging from military training (Canada) to school exchanges (Europe) to non-risk exports of UK agricultural products like fish (to Russia) and grain (to North Africa). In each case British Embassies were mobilised to counter the damaging effect of misconceptions about FMD.

3.1.51 The co-ordinated response overseas was effective. Embassies immediately cascaded information and guidance to consulates general and other UK relevant offices. Many embassies in key tourism revenue countries held regular meetings with the British Tourist Authority, British Council, British Chambers of Commerce, British airline carriers etc. to co-ordinate their response. Embassies agriculture, trade, defence and press and public affairs officers were frequently working together on integrated strategies for responding for FMD.

SECTION 2 - ACTION ALREADY TAKEN

Swill Feeding of Pigs banned from May 2001

3.2.1 From early in the epidemic there was speculation that the practice of feeding swill to pigs was a cause, or the cause, of the outbreak. The farm at Heddon-on-the-Wall, which is now believed to be the source farm of the epidemic was licensed to feed swill to pigs.

3.2.2 In response to this assessment of the origins of the disease the Minister of Agriculture, on 27 March, announced in the House of Commons that he was proposing a ban on the use of swill feeding. There were existing statutory controls which made it an offence to feed swill to livestock unless it had been processed and licences were required to process and to feed processed swill to livestock. While acknowledging that if the statutory conditions for feeding swill were complied with i.e. heating at 100°C for one hour, it did not present a risk of transmitting foot and mouth disease or other similar pathogens, the potential risk of swill feeding introducing disease to livestock farms where swill was not used and thence to the wider community was assessed as greater than the benefits to the relatively small number of premises which continued to use swill feeding. A public consultation document was issued on 27 March seeking the views of all interested parties on the principle and detailed application of such a ban.

3.2.3 Consultation on the proposals led to a new order being made on 3 May. The principal effects of the Order were:-

(a) A ban on the production and feeding of swill from catering waste which contained meat products or products that had been in contact with meat;
(b) A ban on the use of poultry slaughter house waste and fish waste in swill;
(c) To maintain a ban on the access to livestock of any catering waste imported into Great Britain and originally intended for consumption on the means of transport in which it was imported, or any feedingstuffs which had been in contact with it.

3.2.4 The ban came into effect on 24 May after a three week phase-in period designed to ensure that animals could be safely weaned off waste food on to an alternative diet.

3.2.5 This tightening of the legislation in relation to animal feeds is intended to close one of the channels through which potentially infected food might infect animals in GB.

The Animal Health Bill

3.2.6 This Bill picks up the issues that arose in relation to problems during this epidemic. The Animal Health Bill (which amends the Animal Health Act 1981) was introduced to the House of Commons on 31 October 2001. It is an enabling Bill which *inter alia* extends the range of powers available for combating foot and mouth disease. It does not, however, presuppose that any one method of disease control is preferable to another. The Bill contains new provisions relating to slaughter, vaccination and testing, and provides for the better enforcement of such powers. Should the need arise, these provisions may be extended to diseases other than foot and mouth by order of the Minister (subject to the approval of both Houses of Parliament).

3.2.7 The Bill results from the realisation that in some circumstances the disease control powers contained in the Animal Health Act 1981 were insufficient to take swift and effective action to prevent disease spread and from the consideration that there could be a long 'tail' of low numbers of new cases as well as a likelihood of localised resurgences as the Autumn movements took place.

3.2.8 The wider slaughter powers provided for in the Bill allow animals to be slaughtered on preventative grounds if there is scientific, veterinary and epidemiological evidence that it would limit the spread of disease. This differs from existing measures in that it provides for the possibility of culling animals in a wider range of circumstances than is at present possible e.g. for a firebreak cull.

3.2.9 The Government recognises the need to implement the new provisions openly and transparently, in the light of an effective dialogue with stakeholders. Farmers and others need to be assured that the new slaughter powers will be applied proportionately, taking due account of risks. This is why consultation is currently taking place on the criteria that will determine how and in what circumstances the option of slaughtering under the new powers would be justified. In light of the comments a slaughter protocol will be published setting out clearly how the new powers will normally be used and the procedure for seeking review of a slaughter decision. Revised instructions to veterinary staff on how to implement the powers in line with the approved criteria and procedures will also be published.

3.2.10 The Bill also strengthens the option of using vaccination for disease control. The Bill contains a new provision allowing vaccinated animals to be slaughtered, where appropriate, and requiring compensation to be paid for slaughtered vaccinates.

3.2.11 The Bill also provides new powers of entry to slaughter, vaccinate, or blood test animals. Currently if a farmer refuses access to his/her farm, DEFRA has to obtain a court injunction to gain entry. The Bill will enable DEFRA to apply for a warrant from a Justice of the Peace thereby reducing delay and ensuring a speedy slaughter/vaccination/testing process when necessary.

3.2.12 In the recent outbreak some farmers initially refused access to their farms. Although often resolved at the local level, with stock slaughtered or tested, the resultant delays contributed to failures to meet the 24/48 hour slaughter targets. The new powers will allow rapid action when required which the epidemiological evidence shows is vital in controlling the spread of disease.

3.2.13 In addition to the new powers of slaughter, vaccination and testing the Bill provides for the adjustment of compensation that is payable in respect of animals slaughtered on Infected Premises, taking account of compliance with biosecurity measures. This would be based on the requirement that all farmers on Infected Premises would automatically be entitled to 75% of the market value of the animals slaughtered. The remaining 25% will be subject to an assessment of the farmer's compliance with biosecurity requirements. This is to encourage high standards of biosecurity amongst farmers, thereby reducing the risk of spread of disease, and reflects the lessons learned in this epidemic in relation to the importance of biosecurity in controlling the spread of the disease.

3.2.14 Another feature of the Bill is the creation of a new offence of deliberate infection of an animal. This applies to a number of animal diseases including foot and mouth disease. If convicted, a person found guilty of deliberate infection would be liable to imprisonment for a term not exceeding two years or to a fine or to both. They would also be disqualified from keeping animals for a specified period.

3.2.15 The Bill also provides measures for the eradication of scrapie from the national flock.

Controls on the imports of meat and meat products

3.2.16 Concern has been voiced, particularly by the NFU during the outbreak, and, more recently by many other organisations, about the apparent ease with which meat and meat products can be brought illegally into this country. The FMD epidemic has drawn attention to the potential for

exotic diseases to be brought in with such imports. The Government is therefore taking steps to tighten these controls.

3.2.17 Imports of meat into any EU state from a third country must conform to EU rules, which require strict conditions and veterinary certification. In addition meat consignments must be presented on arrival to a Border Inspection Post (BIP) where all consignments are subject to documentary and identity checks and at least 20% of consignments undergo physical checks. The performance of BIPs is audited by the European Commission's Food and Veterinary Office and monitored by DEFRA.

3.2.18 DEFRA is leading interdepartmental consideration of the problem of illegally imported animal products. Port Health Authorities are being encouraged to exercise greater vigilance in all their checks of imported consignments. The Food Standards Agency, which is responsible for public health aspects of such imports and for imports of other food products, has written to the local authorities to ask them to pay particular attention to retail outlets in case illegally imported products are on sale.

3.2.19 It is recognised that there are illegal imports of meat , both by individual travellers bringing small quantities in their luggage, but also by traders hiding meat in containers ostensibly holding other products. Detection in both these cases depends on spot checks, usually by Port Health Officers and HM Customs.

3.2.20 The Government has already taken steps to improve action against this struggling activity. These steps fall under four headings:-

- Increased public awareness. Hard hitting posters at main airports and ports, advising passengers of our import rules, information provided to travellers before departure via UK Embassies, airlines and travel agents. Action for in-flight initiatives being taken forward e.g. video, public announcements.

- Improved enforcement powers.

- Improved intelligence gathering and sharing of information.

- Risk assessment - a risk assessment has been commissioned to analyse the probability of illegal imports of animal products, the probability of such imports being infected with FMD and other List A notifiable diseases, and the probability that any infected illegal imports will reach susceptible livestock. This information will be used to better target enforcement resources.

3.2.21 These measures are being kept under review and the Government will continue to make improvements as necessary. Consideration is being given to the possible use of detector dogs and x-ray machines at ports and airports.

Biosecurity controls

3.2.22 Control of foot and mouth disease has always depended on following tight rules in relation to biosecurity, ensuring cleansing and disinfection rules are scrupulously followed and that the movement of vehicles, people and animals comply with requirements During this epidemic the importance of maintaining biosecurity has become a major issue. Good biosecurity for cattle could mean their exemption from the contiguous cull under the refinements issued in April. The CVO emphasised its importance by issuing a biosecurity video to all farmers at the beginning of July with eight key messages:-

"Keep livestock separate;
Deal with sheep last;
Keep yourself clean;
Keep the farm secure;
Keep unnecessary vehicles away;
Clean and disinfect;
Avoid visiting other farms;
Look for early signs of disease."

3.2.23 The importance of biosecurity was also emphasised in relation to:-

- Forms A&D served under the Foot and Mouth Disease Order 1983 which impose stringent biosecurity requirements in relation to the premises to which the forms apply.
- Movement licences. From 13 July it became a condition of every movement licence that strict biosecurity measures should be taken with vehicles and personnel. Elliott Morley made plain, in a announcing the necessity of meeting high standards of biosecurity when applying for licences to move livestock that "Compliance with high standards of cleansing for vehicles and operators will be a condition of each licence. Where biosecurity standards are clearly insufficient we will look at the case for refusing further applications for such licences."
- Cleansing and disinfection. When this was restarted on 4 August following the review of the costs and contractual arrangements, it was announced that DEFRA reserved the right to withhold payment of all or part of the costs of C&D in some clearly

defined circumstances, including where biosecurity failures were shown to have led to the disease on farm.

- Restricted Infected Areas. When these were introduced in the disease hotspots very high standards of biosecurity were required of milk tankers, grain lorries and all vehicles visiting farms. These strict controls proved effective and would be implemented immediately in any recrudescence or new outbreak.
- Compensation for slaughtered animals. The importance of biosecurity is also drawn out in the Animal Health Bill in relation to the proposed terms for compensation for slaughter.

3.2.24 In all these moves the Government has demonstrated its commitment to emphasising the important lesson that it is only by good biosecurity that adequate disease control can be maintained. This is a lesson that must be learnt by the whole farming community if outbreaks of disease are to be avoided.

Section 3

Structural and Organisational Changes

The Creation of DEFRA

3.3.1 DEFRA was created after the election in June 2001 to bring together the responsibilities of the Ministry of Agriculture, Fisheries and Food for farming, fisheries and the food chain with the responsibilities of the Department of Environment, Transport and the Regions for other aspects of the rural economy and environmental protection. This acknowledged the inter-relatedness of all aspects of the rural economy. Bringing together all rural and agricultural policy in a co-ordinated and coherent whole will help ensure that the development of policy on one aspect being developed takes full account of its impact on other policies. The aim and objectives of the new Department will help to ensure that all aspects of rural life and the environment are brought fully into consideration in dealing with any future outbreak of animal disease.

Civil Contingencies Secretariat (CCS)

3.3.2 The CCS was established in July 2001, and reports to the Prime Minister through the Cabinet Secretary. It was established because the experiences of the fuel protests, the floods in the winter of 2000 and the outbreak of foot and mouth disease highlighted the fact that the Cabinet Office was in the best position to draw together and co-ordinate the different strands of Government activity which came into play in difficult situations, emerge relatively quickly and have implications that go beyond the responsibilities of single Departments.

3.3.3 The CCS is a co-ordinating body and centre of expertise set up with the aim of improving the resilience of central government and the UK. Its purpose is to make the country more effective in planning for, dealing with and learning lessons from emergencies and disasters. The secretariat can provide integrated planning and thinking and co-ordinate action across departments. Its tasks are to identify potential crises; to help departments pre-empt them or handle them; and to manage any necessary co-ordination machinery.

Clear Lines of Management

3.3.4 In July 2001, as part of the restructuring following the creation of DEFRA a new post of Director General of Operations and Service Delivery was created, to focus, at Management Board level on issues concerning customer service and delivery.

3.3.5 From 1 October 2001 the Veterinary Field Service - which comprises all the vets and supporting technical and administrative staff in Animal Health Offices headed by the DCVO-Services reports to the Director General for Operations and Service Delivery (DGOSD) and no longer to the CVO. This change will mean that the whole of the veterinary operation in the field will report through a clear line to the DGOSD and establishes a management structure that will allow internal communications to be more direct, simpler and faster. The CVO will remain head of profession and is now the Director General of Animal Health and Welfare responsible for policy on all animal health, welfare and veterinary matters. In the event of any future disease outbreak the whole operation in the field would be set up within the command of the DGOSD with the focus on ensuring effective delivery. Not only is the command structure in an emergency important, but, in particular, the need for effective communication is paramount.

3.3.6 More generally this change creates a structure to enable DEFRA to improve the delivery of its service by bringing together, under the DGOSD, the two largest field delivery organisations in core DEFRA - the SVS Field Service and the Rural Development Service (RDS). The change will promote joint working, a more integrated and co-ordinated service to key customers, more integrated IT and a shared use of premises and support. It will help to design more resilient structures and improve emergency response arrangements. Many of these advantages were apparent during the FMD epidemic and the co-operative working arrangements established then have contributed to this change in structure.

A broad Departmental basis for tackling major problems

3.3.7 Engaging all Government departments that are able to make a contribution is vital in tackling major problems. This was demonstrated during the FMD epidemic by the willingness with which Government Departments provided staff to support the DEFRA offices across the country and in London, and put the need to meet their departmental targets on hold while the major objective of dealing with FMD was addressed. This is an area where the experience needs to form the basis for ensuring such an approach in future, and the CCS are working to ensure that this will be the case.

Co-ordination Across Government Departments

3.3.8 The establishment of the JCC was a response to the need for greater co-ordination across Government Departments and within MAFF - between the field and HQ. The involvement of the armed forces, of many departments and outside organisations and the establishment of the Birdtable as a rapid, but effective means of keeping everyone up to date and ensuring rapid and integrated action on operational issues made the JCC a success, which will be repeated in future animal disease outbreaks. It is included as an immediate element of the interim contingency plan.

Engaging other Organisations

3.3.9 During the epidemic the relationship between those directly involved in fighting the disease in DEFRA, both in local centres and in London, and those involved in environmental protection and public health developed and became increasingly effective, setting a basis for further integrated activity in future. Similarly the close working with local authorities, through their enforcement role and licensing work, with the policy and other local stakeholders has built a basis for future work. The contingency planning now being undertaken provides that such liaison and co-operative working should be taking place at all times so that in an emergency all parties involved will understand their roles fully and be able to act in the most effective way.

Cost Control

3.3.10 The cost control systems that were in place during this outbreak are being fully examined by the National Audit Office and the EU Vet Fund. The Government will respond to these audits and will develop systems to address recommendations that are made.

10 Downing Street
London SW1A 2AA

C: Iain Anderson, letter of appointment

From the Senior Policy Adviser

5 November 2001

LESSONS LEARNED INQUIRY INTO FOOT AND MOUTH DISEASE

On behalf of the Prime Minister and the Secretary of State for Environment, Food and Rural Affairs, I am writing to confirm formally your appointment as Chairman of the Government's Lessons Learned Inquiry into Foot and Mouth Disease.

I attach the Inquiry's terms of reference. You are asked to report to the Prime Minister and the Secretary of State and to the devolved administrations in Scotland and Wales within six months of the formal commencement of the Inquiry.

The Inquiry will be supported by a small Secretariat, headed by Alun Evans, and based in the Cabinet Office. Accommodation and meeting rooms will be provided for you at a new Cabinet Office building - 9 Whitehall - for work on Inquiry business.

Any travel and subsistence expenses you may incur in your work on the Inquiry will be met, and details about how to claim these will be provided by the Secretariat.

As Chairman one of your first tasks will be to arrange for a register to be published, for example on the Inquiry's website, of your relevant interests and to make arrangements for the proper handling of any possible conflicts. The Secretariat will advise further on this.

I am copying this letter to Mavis McDonald (Cabinet Office), Andrew Allberry (Cabinet Office), Dominic Fagan and Sue Wilson (Secretariat to Dr Iain Anderson's' FMD Inquiry).

Yours sincerely

(No signature but a note "Signed: David North 05/11/01")

DAVID NORTH

LESSONS LEARNED INQUIRY INTO FOOT AND MOUTH DISEASE

TERMS OF REFERENCE

Terms of reference: To make recommendations for the way in which the Government should handle any future major animal disease outbreak, in the light of the lessons identified from the handling of the 2001 Foot and Mouth Disease outbreak in Great Britain.

The recommendations should be addressed to the Prime Minister and the Secretary of State for Environment, Food and Rural Affairs, and to the devolved administrations in Scotland and Wales.

Timetable: The Inquiry should not formally begin until it is clear that it will not distract from the eradication of Foot and Mouth Disease. It should offer recommendations to the Prime Minister, the Secretary of State for Environment, Food and Rural Affairs and the devolved administrations within six months of starting a full programme of work. If there are important emerging recommendations that should be passed to the Government sooner, the Inquiry could publish interim findings.

D: NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND DR IAIN ANDERSON

22 January 2002

Present:

The Prime Minister
Dr Iain Anderson: Chairman FMD Lessons Learned Inquiry
Alun Evans: Secretary FMD Lessons Learned Inquiry
Jonathan Powell: No 10
Jeremy Heywood: No 10
Martin Hurst: No 10

1. The Prime Minister thanked Dr Anderson for taking on the inquiry. Dr Anderson said that the inquiry was already proving very demanding but fascinating. He summarised progress to date and stressed the importance that he attached both presentationally and in terms of getting a real feel for what it had been like on the ground, of the programme of regional visits – the first of which was this week. He said that there had initially been two main areas of criticism of the inquiry - the perceived lack of independence and the fact that it was not a public inquiry. Good progress had been made in demonstrating the independence of the inquiry but there was still a wide body of opinion who wanted a full public inquiry and who were sceptical about the process. That said, we had been arguing strongly that the inquiry approach was not a second best. It was the best way to find the lessons learned quickly and effectively.

2. The Prime Minister agreed about the nature of the inquiry. Even if it had been a public inquiry he would still have had to appoint the judge to lead it and he would, no doubt, have faced criticism of his choice. He had been concerned by the length and cost of the BSE inquiry. He was convinced that the format of the FMD inquiry was the best way forward.

3. Dr Anderson emphasised that the inquiry had already received widespread support and input from the ministers and officials to whom it have spoken in its preliminary, informal phase. All ministers who had been asked to meet the Inquiry had agreed to do so or had already done so.

4. Turning to his questions, Dr Anderson asked the Prime Minister what were the critical issues he hoped the inquiry would cover. The Prime Minister cited three sequential issues:

- Management of the transition from small outbreak to national crisis. At what point was it clear that a small veterinary problem had become a much larger outbreak that could not be contained?

- Crisis management more generally. How should government respond and with what mechanisms? He believed that the COBR mechanism that had been developed during the crisis was a significant achievement. He hoped the inquiry would consider the project management issues and their linkage with civil contingencies issues.

- Vaccination: Was there a better way which in future might be defensible? The decision had been marginal and the scientific case was never clear.

On project management alone, the sheer range of the issues involved – the vets' role on the ground, slaughter strategy, the role of the army, burying and disposal of carcasses, valuation and so on – made this one of the largest logistical projects ever.

5. Turning to contingency planning, Dr Anderson asked if plans for FMD had ever been discussed by the Prime Minister or his Cabinet colleagues prior to 19 February 2001. The Prime Minister said it had not. Dr Anderson said that the preliminary work had confirmed that all efforts had been directed at BSE and contingency planning, such as it was, had been at a pretty low level and not prioritised.

6. The Prime Minister said that there had been no reason to think about FMD before it had broken out. What mattered was that general contingency plans existed and that, once the nature of any specific crisis of future outbreak was clear, the right policy decisions were taken. The Inquiry team agreed. Dr Anderson asked about the Government's policy objectives and how they evolved once it became clear that there was a major national crisis. The Prime Minister said that the overriding policy objective had been to eradicate the disease as quickly as possible in such a way as to leave the farming industry in the best possible state.

7. Asked to what extent the costs and, particularly the social costs, of the policy were considered, the Prime Minister said that they were fully addressed. In particular, he said the cost of not eradicating the disease was at the forefront of Government thinking. The cost would have been the near total destruction of the UK farming industry. In fact, even at the height of the disease, 90% of the industry remained unaffected. At all times, he stressed that he asked for alternative policies to the overriding slaughter strategy. The only realistic option ever proposed was vaccination.

8. The Prime Minister said that the inherent tension throughout, in policy terms, was that the NFU - and indeed any farmer who didn't have the disease - tended to want as rapid a slaughter as possible of potentially infected animals elsewhere. Any farmer suspected of having the disease (and this applied particularly to dairy and rare breeds) was obviously keen to protect his animals if at all possible. The Prime Minister had no doubt that it was the rigorous application of the 24/48 hour culling policy that had provided the best chance of tackling the disease. He cited the example of Staffordshire where a small outbreak was tackled quickly and decisively by slaughter policy and the outbreak never spread.

9. Dr Anderson asked whether anything in the management of the disease or of the associated information was in any way influenced by the timing of the General Election. The Prime Minister said categorically not. He knew that many conspiracy theories abounded but that the idea that somehow the policy was affected by the election date was nonsense. He had postponed the election date when he did for the reasons he gave. In terms of the way in which the disease was tackled, it had no effect.

10. Dr Anderson asked about policy on access to the countryside and why the Prime Minister at one stage had said the countryside was open when large parts of it clearly were not. In response, the Prime Minister pointed out that, while Central Government did not have decision-making powers over specific footpath closures, it was essential that he made clear to the public the devastating consequences of people deserting the countryside completely. The tourist industry had pleaded with him to encourage people to return to the countryside and that was why he had made clear that, with certain restrictions, it was safe to visit the countryside. The tourist industry had also said that there was no evidence that foot and

mouth disease had ever been spread by humans walking along footpaths. Michael Meacher had chaired the Rural Task Force, part of whose remit was to get the countryside opened up as quickly as possible and to set out sensible rules to achieve that.

11. Turning to project management, Dr Anderson asked about the role of COBR and expressed surprise that Nick Brown had not attended COBR. The Prime Minister responded by saying that – given the volume of work - responsibility had to be divided up. The key players met continuously. He had decided that Nick Brown should lead on policy and that COBR (which both Helene Hayman and Brian Bender attended) should deal with logistics. The army effectively ran the COBR operation – once it was chaired by Geoff Hoon. Nick Brown could not have done that. He led on all policy issues (culling, compensation, rights of appeal, vaccination and European issues). It was Nick Brown who kept the House of Commons informed and he also had a key role in keeping the farmers on-side. Helene Hayman was the link between COBR and Nick Brown. The Prime Minister did not think the Inquiry should read anything into Nick Brown's non-attendance at COBR.

12. Asked who was in charge and at what stage, the Prime Minister said that, during the early stages of the disease, Nick Brown was effectively in charge. During the major part of the crisis, he, the Prime Minister, was in personal charge and, once the disease appeared to be on the turn, Nick Brown remained in charge of policy with Geoff Hoon in charge of logistics. He always saw himself as in overall charge and stressed that, faced with the same situation again, he would make the same decision. Indeed, he saw it as an advantage having somebody else in charge of the logistics. The key task for COBR had been to deliver the 24/48 hour policy on the ground.

13. Dr Anderson then summarised some of his initial thoughts. He believed that there had been three broad phases to the crisis (the first few days when it was a veterinary problem, the period when it was a national agricultural problem and the period when it was recognised as a national crisis). The Prime Minister said that, throughout all stages of the disease, policies were being continuously reassessed as necessary. For example, on vaccination, he believed that the right decisions had been taken especially in the light of the existing science. He recognised that a vaccination policy would have been cheaper than the cull.

However, Professor King's advice had been that any effective vaccination policy would have needed "buy-in" from the farmers which had not existed. The Prime Minister added that it was never clear to him that the market would have accepted vaccinated meat and, at the key meeting at Chequers, Nestlé and others had made clear their view that the market would not bear it. Vaccination was therefore never a practical option. In future, it was essential to come to a view on the basis of proper scientific evidence about what type of vaccination could work. He recognised fully that the killing was what most offended people and that, if we could develop a robust vaccination policy, it was essential to do so. It would have to be done Europe-wide.

14. Finally, the Prime Minister said that the main lessons, in his view, were about contingency planning and crisis management. He believed that some of the criticisms of the outbreak were unfounded and he hoped that the Inquiry would come up with workable recommendations for the future. He stressed his willingness to meet Dr Anderson again whenever it would be most helpful to the inquiry.

Alun Evans
Secretary to the Inquiry
24 January 2002

DEFRA
Department for
Environment,
Food & Rural Affairs

Nobel House
17 Smith Square
London SW1 3JR

Tel: 020 7238 5446
Fax: 020 7238 6118

A number of smaller announcements from DEFRA, to be taken forward with individual stakeholders.

Brian Bender CB
Permanent Secretary

Martin Hurst
Senior Policy Adviser
10 Downing Street
London
SW1A 2AA

8 March 2002

Dear Martin

GOVERNMENT MEMORANDUM FOR THE FMD LESSONS LEARNED INQUIRY

In the light of our conversation yesterday, we at this end have looked through the current draft of the Government Memorandum to see the extent to which it takes account of the points the Prime Minister has made on the earlier drafts.

The conclusion we have reached is that the points are largely reflected in the version Larry Whitty circulated on 5 March - especially in the Executive Summary that covered that document - subject to the comments below (on which we are doing further work in the days ahead).

Key Questions posed by the Inquiry

We are restructuring section 2 of the report on the basis you and I discussed yesterday. Thus, we will not quote each of the key questions verbatim, since the intention of section 2 is not to provide a direct answer to them but to state Government policy in the areas covered by each question (with part 3 of the document setting out the lessons the Government has learned in each area). For example, therefore, the first heading in part 2 will not quote key

question 3 but instead be on the lines "*role of Government and other public authorities and their organisation, co-ordination and resourcing*".

Taking the Inquiry's key questions in turn:

(i) adequacy of contingency plans. This is addressed in paras 28-30 of the Executive Summary.

(ii) effectiveness of Government response. This is addressed in paras 7-13 of the Executive Summary.

(iii) roles of MAFF/DEFRA and other authorities. Again, covered in paras 7-13.

(iv) readiness of the farming industry. **There is a gap here which we need to cover briefly in the Executive Summary (a new paragraph 33) and in part 3 of the main report**. This would cover issues relating to biosecurity and some of the work in hand on insurance etc.

(v) impact on the wider rural and UK economy. This is addressed in paras 22-27 of the Executive Summary.

(vi) vaccination. The arguments are summarised in paras 16 and 17 of the Executive Summary.

(vii) culling and disposal policies. This is covered in paras 14, 15 and 18-20 of the Executive Summary.

(viii) communications systems. **A new passage is needed in the Executive Summary on this, probably after the existing para 32**. It would deal with the importance of good communications systems and of good management information, and use of these in communicating. It will reflect the material which is in parts 2 and 3.

<u>The Prime Minister's comments relayed on 1 March</u>

When we spoke on 1 March you said that the PM had pointed out that, in a number of places, the document lacked crisp and clear argument, and he identified 5 key questions that needed to be addressed. The Executive Summary was produced in the light of these comments. Taking the PM's questions in turn:

(a) was 23 February too late to impose movement restrictions? This is covered in para 2 of the Executive Summary and para 3.1.9 in part 3 (on contingency planning). Underlying what is said are two points:

- there is no doubt that, at the time (23 February), the ban on all livestock movements was regarded as draconian; but

- knowing what we know now there is no doubt that it would have been preferable to have imposed the movement restrictions from 20 February - i.e. confirmation of the first case - and that is the basis of future planning.

(b) should we have brought in the army sooner? This is not addressed directly but covered in para 11 of the Executive Summary. Again, there are two underlying points here:

- it is probably true to say that there isn't a clear view within Government on this question. Thus, when I raised it with Nick Brown earlier this week, his answer to the question was "no";

- the establishment of the Civil Contingencies Secretariat provides a basis in the future for a structured dialogue about how to have a graduated response bringing in all necessary parts of Government (a point made in para 32 of the Executive Summary).

(c) how did we organise ourselves in Government? See (iii) above.

(iv) was vaccination a runner? See (vi) above.

(v) did we at any point depart from the veterinary or scientific advice? At the moment this is covered in part 3 of the document (paras 3.1.42-44). **We will include a new paragraph in the Executive Summary picking up these points**.

No doubt you will let us know after the weekend whether (taking account of the further work identified in this letter) the version circulated by Larry Whitty meets the Prime Minister's concerns.

I should say that Alun Evans made clear (again) yesterday that 15 March is a very real deadline for Dr Anderson to receive the Government Memorandum. I believe we are on track to achieve that.

Yours sincerely

Brian Bender

BRIAN BENDER

Agenda Item 2: Steering Paper

SUSTAINABLE FOOD AND FARMING

[Making it happen]

Version 3 as at 7 March [14.00]

The Government established in August 2001 a Policy Commission on the Future of Farming and Food, chaired by Sir Don Curry, to

> "advise the Government on how we can create a sustainable, competitive and diverse farming and food sector which contributes to a thriving and sustainable rural economy, advances environmental, economic, health and animal welfare goals, and is consistent with the Government's aims for Common Agricultural Policy reform, enlargement of the EU and increased trade liberalisation"

The Policy Commission reported in January 2002, to widespread acclaim. On behalf of the Government, Margaret Beckett has endorsed the Commission's broad analysis, direction and many of the specific recommendations. This paper is designed to engage all those with a stake in the future of food and farming in helping the Government to translate the Policy Commission's vision and ideas into action.

1.0 INTRODUCTION

1.1 The farming and food industries are vitally important to this country. Together they account for almost eight per cent of [UK?] GDP and 12 per cent of employment. Farming is responsible for looking after some 70 per cent of our land and has a major impact (both positive and negative) on our environment. The landscapes it creates play an important part in underpinning tourism and other rural activity. Directly or indirectly these industries touch every one of us in our daily lives. They have faced extraordinary difficulties in recent months, but have also been subject to significant longer term pressures. The Policy Commission on the Future of Farming and Food was set up in the immediate aftermath of the Foot and Mouth crisis, but it also addressed these long-standing issues.

1.2 The government is committed to working in partnership with stakeholders to ensure we all respond positively to the challenge of creating successful English food and farming industries. The central aim of the new Department for Environment Food and Rural Affairs is to deliver on the government's commitment to sustainable development – which means a better quality of life for everyone, now and for generations to come. We want a farming industry and associated food chain which is genuinely sustainable: economically, environmentally and socially. Success or failure in achieving this goal lies in the hands of the farmers and other food chain businesses themselves – but Government will help to facilitate change where it can.

1.3 The Report presented in January by the Policy Commission presents a vision of a sustainable, competitive and diverse farming and food sector, and makes a wide range of recommendations.

1.4 The challenge now is to make the Policy Commission's conclusions real and practical for the industries, people and communities to which they refer. We have to work together to deliver this change. It cannot be realised by government alone; indeed, increasingly government will be a facilitator rather than a provider. Many of the Policy Commission's recommendations are addressed to the industry rather than Government. Together, all those who have an interest in the farming and food industries, in consumer, rural and environmental issues, need to agree how to take forward the ideas identified in the Policy Commission's report and other initiatives, so that together we can bring about the transformation that is needed. The government intends that this process of discussion will result in a *Strategy for Sustainable Food and Farming* to be launched in early autumn.

2.0 PURPOSE OF THIS DOCUMENT

2.1 This paper:

- offers a framework for discussion with all of you with an interest in food and farming. In the wake of Foot and Mouth, we are already taking forward a number of initiatives to help the recovery of the livestock industry. We are already implementing some of the Policy Commission's recommendations together with the farming and food industries. The industry itself has made commitments to change. There are other areas where we need to discuss how best to make progress.

- in particular, it suggests the key changes we and you need to deliver and possible ways of doing this, and invites your involvement in the relevant initiatives. It launches discussion on the key themes proposed in the Policy Commission report, which now need developing into workable polices. And there are other areas, outside the Policy Commission report, which will help us deliver this vision.

- challenges the industry to work together to develop practical ways to take forwards the suggestions that fall to it

- raises some specific questions on which we would like your views

3.0 YOUR INVOLVEMENT

3.1 Your participation in this process is vital. You are invited to comment on the issues raised in this paper - specifically the questions listed in section 5 - and to submit your views by the end of May, either by post or on-line [at…..]. [You will also be able to register contributions on the DEFRA website at….].

3.2 A number of events across the country are planned at which the issues raised in this document will be discussed. Details of these events will be made available on the website at [ ].

3.3 [A 'contact group' of key stakeholders will meet under Lord Whitty's chairmanship during the Spring to participate in the process of determining how best to take forwards the ideas of the Policy Commission and others.]

3.4 Once we have your input, we will launch the strategy in the early autumn. [Delivery of this strategy will be the responsibility of a 'Sustainable Food and Farming Action Group' bringing together all participating organisations under Lord Whitty's chairmanship]. The strategy will incorporate an action plan of measures that are already being taken forward and which we and you intend to take, and a government response to each of the Policy Commission's recommendations. Not all the Commission's recommendations necessarily involve expenditure by Government, nor, when they do, is it clear that the Government should shoulder the full costs. Where Government involvement has been identified as being appropriate, we will need to take account of the 2002 Spending Review, which is running in parallel with this process of stakeholder engagement. We expect the Review to conclude in the summer. The government will want to target the financial resources that are made available to implement the recommendations to achieve the best and most cost-effective outcome.

4.0 WHAT DO WE WANT TO ACHIEVE?

4.1 Our objective is to develop a sustainable, modern, diverse and adaptable farming industry, working in partnership with the rest of the food chain and contributing to our objectives for the environment and rural areas. A strategy to achieve this objective will need to identify actions and outputs to deliver outcomes in the following areas.

Improving farm performance

4.2 The Policy Commission on Food and Farming clearly identified the need for farmers to develop their own industry, overcome their problems and prepare for a time when EU and government subsidies are reduced. An economically viable industry is an essential aim in its own right. Profitability will also make it easier for farming to achieve the wider rural and environmental outcomes which society wants. However, there is a large gap between the performance of the most and least successful farms. There is a need for farmers to work together to improve their business performance. This will require some combination of cutting costs, adding value and business diversification.

Joining up the food chain

4.3 A strong and competitive food chain is a vital part of a strong economy. It is also the most effective way of meeting the needs of consumers. The British food industry is by far the largest market for our farmers, and the future of the farming and food industries are inextricably linked. We need to work together to ensure that all parts of the food chain operate in partnership to deliver in a sustainable way the choice, quality, safety, nutritional standards, economic efficiency and continuity of supply that our society requires.

Farming's contribution to sustainable rural communities

4.4 Farming occupies most of the land in rural areas. Well managed farms are an essential element of an attractive countryside and contribute to the quality of life of rural residents and visitors. And innovative, diverse and environmentally responsible farm-based business can play a large part in enhancing opportunities for rural people and promoting strong, sustainable rural communities.

Protecting and enhancing the environment

4.5 We expect farming to safeguard the environment and to deliver a wide range of environmental and other benefits, not least an attractive and living countryside. Market pressures can work against this aim and Government accepts that it has a clear role to put in place the mechanisms to ensure that positive environmental outputs are delivered and negative environmental outputs are reduced. Where farming has undesirable environmental effects, it imposes costs on others. We need to address the causes of these negative impacts and develop measures to improve the sustainability of agricultural operations in ways which recognise the public costs of environmental degradation while minimising the burden of compliance.

Improving animal health

4.6 Society has a responsibility to protect the health and welfare of animals raised for the human food chain. Effective control of animal diseases is critical to the viability of the livestock production sector. However, the experiences of BSE and of foot and mouth disease show graphically the impact animal diseases can have on wider society, whether in terms of threats to public health, the economy, rural communities or the environment. Achieving the high standards society expects in this area has to involve a partnership between a responsible livestock sector, sensitive to the concerns and ethical expectations of consumers, on the one hand; and the regulatory authorities on the other.

5.0 HOW SHOULD WE ACHIEVE IT?

5.1 Many different partners must play a role – through a wide range of different actions - to deliver these outcomes. This section outlines the major areas where practical change is needed and considers how that change might be achieved. Under each heading we have identified some specific questions in respect of which we would like your views.

5.2 The Policy Commission made it clear that the government should provide the policy framework and remove distortions that are currently preventing positive initiatives from developing. This includes paying the price needed for delivery of the environmental benefits that farming can supply to the public at large. Beyond this, the Commission consider – and government agrees – that it is up to the food and farming industries to spot and seize its

opportunities. With this analysis in mind, in addition to the specific questions below, we would like you to consider in each case:

- how you can help drive forward this mechanism/initiative?
- who you need to work with in partnership to deliver?
- should Government be involved in facilitating the process? How?

Improving the Performance of Farmers and other Land Managers

Issue

5.3 Farmers and other land managers face difficult business decisions in the face of increasing market pressures and the process, which has already begun, of switching from producer subsidies to payments for public goods. Continuous improvement and development will be key to business success and profitability in adapting to these changes and to an increased focus on environmental performance, including the need to comply with new regulations.

5.4 Currently farming is characterised by:

- low incomes and profitability, as well as the prospect of increasing competition as trade barriers and production subsidies are progressively reduced

- wide disparities between the best and worst performers in terms of productivity

- the need to raise skills levels, not least entrepreneurial skills, in the workforce

- a plethora of available advice, much of it publicly funded, delivered through a range of often uncoordinated methods of varying degrees of effectiveness

- practical and cultural barriers to accessing training, advice and information to remedy skills and knowledge gaps

Key concerns

5.5 The Policy Commission recognises that there is a need to mobilise relevant resources – such as Further Education colleges and voluntary organisations – to deliver a new framework to help land managers to raise their performance and to secure a step change in sustainable practices.

5.6 The aim is to achieve a modern learning environment in farming and other land-based industries, in which skills are routinely updated through forms of continuous professional development, including through the development of the new Sector Skills Council covering land-based industries.

5.7 Changes are needed in the way advice to land managers is conceived, prepared and delivered. Integration and co-ordination of different advice streams, exploitation of new media (including ICT-based systems), and dissemination through local rather than national channels all need to be piloted evaluated and rolled out more widely where this is justified.

5.8 Community-based ownership of problems and solutions, will help encourage local innovation and decision-making and more effective outcomes.

Questions

- What can industry and other stakeholders do to take forward the Policy Commission's recommendations to improve the performance of farmers and other land managers, through benchmarking, demonstration and development of best practice?

- Does the current education and training network address industry needs?

- What delivery mechanisms should agricultural colleges and others develop to ensure lifelong learning?

- The Policy Commission recommends simplifying the Vocational Training Scheme. What improvements would you wish to see?

Farming and the food chain

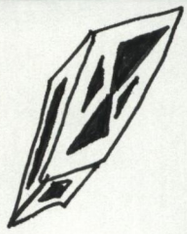
Issue

5.9 One of the themes of the Policy Commission is reconnecting farming with its market and the rest of the food chain. To be strong, sustainable and competitive, all parts of the food chain have to meet consumers' requirements. This means all parts of the food chain working together efficiently.

Key concerns

5.10 One means for farmers to get closer to consumers is by investing beyond the farmgate, often involving co-operation or collaboration. But where farmers continue to sell the output of their farms direct to others in the food chain there is still a need to ensure that their output reflects their customers' needs, for example through farm assurance schemes. Responding effectively to the requirements of consumers is fundamental.

5.11 The food chain is big and complex with a very large number of different businesses involved. Parts of it work very efficiently but there is a need for more work on benchmarking of all stages of the chain, supply chain analyses, best practice reports and dissemination of best practice in order to increase efficiency and competitiveness.



5.12 Over a number of years food prices have increased more slowly than retail prices generally and there is pressure on the margins of businesses throughout the food chain. Linked to this, there are concerns about what represents a fair return to different parts of the chain.

5.13 As well as a demand for cheaper food, today's market includes a strong demand for value added, niche or specialist products. The Policy Commission draws particular attention to organic food, local produce and locality or regional produce. Some consumers are interested in the impact that the production of their food has on the environment or on animal welfare. The scope for expansion in these areas is a major issue for the future of food supply.

Questions

- In response to the Policy Commission's views and in order to help farmers get closer to consumers, improve their marketing performance and competitiveness, on 26 March DEFRA published a consultation document on a new Agriculture Development Scheme [Indicate how to get hold of it.] It targets collaborative and co-operative ventures, farm assurance and [ ] . Are these the right targets? What are your views on the new scheme? [Indicate where to send responses.]

- On 26 March a new Food Chain Centre was also announced, implementing one of the Policy Commission's specific recommendations. It will carry out benchmarking of all stages in the food chain and supply chain analyses and best practice reports. [Indicate where details are available.] Which aspects of the food chain should it target in order to have the most impact in increasing efficiency?

- What other ways are there for those in the food chain who feel that they do not obtain a fair share of the returns to increase their share?

- What further should be done by business and Government to expand the range and market share of value added, niche or specialist products?

Reform of the CAP and targeting subsidies to promote sustainability

Issue

5.14 The Common Agricultural Policy and the single European market that it underpins are the major policy influence on English farming. The Policy Commission's report supports the Government's approach to CAP reform, but recognises this may take time to deliver. To secure earlier progress, it has recommended that the rate of modulation be increased to 10% from 2004 (that is, increasing the amount of 'first pillar' direct CAP payments redirected to 'second pillar' Rural Development Programme policies). If substantial CAP reform is not delivered in 2006/07 it considers that government should give

serious consideration to a further increase to 20%. Redirecting subsidies in this way would deliver significant additional funds for targeted environmental-type payments under the England Rural Development Programme (see the following section) and thereby bring about an improvement in the sustainability of agriculture.

Key concerns

5.15 The rationale for CAP reform is compelling, for the benefit not just of England but the whole of Europe. The CAP as it currently operates distances farmers from their customers, places insufficient emphasis on delivering the environmental and other outcomes which people want and results in very substantial costs to taxpayers and consumers. As the Policy Commission Report makes clear, there is no future for large-scale production subsidy in agriculture. Government will continue to press the case for reform in a way which best serves the long-term interests of consumers, taxpayers and those involved in farming and the food industry.

5.16 Drivers for early CAP reform include the World Trade Organisation (WTO) negotiations, intended to conclude proposals by March 2003 for further reductions in agricultural support and protection, and the need to ensure that EU enlargement is both affordable and equitable. The mid term reviews for certain CAP commodity regimes in 2002/3 present an opportunity to press for change and the government will do so. We will consult widely on the European Commission's reform proposals when they emerge later this year. However, the Policy Commission's view is that in practice major reform may not come until 2005-6, and it therefore recommended increasing the rate of modulation initially to 10% from 2004.

5.17 Changes to the current modulation arrangements would need to take account of a number of factors, including

- short term progress on CAP reform
- what modulated money can be spent on. EU law restricts spending of modulation funds to new, primarily environmental-focused, projects under the England Rural Development Programme. However, the 2002-3 CAP reform round offers an opportunity we intend to grasp to make the case for a less restrictive approach, as recommended by the Policy Commission.
- the national match-funding requirement. As with all public spending, policy on modulation must be considered in the light of other Government spending priorities.
- the impact on UK farmers' competitiveness, taking account of how modulation has been applied in other Member States. France modulates already and Portugal and Germany are expected to do so from 2003.

Questions

- What steps should be taken to ensure significant reform of the CAP (particularly shifting resources from the CAP's first to second pillars) in the 2002/3 mid term reviews? How can you help?

- Other than CAP reform and modulation, what other mechanisms could you suggest to finance the land management benefits that society expects its rural communities to deliver?

- What negative impacts do you consider might result from increasing the rate of modulation to 10%, from 2004 and how could they be mitigated?

- Which types of measure should it be possible to fund from revenues raised by modulation (see following section)?

Agri-environment Schemes

Issue

5.18 Some £1 billion of the £1.6 billion funding currently available under the England Rural Development Programme (ERDP) 2000 to 2006 is for agri-environment schemes designed to conserve and enhance the rural environment. These schemes are currently being reviewed. Our approach to modulation is critical to the delivery of funds for the England Rural Development Programme. Currently approximately £600 million of the £1.6 billion ERDP is derived from modulation (including match funding).

Key concerns

5.19 The Policy Commission suggests that the schemes need to be streamlined, simplified and made more efficient, and that a more broadly based approach should be adopted to get more land managers involved and encourage good land management practice across a much wider area than the habitats and designated areas covered by the current schemes. They propose that the existing suite of schemes should become the upper tiers of a single new stewardship scheme, underpinned by a new basic 'entry level' tier, funded from modulation receipts (see paragraph 5.14), which would be simpler to operate and offer less demanding prescriptions.

Must we all do. – lobby Comm re simplification.

Questions

5.20 On 26 March DEFRA published a consultation document seeking views on how to take forwards the Policy Commission's recommendations. Key questions include:

- What changes, if any, should we make to the objectives of the current agri-environment schemes?

- What relationship should there be between the current schemes and other incentive mechanisms operated by DEFRA and other organisations such as English Nature?

- Should the two principal current schemes (Countryside Stewardship Scheme and Environmentally Sensitive Areas) be merged?

- How could a new "broad and shallow" entry level scheme be implemented? What specific outcomes should it seek to deliver? Should there be regional variations?

- How could the current schemes be simplified while also being made more flexible and more effective in delivering their objectives?

5.21 [Insert details on how to get hold of consultation document and closing date for responses]

Resource protection

Issue

5.22 Farming and food production and distribution have a major impact on natural resources – an issue which has been prominently highlighted by the Policy Commission.

5.23 Impacts include water pollution (where the Policy Commission has said that agriculture is the 'number one polluter of water in the country'), air pollution from ammonia emissions, contribution to climate change from carbon dioxide, methane and nitrous oxide emissions, damage to the landscape and to habitats, and impacts through transport in food production and distribution. Livestock manures and slurry, fertiliser and pesticide use all contribute to these types of pollution. So do other farm wastes, such as plastics and abandoned machinery. Improved agricultural practice can significantly mitigate the impacts, but has often not been adopted.

5.24 However, farming can and does have beneficial impacts on the landscape, particularly when set against possible alternative land uses. Moreover, many of the landscape and amenity benefits that are generated by farming support other industries that contribute to the rural economy, in particular tourism.

5.25 The environmental impact of agriculture partly reflects its intensity. There was a net increase of 11% in nitrate levels in English rivers between 1995 and 2000. At the same time public expectations and EU legislation require higher environmental quality. For example, water quality improvements may be needed in up to a quarter of the length of rivers in England by 2015 to meet the requirements of forthcoming EU water legislation.

5.26 DEFRA is considering the options for addressing diffuse pollution of water from agriculture, including economic instruments, the potential role of agri-environment schemes, the role of regulation and the provision of advice.

5.27 Broader environmental trends such as climate change are likely to affect farming and food production, and the effect they have on the environment in future. Improved practices (such as water conservation) could

reduce environmental impacts as well as making the industry less vulnerable to the effects of climate change.

Key concerns

5.28 The Policy Commission stress that farmers should not be blamed for these impacts. A fundamental issue is that existing policy instruments do not all provide the right signals or incentives for farmers to protect natural resources better. This includes over-concentration of the CAP on production incentives and the targeting of existing agri-environment schemes to address only biodiversity, landscape and historic features whilst excluding resource protection.

5.29 A major source of pressure for reducing agricultural pollution comes from EU environmental directives (e.g. on waste and water); yet there has been no systematic connection at the EU level between these environmental directives and CAP reform. Moreover some existing EU environmental directives affecting farmers have not yet been fully implemented. In addition, enforcement of regulation may not have always been targeted effectively.

5.30 To date, too, there has been relatively little pressure from consumers and retailers for greater attention to be paid to the environmental impact of food production, though some labelling schemes are slowly beginning to raise awareness.

Questions

- How serious are the environmental impacts from agriculture? Which are those of most concern? Which ones are likely to grow in importance for the future?

- The Policy Commission do not quantify the level of environmental improvements from farming which should be aimed at over, say the next ten to twenty years, or identify priority areas which need to be addressed to reduce the impacts. What are your views on this?

- The Policy Commission put particular weight on the case for a new 'broad and shallow' agri-environmental scheme. What contribution can this be expected to play in reducing the negative environmental impacts from farming?

- How can better incentives be provided to encourage good agricultural practice to protect natural resources?

- What contribution can food consumers and retailers make to encourage resource protection? How far are incentives needed to promote a stronger focus on the environment by consumers? How can farm assurance best play a role in this area?

- How far will moves by farmers to diversify, including into tourism and leisure, help protect the environment?

- What additional measures (e.g. regulation, economic instruments, advice and guidance) are needed – both by Government and others – to improve resource protection by agriculture? How far will they go to achieve the scale of improvement to the environment needed, both in the short and long term?

Regulatory framework including whole farm plans/audits

Issue

5.31 There is a growing recognition inside Government and in the farming industry that new approaches to regulation need to be developed if we are to achieve the necessary improvements in compliance with environmental, public health and animal husbandry standards while at the same time encouraging farmers and land managers to become more innovative and entrepreneurial in developing their businesses. Historically farming has been less subject to environmental regulation than many other industries. The Policy Commission has recommended that Government should do more to quantify and publish the cumulative costs and benefits of new regulation, and to make it easier for farmers to obtain information about existing regulatory requirements. They also recommend that a new system of whole farm environmental audits and plans should be introduced, linked to the IACS administration and to the proposed new broad and shallow agri-environment scheme *(cross reference),* to help farmers to identify the action they need to take and to enable environmental regulators to take a risk-based approach to inspection and enforcement.

Key concerns

5.32 A whole farm approach to regulation, linked to a whole farm plan owned and maintained by the farmer/land manager, offers the potential to streamline and simplify the transactions between individual farming businesses and Government (claiming payments, recording animal movements, accessing Government-funded advice etc), while reducing the environmental and other wider costs of farming. For optimum efficiency, the whole farm plan would need to be underpinned by easy electronic access by the farmer to all the Government-held information relating to the business, and to up-to-date guidance on regulatory requirements. The farmer could therefore also use the information for his own private business planning and monitoring purposes. Enforcement agencies would also need to have access to the plan in order to monitor regulatory compliance and refine information on risk-based selection of on-farm inspection visits.

5.33 If such a system is to work, farmers will need to see that it offers real benefits for them and is not simply another layer of bureaucracy and interference by Government in the running of their business. It will need to

support a wide range of regulatory and policy objectives and to link effectively with the operation of assurance schemes (Red Tractor etc).

Questions

Would a whole farm plan be a useful tool for land managers and regulators?

How could we overcome farmers' legitimate concerns about confidentiality?

How should we cater for farmers who are not able to gain access to web-based services?

- Given the potential complexity of the project, what are the priority areas for implementation?

- Are there other cost-effective ways in which government could make it easier for land manager to comply with regulatory requirement

Animal Health and Welfare

Issue

5.34 The efficient and profitable production of livestock in England is dependent on healthy animals. Recent experience has shown how public health and people's livelihoods well outside agriculture can be compromised by animal disease outbreaks. Yet effective disease control measures can be expensive for the taxpayer, and involve intrusive regulation in, and unfamiliar changes of practice by, a livestock sector with strong traditions.

5.35 Industry and Government are equally keen to learn lessons from the experiences of BSE and of FMD, to improve the sustainability of livestock farming. Final decisions in a number of areas raised by the Policy Commission will however need to await the recommendations of the Royal Society and Lessons Learned inquires into FMD, later this year

Key concerns

5.36 Referring to the UK's "abysmal" recent animal health record, the Policy Commission makes a number of recommendations, including the preparation of a comprehensive animal health strategy, further work to reduce the risks posed by imports, the need to improve electronic traceability of livestock, and the possible role of disease insurance. On the public health front, the Policy Commission was concerned that the use of antibiotic growth promoters should not be replaced by use of other antibiotics; that research should be directed to low or no drug farming systems, and that the development and spread of zoonoses (animal diseases which affect human health) should be reduced through alternative methods of husbandry.

5.37 The Policy Commission supported the raising of animal welfare standards on an EU wide basis, and argued that the animal welfare

performance of the least responsible farms should be enforced through assurance schemes, or failing that through farm licensing.

5.38 The idea of bringing together relevant policies within a "comprehensive animal health strategy" is welcome. So is the Policy Commission's recognition that this has to be done in consultation with industry. Livestock farming takes place away from the public gaze, in unique symbiosis with the natural environment. Rule-making and policing can only be effective, if they are devised closely with those concerned, recognising what is practicable and seeking the support of the livestock community, as well as that of their immediate customers, and the ultimate consumer.

5.39 A good deal of work is already in hand in line with the Policy Commission's recommendations on animal health and welfare. Strategies for veterinary surveillance and for surveillance of antimicrobial resistance in animals are being developed, though the former has been held up in the past year by immediate work on FMD – as has work on the role of disease insurance. However, the strategy as a whole cannot be completed until the ongoing inquiries into Foot and Mouth Disease have reported. Even then, it will have to be continuously updated as new disease risks are identified.

5.40 Any action proposed in relation to trade must be in compliance with extensive EU and international rules, which cannot be changed as quickly as domestic rules. A programme of work to tackle the problem of illegal imports is being developed. However, as with illicit drugs, it is impossible to reduce the risk that infected meat products will enter the country to zero. Risk-based action at other points in the supply chain, and good biosecurity measures on the farm, will therefore remain essential.

5.41 The Government is already consulting on changes to the present rules on animal welfare [reference?]. We strongly share the Policy Commission's preference to make rules at Community level – otherwise our producers are disadvantaged, and products reaching our consumers fail to meet the standards they are calling for.

Questions

- What would you expect to see in a "comprehensive animal health strategy"? What would be different from current practice? What should be its aim?

- How can we best engage interested parties in devising the strategy? Who are the key stakeholders, apart from livestock farmers?

- How should the cost of disease control measures, and of outbreaks when they happen, best be met? Would insurance – as opposed to the taxpayer meeting most costs – send better economic signals about the real costs of livestock businesses, compared with other activities?

- How can we best persuade farmers to improve their own disease awareness, biosecurity, use of animal medicines, and standards of animal welfare. What role can be played by assurance schemes? What about those who do not wish to join? (The licensing of farms has tended to be seen as an unduly burdensome measure.)

- Welfare concerns expressed by consumers in other contexts are notoriously difficult to convert into purchasing behaviour. Is there anything we can do about this?

R&D, technology transfer and demonstration farms

Issue

5.42 Government has made substantial investments in strategic R&D to support the delivery of safe food whilst contributing to the environment and rural economy. Industry also investment in research as individual businesses and through levy bodies. Britain is a world leader in agricultural research. To maximise impacts, public R&D activities relevant to industry should be prioritised and co-ordinated to effectively complement industry's efforts and resources should be deployed to transfer new knowledge and technologies to individual businesses. DEFRA liases actively with all parties in the national research effort. This liaison accepts and builds on sponsoring parties' positions rather than laying down broad cross-sponsor R&D agendas. The Policy Commission recommends that government should set up a new Priorities Board to set the agenda for public strategic research on farming and food matters. It also recommended a pilot Demonstration Farm Scheme to test the effectiveness of this means of technology transfer in the UK. The government is working with the industry levy-bodies to take forward this latter recommendation with the aim of establishing a pilot scheme by the end of the year. A new scheme to pilot demonstration farms would seek to increase the exploitation of government and industry funded science towards increased sector profitability and environmentally sound farming. The scheme would build on existing networks of farms to provide locally relevant business and environmental information on current best practice within the industry.

Key concerns

5.43 MAFF ran a Priorities Board until the early 1990s. There is a need to consider how the proposed Priorities Board's activities should be set to focus on industry issues and complement ongoing cross-sponsor liaison and co-ordination. A balance is required between the Board's high level broad guidance functions and the need to deal with the detail required if gaps and overlaps in research are to be identified and addressed. An effective Priorities Board operating on this broad front will require significant resources to add value.

5.44 Government pursues a policy of publishing all research results and actively supports research based technology transfer programmes such as

LINK and TCS. It has also responded positively to the 'Baker' recommendation which says that, in most cases, intellectual property arising from government funded research be owned by the research establishments conducting the research. DEFRA plans to put the resulting guidelines into practice in April 2002.

5.45 Demonstration farms have been shown to be successful in improving profitability in other countries – e.g. New Zealand, but a pilot scheme will need to show value for money in the UK, where the industry is less homogenous and co-operation between businesses is less prominent. The success of such a scheme will depend crucially on a communications strategy to deliver locally relevant information and allow open debate and decision making through the farms and associated activities. Appropriate bio-security will be of paramount importance in relation to activities on and around livestock farms.

Questions

- How can Demonstration farms best address the technology transfer needs of the farm sector.

- How could non-government stakeholders contribute to a new pilot demonstration farm scheme?

- How much can be done to co-ordinate the public research effort without introducing the disadvantages of top-down control of the national R&D agenda?

- What should be the scope of the research programmes that the Priorities Board might address?

- How should a Priorities Board be constituted, led and serviced?

- How should the Terms of Reference of the Board be set so that it maintains an overview whilst dealing with the necessary level of detail?

- How might the government effectively enhance access to the output of its research and delivery of technology within the private sector?

Nutrition and food labelling

Issue

5.46 Improving the health of the UK population will be achieved through encouraging and facilitating the adoption of a healthy balanced diet. Government, the food industry and a wide range of other stakeholder organisations have a role in encouraging and facilitating healthy eating. Consumers do not always take the interest they should in the nutritional content of their diet. Action of various types will be required to achieve dietary

changes aimed for. FSA, DH and others have comprehensive action plans underway including work to consider what more needs to be done and how.

5.47 Consumer confidence depends on access to clear information about food, including on food labels. The Commission strongly supported the Food Standards Agency's initiatives to improve food labelling, and in particular the lead the Agency is taking internationally in country of origin labelling.

Key Issues

- Different factors will influence the diet of individual consumers and consumer groups.
- A sound evidence base is needed for action to promote a healthy diet.
- There is a need to identify and address barriers to dietary change.
- The effectiveness of interventions to achieve dietary change need to be evaluated.
- Labelling provides the only link most consumers have back to the source of their food, what it contains and how it was produced.
- Labels must not mislead consumers including in relation to country of origin.

Questions

- What information does the public need in relation to nutrition, how should that be provided, including that through labelling? What changes behaviour in favour of a healthy diet?
- What are the barriers to getting information to the public and getting people to adopt a healthy diet both in terms of the general population and at risk groups?
- What action should Government, the food industry, NHS and health professionals, and other statutory and non-statutory bodies take to promote uptake of a healthy diet?
- What information does the public want in relation to production methods and country of origin?
- What are the barriers to development of other methods (off-label) of making information on such things as food production methods available to consumers?

6.0 YOUR VIEWS ON SPECIFIC POLICY COMMISSION RECOMMENDATIONS

6.1 The new Strategy for Sustainable Food and Farming will incorporate a government response to the Report of the Policy Commission. We would welcome any views you may have on how best to take forward any of the Policy Commission's recommendations where you have not already done so in submitting your comments on sections 5 of this document. For ease of reference a list of all 104 recommendations is [annexed to this paper]. Contributions should be made using the numbering system and sent to [ ].

7.0 LINKS WITH OTHER POLICY INITIATIVES

7.1 DEFRA [and OGDs?] is undertaking consultation exercises in respect of a number of specific policy initiatives. We intend, wherever possible and relevant, that the results of these exercises will inform the construction of the strategy for sustainable food and farming. These consultations provide an alternative means of letting us have your views.

7.2 These consultations are listed below. Information on them, including suggestions as to how they may relate to the new strategy, is available on the world wide web at the internet addresses set out below.

8.0 WHERE TO FIND OTHER INFORMATION

- DEFRA contact details (website, phone line, hard copy address) for SASD
- Where to find the steering document, list of PC recommendations on the DEFRA website
- Where to find the Policy Commission report on-line ….

AGENDA ITEM 3

NOTE FOR THE INTERNAL STEERING GROUP 8 MARCH

PROPOSALS FOR STAKEHOLDER ENGAGEMENT

Background/Purpose of this note

1. Ministers have approved the broad outlines on the stakeholder engagement process for the development of a new strategy for sustainable food and farming, to be launched in the early autumn. It will take place on the basis of a Steering Document, and include an event hosted by the PM at the end of March which will launch a series of regional meetings, including one in London.

2. An Internal Steering Group has been established to provide strategic direction and co-ordination of activities contributing to the new strategy. A number of Working Groups report to that Group. The Steering Document is being drafted by the Drafting/synthesis Working Group. The Stakeholder Working Group, chaired by Paul Elliott, working closely with the Communications Group is charged with designing the mechanisms for stakeholder engagement and delivering on these.

3. The Stakeholder Working Group has met once on 28 February and meets again on 12 March. This note makes recommendations on the various elements of stakeholder engagement between April and June, and key issues to be resolved. **If this is agreed, it will form the basis of a note to Ministers early next week.**

Regional events - April/May/early June

Proposed objectives:

4. These are to:
- contribute to the development of a strategy for sustainable food and farming and an action plan
- promote a sense of ownership by the regional/ national stakeholder community of the process
- challenge stakeholders on action they are taking to deliver the Commission's vision for food and farming
- provide a framework for consultations on specific policy developments related to the new strategy e.g agri-environment review.

Proposed outputs:

5. A record of stakeholder views on questions posed in the Steering Document and on individual Policy commission recommendations. It is important that there are mechanisms for these to influence policy developments.

6. CD is proposing to commission work to evaluate success of the whole engagement/communications process. As part of that we would envisage attendees being asked to complete feedback questionnaires.

Practicalities

7. Eight [probably full-day] events are proposed, one in each GO region (except London, see below), each for 100-150 people. GO Directors are leading and have proposed possible dates, venues and, in some cases, Chairmen. [see attached table]..

Attendance

8. We hope that a DEFRA Minister will be present to introduce each event. Attendance of at least 1 member of the DEFRA Management Board is also felt to be important. Where they have been established, Regional Rural Affairs Fora (RRAF) will be given a prominent role. GO Directors are selecting a local Chair – wherever possible their RRAF Chairs. No. 10 has invited ex-Policy Commission members to play a role in the regional events. We will need to follow this up.

9. GO Directors will compile list of invitees to represent a wide range of regional stakeholders. DEFRA will compile a list for the London event. The general view is that the meetings should be open to the public to attend, via a ticketing system, to be managed regionally.

10. GO's have asked for confirmation of dates as soon as possible [by next Monday], so they can secure venues. Although doing this increases the risk of not securing Ministers' attendance at all meetings, given the time pressures we recommend that the ISG agree that GO's should go ahead and confirm bookings.

Content/design

11. This will be driven by the issues raised in the Steering document, which currently raises questions under 8 key themes.

12. On design, GO's will welcome some flexibility so the events can meet regional needs, but we need to provide a common framework, guidance and support. GO's have emphasised the importance of using expert facilitators to guide discussions, ensure the events run smoothly and allow sensible conclusions to be drawn – facilitators could be policy leads, RDS, CA, industry/NGO's or external professional facilitators. We plan to set up a small design team to pursue this. Once a common framework is agreed, GO Directors will be asked to produce detailed proposals for each event.

13. The design team will consider various options for the design of the discussions, and how these are managed. 2 options are set out below and views are invited :

- An introductory plenary session followed by a series of smaller workshops, and finishing with a final plenary. Workshops could focus on the key themes in the Steering document. Participants could choose which session to attend with discussions facilitated by Policy Leads/RDS/CA. An alternative would be for attendees to be grouped according to their interests e.g farming, rural communities, and for each workshop to cover the range of issues in the document.

- An alternative would be to mirror the recent Waste Strategy event which Publicity feel was deemed to be a great success. Participants would propose topics for discussion. Once selected, participants would be grouped on round tables and facilitators would manage discussion on the selected topics.

Costs:

14. GO's have estimated £5-10k per event (for the venue/hospitality), on the basis of 150 attendees at each. The London event will cost more [£50k perhaps] and Publicity are looking into this further. This suggests a total of some £150k – not including costs of any external facilitators, or publicity/printing. Costs will be met centrally by DEFRA. SASD and CD have to discuss further.

Publicity/Press

15. DEFRA publicity will provide support in terms of branding [this is relevant to specific policy consultations], printing, mailing invites, design. DEFRA will also arrange media briefings after each event.

London [national] event(s)

16. It is proposed that there should be a separate dedicated event in London. DEFRA will organise this, for 100-200 people, to cover national interests/organisations as well as London regional interests. DEFRA Publicity will put forward detailed proposals for the London event [they are looking into availability of QE II centre for w/c 10 June]. It is proposed that there should be a further event in early autumn to launch the new strategy.

Mailing list for Steering Document and associated papers

17. The Steering Document, the list of Policy Commission recommendations and a supporting Economic note need to be ready for the late March event. After that, they should be mailed widely inviting comments. Jim Dixon PCSU is compiling a suitable list, based on the central DEFRA list comprising some 3000 organisations. It will include all PC consultees and respondents.

18. We recommend that the document is not sent to all farmers. If we were to do this, it could be argued that we should send it to a wide range of other individual businesses in rural areas.

19. DEFRA publicity will arrange printing and distribution. They need around 1 week to arrange printing. The working title needs to be agreed as a matter of urgency. Publicity colleagues can offer advice on this.

20. How responses are analysed and fed into the policy development process has to be decided.

Other means of involving stakeholders

21 CD are considering scope for setting up a dedicated website to include a web-based discussion forum which would help to involve the wider public. They will put forward proposals to the Communications/Stakeholder Working Groups.

'Sounding out' key stakeholders on our plans for engagement

22 Paul Elliott is meeting a small group of stakeholders from food, farming, rural communities, environmental and consumer interests on 11 March to explain what we have in mind and seek their views/input on design. It should also assist in managing expectations. This will be an informal, 'one-off' meeting.

23. John Webb has proposed a similar exercise with senior media figures, to seek to assure them that positive action is being taken and to gain some buy-in.

The ISG is invited to agree that the Stakeholder Working Group takes forward work as outlined above and to:

- Agree that GO's should book venues on their preferred dates and details for these and proposals for the London event [from Publicity] should be put to Ministers early next week to secure their involvement. (para's 8 -10)

- Agree that a representative from senior management should attend each meeting and consider the extent of involvement of Policy leads. (para 8)

- Offer suggestions on the design of regional and London events, and note the need for further consideration on facilitation of discussions (para 12 & 13)

- Note the estimated costs and the need for SASD and CD to agree which budgets these are met from. (para 14)

- Note need for further work on how outputs/responses will be analysed and fed into policy processes. (paras. 5 and 20)

SASD
7/3

REGIONAL EVENTS: PROPOSED DETAILS

AGENDA ITEM 3

GO REGION	PROPOSED VENUE	PREFERRED DATES	PROPOSED CHAIR	APPROX COST (150 ppl) Venue and Food	COMMENTS / QUERIES
West Midlands	Dunstall Park Racecourse	3 May		£5 130 inc VAT Tea & coffee am and pm 2 course lunch	Local or central funding? Need professional facilitation Early confirmation please
South West	Taunton Racecourse	6 May 10 May [10 April]		£2437.50 3 tea and coffee breaks Lunch	Confirmation by 8/3 Chamber of Rural Enterprise (CORE) to have a key role
North West	Marriott Hotel, Preston	29 April	Rt Rev A D Chesters, Bishop of Blackburn RRAF Chairman	£5000 Venue, food	DEFRA funding? Early confirmation so can make definite booking Proper facilitaton
East Midlands	Colwick Racecourse, Nottingham	27 May 30 May	Sir Martin Doughty RRAF Chairman	£6 500 + VAT (£7 637.50 inc VAT) No details	Finalise dates ASAP Costs met centrally?
East	1- Millennium Grandstand, Newmarket Racecourse --- 2- Wyboston Lakes, Wyboston, Bedfordshire	9 May 10 May 21 May 29 May --- 7 May	Marie Skinner (available all dates) RRAF Chair	£4 625 + VAT (£5435 inc VAT) Tea, coffee, biscuits Buffet lunch --- £4 500 + VAT (£5 287.50 inc VAT) Coffee and biscuits am 2 course lunch with coffee Tea and biscuits pm	Central or local funding? First refusal on dates, but no provisional booking made so confirmation by 8/3 Trained facilitators needed- they have no more than 1 or 2
Yorks & Humber	Harrogate Pavillions	1- 2 May 2- 30 April		£2 500 Tea and coffee, 1 serving Basic buffet lunch Approx £2 500 - £3 000 for external facilitators	Need to check if the cost includes scope for break out groups. Firmly believe at least some facilitators should be external.

REGIONAL EVENTS: PROPOSED DETAILS

North East	Beamish Hall * Durham County Cricket Club Ramside Hall, Durham	22 May 23 May 24 May 15 May 22 May	Ian Brown North East Rural Affairs Forum	£3300 inc VAT Room hire inc syndicate rooms. Tea/coffee x3 and 2 course buffet lunch. £3100 inc Vat Room hire inc syndicate rooms. Tea/coffee x 3and 2 course buffet lunch. approx £5000	* preferred venue - hard-hit by FMD Confirmation required asap
South East	1 Winchester Guildhall ..... 2 Epsom Racecourse –	7 May 9 May	Earl of Selborne, Chair of South East Rural Affairs Forum ..... " " " " " "	£3000 < £5400 approx. depending on room and lunch options. ..... £7500 plus <£600 for syndicate rooms.	Other dates and venues may be available: these two have been booked provisionally. May is preferred in order to have first meeting of the Regional Rural Forum in advance (15 April). Winchester Guildhall has rail station within walking distance and lecture theatre for 150+ function rooms. Epsom Racecourse uses Queens Stand/ boxes for syndicate groups.

AGENDA ITEM 4

DRAFT

POLICY COMMISSION FOLLOW UP

STAKEHOLDER GOVERNANCE

Issue

1. Formal stakeholder involvement in the development and delivery of the new strategy for sustainable food and farming, taking account of its intended contribution to the Department's environmental and rural development and sustainable development.

Recommendation

2. To agree to establish a temporary contact group of key stakeholders reporting to Lord Whitty pending creation of a more permanent stakeholder body, also reporting to Lord Whitty, when the Strategy is announced in early Autumn.

Background

3. In January we put to Ministers proposals for formal stakeholder involvement in the development and delivery of the new strategy for food and farming. These were not accepted at the time and events have moved on. I am minuting to invite Ministers to decide on the way forward.

Discussion

4. Engaging stakeholders effectively in the development and delivery of our follow up to the Policy Commission and new farming strategy is essential to the success of the enterprise. The Secretary of State has already announced:

(a) that there will be a sustained process of stakeholder discussion and involvement on the basis of a steering document to be published before Easter;

(b) that she will "convene the first meeting of an over-arching forum" before Easter. This is now the No 10 Seminar.

5. Officials are currently preparing proposals on "(a)" - covering both the stakeholder engagement process and the draft steering document - which will

come to Ministers shortly after 8 March. The guest list for "(b)" has been agreed and letters of invitation sent. We are working closely with No 10 in preparing the event.

6. However, there is also a need for a further stakeholder body which will oversee, and take part-ownership of, the work on delivering the Strategy from the Autumn onwards. This will need to be at a slightly more junior level, and with a broader membership, than those invited to the No 10 seminar. In the interim, whilst the stakeholder engagement is under way, there is a need for a mechanism to enable the leadership of the main stakeholder groups to engage with Ministers both about what Government can deliver and what their own organi-sations can do.

Proposals

7. As regards the permanent group, our original proposal was that the function of representing stakeholders at this level should be carried out by two separate bodies. But Ministerial responses suggested a single body - which I will provisionally call the "Sustainable Food and Farming Action Group" - would be more appropriate. Following discussions with Lord Whitty, Anna Walker, and others, I would recommend that the body:

(a) be chaired by Lord Whitty;

(b) comprise senior representatives below Chairman/President level of all the organisations attending the No 10 seminar plus those identified at Section B in Annex A plus any others Ministers identify.

8. This body would exist in parallel to and work alongside the Rural Affairs Forum chaired by Alun Michael which has a wider rural remit but does not cover the whole of the food chain. Both the national and regional rural affairs forums are keen to be involved with the follow up the Policy Commission report and indeed we will be proposing that the regional forums be involved in the organisation and delivery of the regional stakeholder meetings in April/May. There should also be some cross-representation on the two bodies.

9. The primary function of this body is to oversee the delivery of the new Strategy so it would not need to be set up until the early Autumn. In the interim the senior group meeting at No 10 would meet again under the Secretary of State's chairmanship in early Summer to take stock of the development of the strategy and maintain stakeholder commitment.

10. In addition, however, there would be merit in providing a mechanism at political level:

i. to involve stakeholder leaders more formally in the engagement process that will be under way during April and May, parallel to the regional seminars and national meetings we are proposing to undertake (although we are involving stakeholders in the design of the process); and

ii. to maintain the pressure on the organisations concerned to develop their contributions to the strategy.

11. Lord Whitty has suggested that this be designated a temporary "contact group", which might meet once or twice under his chairmanship.

Conclusion

12. Ministers are invited to:

(a) agree there should be a single stakeholder group established in the early Autumn, chaired by Lord Whitty and designed to oversee the delivery of the new Strategy;

(b) agree that membership should comprise representatives from the organisations listed at Annex A, or to suggest any additions/subtractions;

(c) agree that a temporary "contact group" be set up reporting to Lord Whitty and again comprising broadly the interests listed at Annex A;

(d) agree that the contact group should be announced at the No 10 Seminar and the first meeting held in April. The permanent group should be announced alongside the launch of the Strategy in early Autumn.

AJL

ANNEX A

Section 1 - organisations represented at the No 10 Seminar

NFU
[MLC]
BRC
FDF
IDG
British Hospitality Association
CLA
TFA
[CWS farms]
NCC
CA
EN
SDC
RDAs
[Countryside Alliance]

Section 2 - others

RSPB
National Trust
TGWU
Wildlife and Countryside Link
Action for Communities in Rural England
A chair of a Regional Rural Affairs Forum (representing RRAFs generally)
Environment Agency
Local Government Association
Others?

Agenda Item 5: Quick Wins

POST POLICY COMMISSION: QUICK WINS

1. This draft paper identifies a package of initiatives that might be announced as 'quick wins' at the launch of the stakeholder engagement exercise on 26 March. The package will demonstrate Government's commitment to deliver on the themes identified by the Policy Commission's report and will help to kick start the stakeholder engagement process.

2. The Internal Steering Group is invited to consider the pack and advise Nigel Atkinson in SASD, DEFRA, by close on 11 March:

- whether there are any further key initiatives that should be included in the package
- whether the package is sufficiently well balanced, and
- what steps you have taken to ensure that any further key non-Government specific initiatives are interwoven with the 26 March announcement.

3. The current package comprises:

a) CAP reform
b) Review of agri-environment schemes
c) Pilot Demonstration Farm Scheme
d) Review of the Vocational Training Scheme
e) Review of Education and Training Provision for Land Managers
f) Support for farmers in extended Nitrate Vulnerable Zones (but please note that the briefing suggests this might not be suitable as a quick win in this package)
g) Strategy for environmental directives
h) Organic Production Strategy
i) Food Chain Centre
j) Agriculture Development Scheme
k) Collaboration
l) Nutrition Strategy
m) Illegal imports of meat and animal products
n) Animal Health Strategy
o) Stakeholder Governance

Sustainable Agriculture Strategy Division

CAP REFORM

What can be announced?

CAP reform cannot be labelled a 'quick win', but we could make the a statement on the following lines on 26 March:

The Government is committed to CAP reform; that is why we agreed the Agenda 2000 package and why we are working within the European Union with the Commission and other Member States towards a further review of the Common Agricultural Policy beginning this summer. This is essential not only to deliver our aspirations for agriculture in this country – to re-connect farmers with consumers and their markets and to focus support on rural development and environmental issues but also to underpin successful enlargement of the European Union, International negotiations on world trade and to improve the position of developing countries.

REVIEW OF AGRI-ENVIRONMENT SCHEMES

What can be announced?

We cannot launch the review itself as this has already been done, first in Margaret Beckett's initial response on the day the Policy Commission reported and subsequently at the NFU AGM on 4th February. About 150 stakeholder organisations have been written to and told that the review has commenced. A series of regional workshops are also already in progress.

It has been agreed that we will 'launch' the first of three major national consultation exercises on 26th March. This will take the form of a letter to these 150-odd stakeholders inviting them to give us feedback on the existing schemes, address a series of strategic questions relevant to the design of future agri-environment schemes and suggest any additional strategic issues that are not covered in the letter. These strategic questions will be partly based around the relevant recommendations of the Policy Commission and will be designed to help us follow them up.

The results of this consultation will be used, alongside the results of commissioned R&D and the experience of the DEFRA staff who have been operating the current schemes, to develop an overall framework for the revised scheme or schemes. Subsequent phases of the review process, which is due to be completed by December 2003, will develop the detail of the revised scheme or schemes.

How does this contribute to the Sustainable Food and Farming Strategy?

The agri-environment review provides a mechanism for detailed follow up of the Policy Commission's Recommendations in this area. It can explore how the existing schemes can be 'streamlined and simplified', look at the possibility of merging Countryside Stewardship and ESAs and explore how a 'broad shallow' scheme might be made to work, and what it might hope to achieve.

The broader debate about whether or not modulation should be increased, and the principle that payment for environmental goods should become the chief reason for offering financial support to farmers lies outside the scope of the agri-environment review, indeed it lies at the heart of developing a sustainable farming strategy. The agri-environment review can however inform this debate by exploring the merits of the proposed broad shallow scheme, which the Policy Commission see as the principal beneficiary of modulation.

Resource Implications

The agri-environment review itself is already budgeted for and has modest direct costs, of which by far the largest proportion are the salaries of the three person team running the review. Reform of the existing agri-environment

schemes is likely to be cost-neutral in the medium to long term, though some short term investment may be needed to achieve longer term efficiency savings.

Introduction of a 'broad shallow' scheme would involve substantial additional expenditure as it would have to be co-financed. A preliminary estimate of the resource cost is given in the Department's submission to SR 2002 of £162 million in 2004/5 and £163 million in 2005/6.

PILOT DEMONSTRATION FARM SCHEME

What can be announced?

The Policy Commission recommended a pilot scheme of demonstration farms across all sectors on the New Zealand model should be established by end-2002; and, if successful, rolled out nationwide.

The Government and the industry levy bodies are working jointly to set up a pilot network of demonstration farms across a wide range of sectors by the end of the year. The aim of the pilot scheme is disseminate best practice in profitable and environmentally sound farming, adding value to the network of demonstration farms already in place.

The pilot will test range communication methods on and around the farms. We also aim to produce a library of all the appropriate demonstration farms in the country to help give farmers better access to best practice even if they're not close to one of the farms in the pilot scheme. We will commission an independent evaluation of the impact of the farms and the range of activities around them as soon as is sensible, so that we can see how best to proceed beyond the pilot. We will look at the New Zealand model but do not propose to be bound by it.

How does this contribute to the Sustainable Food and Farming Strategy?

The demonstration farms will contribute to economic and environmental sustainability.

First and foremost the scheme is about demonstrating profitable farming across a range of key sectors. The demonstration farms will act as benchmarks and "beacon farms" from which neighbours and other visitors can learn.

Crucially, the farms will be selected to demonstrate good environmental practice alongside and as part of good business planning. The aim is to promulgate the message that taking care of the environment and preparing for new regulations makes good business sense.

Resource Implications

	2002/3	2003/4	2004/5	2005/6
Programme costs	No additional	£1.25m	£1.25m	£1.25
Running Costs	-	No additional costs ?		-
Capital		None		

Implications for OGDs etc; clearances.

None.

REVIEW OF THE VOCATIONAL TRAINING SCHEME

What can be announced?

An external consultation on improvements to the Vocational Training Scheme (VTS)

An in-house review of the VTS is currently underway which aims to identify opportunities to improve the profile of the scheme, rationalise the eligibility criteria, and simplify the application and administration processes. We plan to consult externally on the proposed improvements in April, with the aim of implementing the changes through 2001.

Contribution to Sustainable Food and Farming Strategy

The VTS provides funding for training that contributes to an improvement in the occupational skill and competence of farmers and others involved in farming and forestry activities and their diversification. Vocational training activities are supported under the ERDP because of the need to improve the skills base in rural areas - a key priority which will help ensure greater diversification, improve competitiveness and the strength of the rural economy. Improving the skills base is also vital for the successful delivery of projects under all aspects of the ERDP.

The Policy Commission on Food and Farming found:
"farmers both old and new will need to have a wide range of skills. They will be running multifunctional rural businesses".

"The current Vocational Training Scheme... provides much-needed funding for training and is such is welcome. However we do not believe it is operating as effectively as it might. The rules and procedures for accessing funding are too complex, and we would encourage DEFRA to simplify the administration of the VTS..."

We plan to address these findings as part of the review.

Resource implications

Minimal. The review has been carried out within current running costs. Implementing the improvements should not have significant resource implications, as they will be managed within the existing running costs of the scheme.

Implications for OGDs or local authorities

There are no implications for OGDs or local authorities and no inter-departmental clearances will be required. Changes will need to be discussed with the ERDP partner bodies.

REVIEW OF EDUCATION AND TRAINING PROVISION FOR LAND MANAGERS

What can be announced?

The Policy Commission identified the importance of improving skills – and the opportunities to acquire them – among farmers, if they are to equip themselves to operate successfully in the future rural business environment. The Commission commented that the present network of agricultural colleges needed "radical overhaul", to rationalise provision and develop specialisation; and recommended Lantra – the Sector Skills Council for land-based industries – and Defra should "review agricultural education in full".

There is ample evidence of underskilling in land-based industries, particularly farming. Officials had already identified this as an issue to be tackled (see "Resource Implications").

We therefore propose Ministers should accept the underlying aim of the Policy Commission recommendations – without publicly accepting the more critical and unsubstantiated comments – and announce a review of education and training provision for land managers. This would be led by Defra, in partnership with Lantra, the universities and colleges themselves, industry representatives, DfES and other key stakeholders.

Contribution to the developing Sustainable Food and Farming Strategy

In pursuing the goal of sustainable development, we need to clarify training and skills policy goals for sustainable land management and rural development. In particular, we need to address perceived key issues which may stand in the way of enabling land managers to raise their performance, including:

- Skills acquisition, and barriers accessing training provision
- The roles of the various stakeholders, which is not always clear.
- Effective use of funding instruments, such as the ERDP Vocational Training Scheme.

Resource implications 2002/03 – 2005/06

Running costs, including consultancy costs, for 2002/03 will be covered within the Directorate budget. Beyond then, outline spending proposals have been included in the "raising the performance of land managers" section of the SR2002 bid; additional sums have been included as part of the response to the Policy Commission. The amounts required for the review have not been separately identified, but will not be substantial. The outcome of SR2002 will determine the extent to which the review can make recommendations for additional public spending.

Implications for OGDs or local authorities; clearances required.

Lantra supports the proposal. We are consulting DfES at official level and DfES Ministers should be included in any interdepartmental clearance of the March package. In advance of an announcement, we propose informally checking with the universities and colleges, and the funding authorities, that they have no objections to a review to avoid – or at worst be forewarned about – negative reactions to a review.

SUPPORT FOR FARMERS IN EXTENDED NITRATE VUNLNERABLE ZONES

Note: we do not recommend this issue as suitable for a March 26 announcement. What follows is background.

1. Ideas are currently being developed on a package of mitigation measures for farmers in the forthcoming extension of NVZs. We expect that Ministers will want to announce the package at the same time they announce the decision on the outcome of NVZ consultation, which is likely to be towards the end of April. If the support measures are announced before the main NVZ announcement, there will be nothing positive for Ministers to say to lessen the impact of the decision to significantly extend the existing area (from 8% to either 80% of England or the whole of England).

2. Decisions on the package of support measures to be provided to farmers in the extended NVZs have yet to be made and we cannot realistically put options to Ministers before the end of March. A project is currently being set up to consider what might be offered within an indicative budget of about £1million. However, possible measures include:

- Booklets providing clear advice to farmers in NVZs on what they need to do to comply with the measures: NVZ Farmer Guidelines and NVZ Manure Planning Booklets;

- An NVZ Decision Support System on the NVZ Action Programme measures – forming part of an R&D project on the development of a larger nutrient management DSS. The NVZ DSS (Phase I of the overall project) will help farmers understand how to comply with their regulatory obligations (e.g. an electronic calculation of land area needed for spreading organic manures) and help them decide what actions they need to take;

- Consultant and Farmer workshops;

- Establishment of an NVZ Website;

- Further promotion of existing DEFRA literature and aids e.g. RB209 (fertiliser recommendations), MANNER (manure management software tool) and the 'Managing Livestock Manures' booklets;

- NVZ Farm Waste Grant – we intend to extend the scheme to farmers in the new NVZs and expect significant demand which will need to operate within a fairly limited budget. The above-mentioned NVZ steering group will also be considering the options on how the scheme might operate in the new NVZ designations.

STRATEGY FOR ENVIRONMENTAL DIRECTIVES

What can be announced?

During the next twelve months, we will develop a strategy for implementing the environmental directives – and other measures necessary to ensure that the food and farming industries contribute to cleaner air and water, healthy animals, safe, traceable food and thriving wildlife – by

- implementing the nitrates, waste and fresh water for fish directives, where we will otherwise face infraction penalties;
- reviewing the costs and benefits of the directives and other measures;
- [reviewing the Environment Agency's cost structure;]
- exploring approaches to smarter regulation;
- exploring farmers' contacts with government and ways of streamlining them.

We will do this in partnership with the farming industry and other stakeholders.

[We will start to review the Codes of Good Agriculture Practice to ensure that they offer farmers helpful practical guidance which allows them more easily to build regulatory compliance into everyday farming activities.]

Contribution to Sustainable Food and Farming Strategy

Core activity

Resource implications

The major cost is staff time, although some consultancy work (on economic assessment, on customer segmentation, etc) will be needed. Much of the work is already planned, or can be accommodated. But some lower priority work will need to be put to one side.

Implications for OGDs

A significant commitment from partner organisations will also be needed – within government, principally from EA, CA, EN, HSE and FSA. No clearances needed, although there is a Treasury interest in consequential implications for SR 2002.

ORGANIC PRODUCTION STRATEGY

What can be announced?

The Secretary of State announced in her 'green speech' in November that the Government would draw up an organics action plan in conjunction with stakeholders, in the light of any relevant recommendations from the Policy Commission.

Contribution to Sustainable Food and Farming Strategy

The Policy Commission recommends development of a strategy for organic food production, addressing all parts of the food chain. As this is basically the same as our own plan, there is no difficulty in reiterating the intention to take this forward. There are reservations however about the Policy Commission's idea that it should be led by the new Food Chain Centre, which seems likely to have more than enough to do without developing an organic strategy.

Detailed proposals for working up the action plan will go to Ministers soon. The aim, if Ministers agree, will be to finalise the action plan by July and this could be announced on 26 March. It can be described as a significant contribution to the sustainable agriculture strategy as it aims to enhance the role of organic food production in this country in recognition of its environmental benefits.

Resource implications

Resources needed (administration costs) in 2002/03 are in the region of £20k assuming that the unit working on the plan (basically one G7) would not be kept in place for long after the plan had been constructed – possibly an ambitious scenario given the heightened stakeholder expectations of vigorous ongoing action. The action plan may of course itself contain elements which would need additional funding.

FOOD CHAIN CENTRE

What can be announced?

IGD are facilitating the creation of an industry led food chain centre, with a broadly based steering group, bringing together people from each part of the food chain. (May be able to announce chairman.) We are discussing with IGD the priorities for the group and how Government might part fund the work. Initial work is likely to concentrate on benchmarking and spread of best practice in accordance with the priorities identified by the Policy Commission. [First projects are expected to focus on the red meat chain, horticulture and cereals.]

Contribution to Sustainable Food and Farming Strategy

The aim is to reconnect the industry to its markets and customers and to enable individual businesses, and the supply chain as a whole, to identify ways of improving their competitiveness. This is key to economic sustainability.

Resource implications

How long is a piece of string?

	2002/03	2003/04	2004/05	2005/06
Programme (£m)	1	2	2	2
Running costs[1] (£K)	50	50	50	50

No capital costs. MCC running costs are subsumed in ADS figures.
We can allocate modest sums short term without new legislation but will need new secondary legislation in due course.

OGDs etc.

Need to clear with HMT and devolved administrations (FCC has UK remit). Will need EU clearance as state aid. We are looking for ways to justify committing modest sums to the organisation before state aid clearance.

[1] Not in DG's SR2000 bid. Represents half the cost of secondments planned in relation to the DG's Policy Commission work plans but will fall to Mark Addison's DG.

AGRICULTURE DEVELOPMENT SCHEME

What can be announced?

Consulting on introduction of new permanent scheme to help farmers and growers in England improve their competitiveness through better marketing. It would be similar to the Agriculture Development Scheme (ADS) of which there have been three rounds to address specific problems in the industry. The scheme would address priorities identified by the Policy Commission including collaboration, assurance schemes and benchmarking and spread of best practice.

Contribution to Sustainable Food and Farming Strategy

The aim is to help farmers and growers improve their competitiveness. This is key to economic sustainability.

Resource implications

How long is a piece of string?

	2002/03	2003/04	2004/05	2005/06
Programme (£m)	2.5	5	5	5
Running costs (£K)	150	158	158	158

No capital costs. Figures assume we succeed in our "bid back" under the current business planning exercise.
New SI needed.

OGDs etc.

Need to clear with HMT and inform devolved administrations. Will need EU clearance as state aid before award of any grants (but not for this announcement).

COLLABORATION

What can be announced?

Collaboration is an important way in which farmers and growers can compete effectively in domestic and global markets. The Government is committed to encouraging farmers and growers to join collaborative marketing groups and acquire the abilities and capabilities needed to do business with today's major buyers. [We will be helping the industry set up a group to: consider the strategic priorities for strengthening collaborative marketing; take a strategic view on any gaps in current groups and services; consider how grass root access to advice and services might best be facilitated; consider how best to encourage appropriate farmers outside of collaborative groupings to join. The group will be industry led but Government will help with the costs. It will be facilitated by the Plunkett Institute/RASE.][2]

Contribution to Sustainable Food and Farming Strategy

The aim is to help farmers and growers improve their competitiveness and put themselves in a better position to do business with today's major buyers. This is key to economic sustainability.

Resource implications

	2002/03	2003/04	2004/05	2005/06
Programme (£m)	0.5			
Running costs (£K)				

No capital costs. Running costs are subsumed in ADS figures. There may be cost implications arising from the work of the group but these can not be costed yet.

OGDs etc.

Need to inform devolved administrations.

[2] RASE/Plunkett are discussing respective responsibilities and a possible chairman. We should be clearer by mid March

NATIONAL NUTRITION STRATEGY

What can be announced?

The Government's acceptance of Policy Commission's recommendation that the Department of Health, the FSA and DEFRA should produce strategy on all aspects of encouraging healthy eating.

What this contributes to the developing Sustainable F&F Strategy?

It has the potential to contribute significantly to the social aspects of developing a sustainable food chain - we are what we eat. There is a sustainable body of research which makes clear links between increasingly prevalent diseases (eg coronary hear disease, stroke, diabetes) and diet. Obesity is also increasingly becoming a problem – in young children too. The development of a National Nutrition Strategy would bring Government efforts together to tackle nutrition issues in a more joined-up way.

Resource implications

No resource implications arise from the early development of the strategy. This largely entails mapping current and planned work and identifying any gaps. However, depending upon the outcome, new work or programmes may be recommended which may carry resource implications.

Implications for OGDs/clearances required?

The need for a joined-up approach to nutrition has been agreed by DOH, FSA, DFES and DEFRA. It is recognised that other departments will have a contribution to make too, eg DTLR. Given this, public announcements regarding a National Nutrition Strategy and follow up work will need to be cleared with relevant OGDs and DA Committee.

ILLEGAL IMPORTS OF MEAT AND ANIMAL PRODUCTS

What can be announced?

The Secretary of State is chairing a high level illegal imports stakeholders forum on 21 March to signal a step change in the Government's approach to tackling the problem of illegal imports of meat and animal products, to obtain buy-in from all stakeholders (Government and non Government) to priorities and to agree an action plan. The action plan emerging from the forum will therefore form the basis for an announcement at the Policy Commission event. The action plan is likely to include reference to:

- A risk assessment of illegal imports which has already been commissioned (as recommended by the Policy Commission)
- Various initiatives around publicity and public information on the rules on what may be legally imported
- Measures to strengthen enforcement checking, including some specific initiatives such as improved powers for enforcement officers and pilot measures including a detector dog trial.

What this contributes to the sustainable food and farming strategy

The illegal imports action programme will:

- Help to reduce the risk of further outbreaks of imported exotic animal disease and protect public health;
- Form a part of the broader animal health strategy and associated biosecurity measures
- Increase industry and public confidence in the effectiveness of import control mechanisms.

Resource implications

These are not yet fully worked out. The DEFRA illegal imports team currently consists of 5 staff and is expanding, and associated resources are committed in the Food Standards Agency and HM Customs and Excise. In addition, £2 million has been sought for 2002/03, though this figure is currently being reviewed and £10 million in each of the three spending years as part of SR 2002. If the SR 2002 bid is successful, a significant proportion of the resource available is likely to be allocated to local authority enforcement.

Implications for OGDs etc

The programme has significant implications for other government departments (particularly HMCE and FSA) and for local authorities who are responsible for the enforcement of import controls.

Interdepartmental clearance in DA Committee is expected prior to the forum on 21 March and further detail discussion in DA after Easter.

ANIMAL HEALTH STRATEGY

What can be announced?

A good deal of work is already in hand:

- work on a strategy for veterinary surveillance was interrupted by the FMD epidemic, but has now been resumed;
- a draft strategy for surveillance of antimicrobial resistance in animals was published on 12 February;
- a working group is looking at the question of insurance against animal disease outbreaks;
- a programme of work to tackle illegal imports is being developed;
- plans for the improvement of cattle tracing systems and for identification and tracing of other livestock are being developed;
- the Government is already consulting on changes to the rules on animal welfare; and
- the Government has commissioned Royal Society and Lessons Learned inquiries into the FMD epidemic which will inform the animal health strategy when they are available later this year.

What this contributes to the developing sustainable food and farming strategy

Efficient and effective livestock production is a key element of the sustainable food and farming strategy. High standards of animal health and welfare are essential to achieve sustainable livestock industries which produce safe, high quality food. Recent outbreaks of animal disease have clearly demonstrated the economic, social and environmental impacts on the rural communities affected. The involvement of stakeholders is fundamental to the development of a new Animal Health strategy, especially in raising the levels of on-farm biosecurity.

Resource implications

The resource implications of a new animal health strategy are not clear, and cannot be finalised until the full recommendations of the FMD Inquiries are available. But substantial additional resources will be required. Bids amounting to some £375 million have been entered in SR2002, including over £100 million on programmes related to livestock identification and tracing, £30 million on Veterinary Surveillance and over £30 million on contingency planning, disease emergency response and disease control.

Implications for OGDs or local authorities etc.

- The Food Standards Agency and the Department of Health have clear interest in so far as animal health policies have public health implications. Devolved Administrations also have a strong interest. Local Authorities are responsible for the enforcement of the generality of animal health and welfare legislation. They will therefore be closely consulted.

STAKEHOLDER GOVERNANCE

What can be announced?

A 'Sustainable Food and Farming Action Group' of senior, key stakeholders will be established in the Autumn under Lord Whitty's chairmanship to oversee and take part-ownership on delivering the new strategy for sustainable food and farming.

The group of stakeholders meeting on 26 March will reconvene in the summer under the Secretary of State's chairmanship to take stock of the development of the strategy and maintain stakeholder commitment.

In April or May, a temporary 'contact group' of key stakeholders will meet under Lord Whitty's chairmanship to enable the leadership of the main stakeholder groups to engage about what Government can deliver and what their own organisations can do in advance of the launch of the strategy.

How does this contribute to the Sustainable Food and Farming Strategy?

Effective stakeholder engagement will be key to the development and delivery of follow up work to the Policy Commission's report and the new sustainable food and farming strategy. The 'contact group' and a further meeting(s) of the group meeting on 26 March will meet in parallel to the local and national stakeholder meetings in April and May and will provide a further forum to help inform and refine collective thinking on government, industry and other interests' initiatives that will ultimately feed in to the Strategy. The 'Sustainable Food and Farming Action Group' will oversee the delivery of the Strategy from the autumn onwards.

Resource implications

None.

Implications for OGDs, etc.

Unclear as yet, but SASD will need to keep a wide range of OGD's fully informed of developments (if they're not represented on any of the groups) throughout the development of the strategy.

Sir Donald Curry

THE MIDDLE FARM
BARRASFORD
HEXHAM
NORTHUMBERLAND
NE48 4DA

Telephone: 01434 681080
Fax: 01434 681906
Mobile: 07767 605337
E-Mail: curry@middlefarm56.freeserve.co.uk

7th March 2002

Mr Brian Bender
Permanent Secretary
DEFRA
Room 619
Nobel House
17 Smith Square
LONDON SW1P 3JR

Thank you for your response to my letter.

I am very happy to proceed as you suggest and will discuss the detail when we next meet. I am, of course, seeking refund of any expenses I incur when speaking for various organisations and at conferences.

The opportunity to explain the reasoning behind the Policy Commission recommendations and the responsibility on the industry to play its part in delivering the vision is proving to be very useful indeed. Not surprisingly the likely response from Government is questioned on every occasion. It is helpful to be able to explain your plans but an indication of commitment to supporting the report at the Downing Street Seminar will be crucial in allaying the fears of "the cynics"

I enclose a list of the recommendations I believe should be considered as priority for support at the seminar if possible. I will send you a full analysis of all the recommendations within a few days for your consideration.

I would value an opportunity to discuss this with you and have provisionally arranged to see Andy Lebrecht on Wednesday 13th March at 9.00 am. If your diary permits perhaps we could have a joint meeting. I have a meeting at 2.30 pm on the same day at Downing Street to discuss the seminar.

I look forward to hearing from you.

Donald Curry

Policy Commission recommendations for urgent approval and support

1.	Page 25	-	Payment in Euros.
2.	Page 25	-	Establish working group to look at currency risk management.
3.	Page 28/29	-	An indication that DEFRA are willing to review the R & D structure.
4.	Page 30	-	Support pilot scheme of demonstration farms.
5.	Page 32	-	Establish the Food Chain Centre with funding support agreed. Announce Chair and Board if possible.
6.	Page 33	-	Extension of the retail code of practice - early indications are encouraging and follow-up with BRC and FDF are necessary.
7.	Page 36	-	Establish an English Collaborative Board - Announce support and Chair.
8.	Page 38	-	Re-establish working group on disease insurance / risk management.
9.	Page 38	-	Illegal import controls!
10.	Page 40	-	AFS need to respond to Red Tractor assurance challenges - they are very supportive.
11.	Page 42	-	Red meat supply chain - MLC - Industry forum work.
12.	Page 43	-	Additional ADS grants this year?
13.	Page 46/47	-	FFB should initiate dialogue with RDA's on local/locality food.
14.	Page 49	-	Whole farm approach to regulation.
15.	Page 50	-	Review animal health strategy after Follet and Anderson have reported.
16.	Page 50	-	Accelerate Scrapie eradication plan.
17.	Page 51	-	Negotiate relaxation of DBES.
18.	Page 57	-	Review tenancy issues after Plymouth study reports.

19.	Page 59-61	-	Indicate willingness to look at recommendations encouraging new entrants training and career opportunities.
20.	Page 63/64	-	Support need for sound advice - consider recommendations seriously.
21.	Page 65	-	Full review of Agencies and Levy Boards ASAP?
22.	Page 70	-	Support farming industry!
23.	Page 74	-	Commitment to reforming CAP.
24.	Page 75	-	Sheep envelope.
25.	Page 77	-	10% Modulation - spending review.
26.	Page 79/80 82/84/85 86/87/88	-	Announce establishment and Chair of a working group to review existing stewardship schemes and agree the design and implementation of the broad and shallow scheme.
27.	Page 97	-	FSA - labelling DEFRA review Country of origin, labelling regulations? (within EU)
28.	Page 98/99	-	Encourage industry to support access and coordination of educational material.
29.	Page 100	-	Animal welfare standards in EU.
30.	Page 101	-	Commitment to review guidelines to ensure openness and transparency.
31.	Page 103/ 104 / 105	-	Healthy eating / nutrition strategy - announce the establishment of group to progress this including public procurement.

Department for
Environment, Food & Rural Affairs

Nobel House
17 Smith Square
London SW1P 3JR

From the Secretary of State

RESTRICTED : POLICY

Martin Hurst Esq
10 Downing Street
LONDON
SW1A 2AA

7 March 2002

1 cc JH
JS.

2 &c.

Dear Martin

RESTOCKING POST FMD

You wrote in January to ask about the Department's developing thinking on restocking in the aftermath of FMD. This note, which we have discussed in draft, sets out the current position on restocking, and the action we have in hand to influence decisions in those areas where there is an identified problem over over-stocking. The focus is primarily on sheep; you asked for further information in relation to cattle, and we will send this across as soon as practicable.

Current Position

The map at Annex A shows the areas of the country which have been the subject of FMD culls, together with, for ease of reference, a map which shows the location of the less favoured areas (LFAs). A number of the sheep were culled before returning to the hills for the summer – hence the apparently high concentration at the edge of the LFA. At Annex B is information on the overall position on restocking: in terms of the number of farms culled but now free to restock and the steps they have so far taken to restock. You will see that, overall, restocking decisions are being taken relatively slowly. (In general, of course, subject to the requirements of animal welfare, and some restrictions in particularly environmentally sensitive areas, farmers are free to stock to the levels they choose. But the stocking density limits for CAP payments provide a de facto ceiling for beef farmers.)

Annex C is the report of a small scale survey of farms culled or partially culled out by FMD. ADAS Consulting have also carried out a larger scale exercise, using a questionnaire-based telephone survey. The two surveys give a consistent view of the type of decisions being taken by farmers. They indicates that a substantial minority of farmers are proposing to restock to lower levels or with a different mix of enterprises. Around half of those questioned intend to reduce sheep numbers: the larger survey had 67% of respondents planning a decrease, offset with 14% looking to increase numbers. (For cattle – both beef and dairy – between 40% and 50% of farmers were planning stock reductions, but some 30% were planning increases: in many cases this reflects plans to change the mix of farming.) However, unsurprisingly, those in hill areas have fewer alternative options, and are more dependent on premium payments, and are therefore more likely to be looking to restock to previous levels. Evidence as to drivers for restocking decisions suggests that longer-term financial and personal considerations are paramount, with a small proportion of older farmers using the opportunity to retire, but a rather larger number using the opportunity to diversify either within or beyond livestock farming.

Globally, the Meat and Livestock Commission estimate that the sheep breeding flock has fallen from 18.5m animals in December 2000 to 15.7m in 2001 (the results of the December 2001 census next month will provide an accurate figure); the MLC expect only a partial recovery in numbers, forecasting a breeding flock of 16.3m by 2005.

The Overstocking Problem

There is general agreement that there is a genuine problem with overgrazing by sheep in some defined upland areas. The Department is working with English Nature to identify these areas and directly to address this problem. We are reviewing the current controls on overgrazing, linked to cross-compliance, to make the rules more transparent and the process more efficient and effective. This could contribute to a solution to this problem by better addressing acute cases of overgrazing. But regulation on its own will not be enough to enable land that has been overgrazed in the past, and perhaps over decades, to recover and achieve favourable status.

The introduction of a National Sheep Envelope, agreed at the Agriculture Council in December, provides a mechanism for addressing the overgrazing problem. We have launched the initial consultation on this in parallel with the launch of the Policy Commission report. This seeks views on the broad areas in which we might use the money. One possibility is a quota buy out scheme, followed by annual payments to producers - perhaps on a area basis - designed to encourage farmers to maintain sheep numbers at environmentally acceptable levels. (Both quota purchase and annual payments to producers are options under the revised regime.) The Scottish and Welsh administrations are both

currently planning to pay the envelope basis to recipients of Sheep Annual Premium on a pro rata, ie headage, basis at least for 2002. To minimise the risk of legal challenge on the basis of unfair treatment, we must be very clear that the English scheme is based on objective, easily defended environmental need.

We have also been able to assist farmers who have been culled-out because of FMD through two of our agri-environment schemes. The Department re-opened both the Countryside Stewardship and Environmentally Sensitive Areas Schemes last autumn to applications from culled-out farmers who wished to take the opportunity to restock at a lower level than previously. The Rural Development Service held a series of special regional seminars to advise on future options. This resulted in 141 Countryside Stewardship and 42 Environmentally Sensitive Area applications, which are currently being processed, and we hope that there will be more applications from culled-out farmers in the coming (2002) application round.

In the areas where the Department and English Nature have clear evidence of a previous over-stocking problem, this package of measures should enable us to influence farmers' decisions. We need to bear in mind that using the Sheep Envelope money in this targeted way would be unpopular with the industry, particularly given the likely distribution to all in Scotland and Wales, but should both be an effective lever and a very clear message of the Government's resolve to follow through its commitment to genuinely sustainable agriculture.

Andrew Slade
ANDREW SLADE

DEFRA
Department for
Environment,
Food & Rural Affairs

Nobel House
17 Smith Square
London SW1 3JR

Tel: 020 7238 5446
Fax: 020 7238 6118

From the Permanent Secretary's Private Office

Donna Morris
PS/Chairman
HM Customs and Excise
New Kings Beam house
22 Upper Ground
London
SE1 9PJ

6 March 2002

Dear Donna,

ILLEGAL IMPORTS OF MEAT AND ANIMAL PRODUCTS

I enclose minutes of the Inter-Departmental meeting on illegal imports of meat and meat products, chaired by Brian Bender on 4 March.

I am copying this to the offices of Andrew Turnbull (HMT), Michael Jay (FCO), Richard Mottram (DTLR), Robin Young (DTI), Nigel Crisp (DoH), Sue Street (DCMS), Sir John Krebs (FSA), and Brian Briscoe (Local Government Association), and to Paul Britton and Mike Granatt (Cabinet Office), Martin Hurst (No10) and to all attendees of the meeting.

Yours sincerely,

Andrew Gregory

ANDY GREGORY

INTER-DEPARTMENTAL MEETING ON ILLEGAL IMPORTS, 4 MARCH 2002

ATTENDEES

Brian Bender	DEFRA (chair)
Jill Wordley	DEFRA
Alison Reeves	DEFRA
Julie Hill	DEFRA
Kevan McClair	DEFRA

David Dickson	Scottish Executive	Lindsay Bell	Cabinet Office
Colin Williams	National Assembly	Alec Berry	DTI
Stuart Johnston	DARDNI	Geoffrey Podger	FSA
James Kariuki	FCO	Ann Goodwin	FSA
Ray McAfee	HMCE	Nick Cull	LGA
Athol Cowley	HMCE	Mark Du Val	LACOTS
Richard Brown	Treasury		
Mike Young	Association of Port Health Authorities		

1. Brian Bender chaired a meeting – with the above attendees – on 4 March 2002 to discuss illegal imports of meat into the UK. He began by setting out a little of the background. Between 1986 and 2000 the UK had no major outbreak of an exotic disease in livestock. But we then had two in quick succession: Classical Swine Fever in August 2000, which cost the Government and industry millions of pounds, followed by FMD in February 2001, which had cost billions of pounds. This pattern had naturally led Ministers to question why, after such a period without disease we had been hit by two outbreaks, and why specifically in the UK. There were essentially three possible routes by which disease could have entered the country: a) personal imports; b) illegal commercial consignments; or c) legal imports from countries with FMD, from which imports from certain FMD-free regions had been approved by the EU Standing Veterinary Committee. DEFRA Ministers were convinced that there was more that Departments and agencies could and should be doing to address the problem of illegal imports. This meeting was a precursor to an Industry Forum on illegal imports which the Secretary of State, Margaret Beckett would chair on (provisionally) 21 March.

2. Given that the farming press focussed heavily on what they saw as lax import controls, Richard Brown thought we could better stress publicly that even if imported into the country, disease still then had to find its way into an animal. The Government had taken measures to address this by banning swill-feeding, but this was often overlooked. But given that swill-feeding had now been banned, Treasury Ministers would want convincing of the cost benefit and value for money of taking extra measures against imports, particularly as the action would not be tackling any human health issues. Brian Bender agreed that these were import points, but the banning of swill-feeding did not address the possible cause of the CSF outbreak, which might have been caused by a sandwich thrown to pigs by a passer-by.

3. Brian Bender then suggested a table-round to allow all Departments to set out what they saw as the issues and problems. Ray McAfee ***(Customs & Excise)*** said that Customs had dedicated extra resources and bodies to address the issue, and would continue to do so. But they did not have sufficient resource to thoroughly address the (perceived) dramatic increase in risk, and the sort of level of activity which Ministers were demanding. Customs would do all they could, but given resource constraints, felt it essential that a risk management strategy be built around an 'end-to-end' analysis of the process, covering production source, through import, to end destination. This end-to-end risk analysis had been developed by Customs over the last fifteen years and proven its effectiveness on issues such as illegal tobacco imports. Brian Bender understood the necessity of targeted spot checks based on a risk assessment, but the sheer volume of illegal meat and fish imports uncovered via the recent Heathrow checks caused a real presentational problem, even if the risk of any of the seized product sparking a disease outbreak was probably quite low. There was also the related CITES issue of illegally imported bushmeat of endangered species.

4. Geoffrey Podger ***(Food Standards Agency)*** explained that the FSA's main concern was, of course, risk to human health. The FSA was continually accused of imposing too stringent and detailed rules on food imports, but they had never been able to establish a greater risk to human health from illegal imports as opposed to legal imports. Geoffrey agreed with others that greater co-ordination and co-operation between enforcement agencies was required. The FSA were in the process of setting up an imports unit, and were hoping that they would be able to pull in support from all agencies. It was possible that better organisation might bring greater benefits than extra resources. Nick Cull ***(Local Government Association)*** agreed with this latter point, and explained that a rough LGA calculation suggested that we could do a fair amount with a relatively small amount of cash, and greater inter-agency co-ordination. One key problem was the lack of awareness of travellers and UK inhabitants of the issues. The new posters were an important step towards addressing this. James Kariuki ***(FCO)*** explained that, through posts, an information campaign had targeted countries in which disease was prevalent and from which imports were suspected. He suspected that this had had a positive effect against inadvertent smuggling. Similar information had been circulated to EU countries, although with care that they did not confuse messages about the single market.

5. Mike Young ***(Association of Port Health Authorities)*** stressed that Port Health Authorities were focussed on issues of human and animal health. Their experience suggested that while checks had to be targeted, results from such checks always reinforced the targets as priorities, meaning that wider series of checks were rarely embarked on. Other problems highlighted by Mike were the lack of robust, co-ordinated legislation to deal effectively with the problem, and again, a lack of resource. The costs of action against illegal imports could often be recovered, but not of checks of legal imports. Colin Williams ***(National Assembly)*** stressed that this was as politically important an issue in Wales as in the rest of the UK. He agreed that we needed to establish more robustly where the balance of risk lay. David Dickson ***(Scottish Executive)*** agreed with the assessment of the issues already given. However, he highlighted that there were also political considerations which

we should not ignore: UK farmers were complaining vociferously that while they had to abide by strict biosecurity and other rules, the Government was itself being lax in implementing import controls. The Government could not be seen to be ignoring this. Stuart Johnston ***(DARDNI)*** highlighted the unique issues faced by Northern Ireland, given the land border with the Republic: agencies in Northern Ireland had to work in close co-operation not only with each other, but with their counterparts south of the border as well.

6. Alec Berry ***(DTI)*** acknowledged that he had a slightly different agenda than many present. It was a Government stated target to encourage the free movement of goods, the value of which into and out of the UK was around £400 billion a year. Any delay or obstacle to the free movement of goods, however seemingly insignificant, could add significant costs. DTI Ministers had given a commitment to assist, but on the basis of a proper risk assessment.

Risk Assessment

7. Jill Wordley ***(DEFRA)*** explained that the Veterinary Laboratory Agency (VLA) had been asked to conduct a risk assessment of illegal meat imports to assist us in targeting action. They were taking a three stage approach, focussing on a) the probable amount of illegal meat imported every year; b) the probability that such meat was contaminated with a hazard; and c) the probability that the import of contaminated meat resulted in infection in GB livestock. It was hoped that early results would be possible on the first stage, but there was a limited amount of available data, and results would have wide confidence limits and need to be supplemented with professional opinions. Brian Bender asked whether Customs would be able to conduct some further targeted checks to assist with data collection. **Ray McAfee confirmed that Customs would assist, by carrying out further targeted checks.**

8. In response to questions from Lindsay Bell ***(Cabinet Office)*** Jill Wordley confirmed that the VLA risk assessment would look at import controls in other countries, in particular the USA. She also confirmed that our stringent approach to import controls extended equally to plant health issues. Geoffrey Podger thought it important that the risk assessment cover legal as well as illegal imports, otherwise a full picture of the risk could not be gathered. Brian Bender agreed that the VLA should be asked how this could be factored in. Nick Cull stressed the importance of considering whether there would be any side effects of strengthened controls, e.g. an increase in smuggling, or a detrimental effect on tourism.

9. Colin Williams asked whether any scoping of extra necessary legislation was being conducted. Alison Reeves explained that we were in the process of implementing the veterinary checks directive, which we would expect to have on the statute books by mid-April. But we still had to address how these powers would be used: some form of protocol might be required. There was also an EU Commission working document on personal imports, although progress of this appeared slow. Alec Berry wondered whether some illegal imports might simply be the side-effect of a cumbersome and bureaucratic approvals process for legal imports. Brian Bender agreed that this might need looking at with regard

to niche, ethnic, markets, but doubted that we would be able in many areas to recommend a simplification or easing of restrictions.

10. All agreed that the key to success would be the better sharing of information and analysis across Departments and agencies and the greater co-ordination of activity (and given the expertise of forgers, with agencies in other countries as well).

Illegal Imports Action Plan

11. Discussion then turned to some of the other elements of the action plan:

i. It was agreed that further work would be needed between DEFRA and Customs, in light of market research, on the placing, on Customs property, of the illegal imports posters;

ii. Further discussion was required about the placing of amnesty bins for travellers to discard inadvertent illegal imports. Customs wanted to avoid these bins being used by drug smugglers to discard narcotics, but thought that some form of amnesty bins for meat placed in the Customs Red Channels might be possible;

iii. Changes were being sort to landing cards to include either a warning or a declaration about illegal meat imports. It was agreed - given the Port Health Authorities experience - that as on the spot fines were impossible to levy, they would not be introduced for false declarations. It was also agreed that the introduction of amnesty bins was a pre-requisite to including a warning or declaration;

iv. It was explained that the introduction of x-ray equipment would largely be for examination of commercial imports, although there were still questions to resolve about the identification and interpretation of images.

Next Steps

12. The working assumption was that the Industry Forum, chaired by Margaret Beckett, would be held on 21 March (this has since been confirmed, to run from 15:00 – 17:00). Advice would be submitted to the Secretary of State that she write round to colleagues on the DA net in advance of the Forum. It was likely that she would also do so after the Forum, suggesting a DA discussion of the issues.

DEFRA
6 March 2002

POLICY COMMISSION FOLLOW UP - OTHER ORGANISATION CONTRIBUTIONS

From: **A J Lebrecht**
Director-General, Food, Farming and Fisheries
Date: 6 March 2002
Room: 305 LNH
Tel: 238 5578
Fax: 238 5592
e-mail: andrew.j.lebrecht@defra.gsi.gov.uk

by e-mail

To: **John Robbs** **Paul Elliott**
David Hunter **Sonia Phippard**
Sophia Lambert

cc Nigel Atkinson
Martin Hurst

1. At the No 10 Seminar on 26 March the Government will announce its plans for taking forward work on the Curry Commission report and will also announce a number of initiatives ("quick wins") which will signal its determination to deliver real change.

2. An important part of the Curry message however - which the Government strongly endorses - is that it is the industry itself and other stakeholders who must act to deliver change in the areas for which they are responsible. A central aim in inviting industry leaders and other key people to the No 10 Seminar is to encourage them to state what it is that the interests they represent will contribute to this process.

3. We need, in collaboration with No 10, to get across to the invitees what it is we are looking to them to offer on the 26th. We will want to warn them that they will be invited to saya what it is they can contribute but, for some at least, we can be more specific about what the Government would like to hear. I should be grateful if you would each please advise Nigel Atkinson, copied to Martin Hurst and myself, by **close on Friday** on what you think we should be saying to each of the invitees listed in the Annex to this minute. Subject to any reactions by Monday, I suggest that you then speak to your contacts accordingly. Martin will do likewise from No 10.

Andy Lebrecht

ANNEX

Ben Gill	(NFU)	-	David Hunter
Edward Greenwell	(CLA)	-	David Hunter
Reg Hayden	(TFA)	-	David Hunter
Christine Tacon	(CWS Agriculture)	-	David Hunter
Peter Barr	(MLC)	-	Sonia Phippard
David Webster	(IGD)	-	John Robbs
Peter Blackburn	(FDF)	-	John Robbs
David Felwick	(BRC)	-	John Robbs
Mark Kerr	(British Hospitality Association)	-	John Robbs
Jonathan Porritt	(SDC)	-	-
Ewen Cameron	(CA)	-	Sophia Lambert
Richard Burge	(Countryside Alliance)	-	Paul Elliott
Lord Thomas	(NW RDA)	-	Paul Elliott
Anna Bradley	(Consumers)	-	-
Martin Doughty	(EN)	-	Sophia Lambert

From the Parliamentary Under Secretary of State

MATRIX – PR

F- Rover Standards

Department of Health
Richmond House
79 Whitehall
London
SW1A 2NS
Tel: 020 7210 3000

06 MAR 2002

Rt. Hon Jack Straw
Secretary of State for Foreign & Commonwealth Affairs
Foreign and Commonwealth Office
Whitehall
London
SW1 2AH

MH
C: JS
SW
MR

Dear Jack

EU Proposals to Consolidate and Simplify Food Hygiene Legislation.

This letter pursues outstanding matters raised in earlier correspondence with (E)DOP. (E)DOP was otherwise generally content with the negotiating line proposed in Gisela Stuart's letter of 27 March to Robin Cook. The issue is to gain the agreement of EP colleagues to a UK line in respect of European Commission proposal to consolidate and simplify food hygiene legislation.

In order that officials may pursue technical negotiations in Brussels, supported by a greater measure of agreement on the UK line, I should be grateful to have comments by Wednesday 20th March 2002.

Annex 1 is a copy of the earlier correspondence. **Annex 2** is a summary of the responses received from (E)DOP members. I would like to respond to those comments and seek EP's agreement to officials taking forward the negotiations as proposed.

Regulatory Impact Assessment (RIA)

The original RIA has been revised and improved, and the current version is at **Annex 3.** It provides more information on the likely impact of the original Commission proposals and, in particular, the views of small businesses affected. The RIA is a major undertaking due to the scope of the proposals and the breadth, number and diversity of businesses potentially affected.

Points raised by (E)DOP members

None of the (E)DOP respondents objected in principle to introducing a requirement to apply HACCP-based controls in all food businesses. HM Treasury, supported by others, suggested the UK should reserve its position in negotiations until consultations with small businesses had been completed and Ministers had considered the results. HM Treasury also questioned whether the current prescriptive regime would be just as effective as HACCP, but less burdensome in some cases, and wished to see a "proper" regulatory impact assessment (RIA) before agreeing the negotiating line. Cabinet Office

encouraged further work on the RIA. HM Treasury, supported by others, questioned whether the proposals should take the form of Directives, rather than Regulations. The former DETR expressed concern over a perceived additional burden on enforcement authorities.

The application of HACCP principles to food businesses

The earlier comments of (E)DOP members raise issues in terms of taking forward the negotiations and in respect of existing Government policy.

The proposal is to apply all 7 HACCP principles to all food businesses (about 600,000 in the UK), other than primary producers. Importantly, this needs to be seen against the background that existing EU law already requires the vast majority of food businesses to apply at least five of those principles. Food businesses would only newly be legally required to verify that their food safety management systems work, and to maintain appropriate records. These new requirements confirm what is already established as good practice.

HACCP is widely (including internationally) accepted and promoted as the system of choice for food safety management in food businesses of any size. In the UK, Government policy already encourages the application of HACCP principles. For example, the Government committed to HACCP in accepting all the recommendations of the Pennington Report on the Central Scotland *E. coli* O157 food poisoning outbreak. The relevant recommendations were that HACCP should be adopted by all food businesses to ensure food safety, that the Government should seek to have HACCP enshrined in the review and consolidation of the vertical EU Directives and that the Government should seek to have all of the HACCP elements negotiated within the horizontal Directive. This led directly to the licensing of certain butchers shops, conditional upon operating HACCP-based principles. It also forms the basis for the negotiating line officials have so far taken in the consolidation negotiations.

Internationally, the World Health Organisation (WHO) views HACCP as having the potential to enhance food safety and prevent foodborne disease, and has stated that it can be applied to all food businesses irrespective of size. Codex Alimentarius Commission principles state that HACCP can be applied throughout the food chain from primary production to final consumption, and the Codex Committee on Food Hygiene is currently revising its application guidelines to ensure that all 7 HACCP principles can be applied proportionately in small and less developed businesses.

A Flexible and Proportionate Approach

HACCP is flexible and can be applied proportionately to the nature of the risks inherent in any given food production process. There is no reason why, with help, smaller businesses cannot apply HACCP principles effectively. Generic systems and the use of guides to good practice/application of HACCP principles will have a key role to play in providing that help.

The RIA strongly indicates that the application of HACCP principles by SMEs is not seen to present any great burden, and retail businesses consulted are already complying with

the major elements. These SMEs regarded the proposals as reasonable and proportionate, and did not consider them to carry undue cost implications. A realistic timescale for businesses, especially SMEs, to operate HACCP principles will be key, and will need to be reflected in the legislation. Developing the RIA has shown that clear, concise and accessible guidance will be extremely important to small businesses. The training needs in food businesses will also need to be addressed.

With this in mind, the Agency has recently adopted a Strategy to increase the uptake of HACCP principles across the food sector. This will assist industry to comply with the new HACCP requirements when they take effect. The FSA will ensure that appropriate guidance is developed in consultation with stakeholders.

Form of the proposals

On the question of Directives, rather than Regulations, views in the Council Working Group differ. Ultimately, the issue is likely to require a political decision, and may form an important bargaining tool when considering the final compromise package.

The advantages of Regulations are that the EU measures would be applied directly and consistently throughout the Community on adoption, which would go some way towards answering criticisms that wildly different measures are applied in each Member State. Also, the implementing measures needed in member state national law would be considerably less than with copying out Directives.

In order to change the Commission's proposals for Regulations the Council would need to act in unanimity. It would cost time and negotiating capital to argue for such a change on what is a less significant issue than the actual substance of the proposals. We would advocate that EP members accept that the UK continues to negotiate on the basis of the proposals as they stand, but with the possibility of returning to this issue later.

Burden on Enforcement Authorities

Local authorities have generally welcomed the proposal for a risk-based approach in legislation and the prospect of simplified and consistent legislation to enforce. They do have concerns associated with the resources needed to train personnel, and about the time they will need to spend advising about the new requirements as opposed to taking enforcement action. There would also be resource implications if the scope of registration and approval requirements were extended beyond present requirements.

The FSA is alive to these concerns. The application of HACCP principles by food businesses should help to reduce foodborne risks and, since inspection frequency is based on assessed risks, should in turn reduce the number of inspections that enforcement authorities have to make. Close co-operation with the enforcement authorities is planned as part of FSA handling. However, in the short term Local Authorities will undoubtedly be faced with a new burden to help SMEs implement the new system. The FSA is currently considering a bid under SR2002 to help local authorities with this task.

Department of Health

Given the information above, I would ask that EP members agree that it would be inappropriate for the FSA to reserve the UK position on the application of HACCP principles. I also believe that this letter answers the other concern identified.

I am copying this letter to EP members as follows: John Prescott, Gordon Brown, Robin Cook, Lord Irvine of Lairg, David Blunkett, Margaret Beckett, Clare Short, Alistair Darling, Stephen Byers, Alan Milburn, John Reid, Paul Murphy, Geoff Hoon, Helen Liddell, Lord Williams of Mostyn, Patricia Hewitt, Estelle Morris, Tessa Jowell, Hilary Armstrong, Charles Clarke and Lord Goldsmith. Copies also go to Ministers in the devolved administration having an interest, namely Mary Mulligan, Jane Hutt and Bairbre de Brún. Copies also go to Sir Richard Wilson, Jo Simons (No 10) and Nigel Sheinwald (UKREP).

YVETTE COOPER

ANNEX 1

Rt. Hon Robin Cook Esq. MP
Foreign and Commonwealth Office

This letter and attachments invites (E)DOP colleagues to agree a UK line in respect of proposed EU legislation to consolidate and simplify food hygiene legislation. In order to be prepared for eventual Parliamentary Scrutiny Debate and for officials to be able to begin briefing MEPs (the proposals are subject to co-decision with the European Parliament) I should be grateful to have comments by [end March].

Public health controls on food are currently laid down in seventeen EU Directives and numerous amendments which have been introduced over the past 35 years. Those directives relating to specific commodity sectors took account of the approach to managing food safety that was then current, namely a highly prescriptive approach. Responding in part to pressure from the UK to overhaul and improve the legislation, the Commission has published proposed legislation which is described in more detail in **Annex 1**.

The Food Standards Agency (FSA) has lead responsibility for policy on food hygiene and for the conduct of negotiations on the hygiene proposals at official level. MAFF has lead responsibility for the linked proposal on animal health controls. The particular impact of the proposals in relation to food safety in red and white meat slaughterhouses was the subject of my letter of 13 December to interested colleagues.

The FSA's overall aim is that food hygiene legislation should have protection of public health as its prime concern. It must therefore be effective for that purpose and must be of such a nature that food business operators can understand and take their proper responsibility for the production of safe food. The controls proposed must be proportionate to the risks and must not impose unnecessary burdens on either food business operators or on enforcement bodies.

In addition to protecting public health, the FSA has as one of its aims safeguarding the interests of consumers in relation to food. This includes ensuring consumers have access to foods from a wide variety of sources. To this end, hygiene legislation should not be framed in such a way that it impacts disproportionately on any given sector or size or type of business. The FSA considers that adoption of a risk-based approach to food hygiene provides a flexible and proportionate system of control which is adaptive to innovation in food production.

Views of stakeholders to the draft proposals have been canvassed and are summarised at a high level in a lobbying strategy paper attached at Annex **2**. You will wish to note and perhaps comment on its contents.

Annex 3 sets out a more detailed analysis of the major themes of the proposals, together with the suggested UK line in respect of them. I should be grateful for colleagues' agreement that we should endorse the approach taken by the FSA and described in paragraphs 4 and 5 above and agree to a UK line in respect of the major themes of the proposals described in Annex 3.

I am copying this letter to (E)DOP members as follows: John Prescott, Gordon Brown, Margaret Beckett, Ann Taylor, Margaret Jay, Barbara Roche, Tessa Jowell, Graham Stringer, George Foulkes, Joyce Quin, Helen Liddell, John Reid, Paul Murphy, Lewis Moonie, Malcolm Chisolm and Rhodri Morgan. Copies also go to Sir Richard Wilson, David North (No 10) and Nigel Sheinwald (UKREP)

MS GISELA STUART

ANNEX 2

Dept	Comments
DETR	• Detailed point on lobbying strategy • How present move away from prescriptive legislation as not being a move in the wrong direction?
SO	• Content, but should consult devolved administrations
DTI	• Support action to consolidate and simplify legislation • Concern how impact on industry • Content with the approach • Welcome careful consideration to be given to SMEs to adapt • Welcome risk-based approach and flexible and proportionate control, given SME concerns about documentation
CO	• Broadly content but must have more work on the RIA • Doubts about costs of moving to fully documented HACCP • Need to ensure that improved food safety benefits will justify costs • Welcome questioning line on issues such as registration and its application to primary production • Must ensure sufficient flexibility when applying controls to SMEs • Should consider pressing for derogations if further analysis makes a case • Not clear benefit of Regulation outweighs Directive. More thought to be given in the course of negotiations
HMT	• Number of concerns re impact on SMEs • Need "proper" RIA before agreeing to line • Draft RIA indicates costs could be significant • Is it appropriate to apply highly detailed regulations to small businesses? • Concerned about extension of existing standards from product-specific areas to other areas "without justification" (?) • Directives better than Regulations • Should not object in principle to move to HACCP-based system • Should reserve until consultations (especially with small businesses) have been concluded and Ministers have a chance to consider • See no evidence that maintaining "simple, prescriptive" controls would not be just as effective but less burdensome
FCO	• Summarises responses • Reflect on points made • Write again once updated RIA complete and consultation results available

ANNEX 3

DRAFT

European Commission proposals for the consolidation and simplification of EC food hygiene legislation

PARTIAL REGULATORY IMPACT ASSESSMENT:

1. Introduction

i) The Proposals

1.1 The draft instruments contain five linked proposals that are intended to replace the current body of EU food hygiene legislation. This is found in some 16 commodity-specific EC directives (such as those covering fresh meat, milk and fishery products) and the general food hygiene directive applying where the commodity specific rules do not apply. A list of the legislation affected is at **Annex A**.

1.2 The fourth proposal (2000/0181 (COD)) relates to animal-health rules and is the responsibility of DEFRA. Its effects therefore are not the subject of this RIA. Details on the subject matter and purpose of the proposals is at **Annex B**.

1.3 The earliest of the current legislation dates back over 35 years. Most of it tends to reflect an outdated understanding of, and approach to, public health issues. In general this has meant a prescriptive approach. Specific standards for the construction of premises through to hygiene measures and production processes are laid down. The general food hygiene directive was adopted in 1993 and reflects a more modern risk based approach (see paragraph 2.9).

ii) Consultation

1.4 Thorough consultation with interested parties both internal and external was initiated in July 2000. This included issuing approximately 2000 consultation packs, supported by an initial draft RIA, to the interested organisations, representative bodies and individuals identified. It included industry, consumers, scientific, enforcement and trade representatives. It also involved posting the consultation documents on the Food Standards Agency (FSA) web-site. Some 150 responses to the consultation have been received and taken into consideration. A summary of the comments received in response to the consultation and the FSA responses has been drafted and will be posted on the FSA web-site shortly. In the main, responses were favourable to the intention and philosophy of the proposals. Individual respondents made a number of comments both of substance and detail, which the Agency is taking into account in developing its negotiating line. The consultation process will continue throughout the course of the negotiations.

2. Purpose and intended effect of the measures

i) The issues and objectives

2.1 The primary purpose of these proposals is to improve and modernise the existing EU legislative framework covering food hygiene. In doing so, the EU Commission has stated as its primary motivation the need to ensure a high level of health protection. It is certainly true that there is continued concern, EU wide, over food poisoning incidence and a desire to reduce it. The proposals would reduce the level of prescription with the new arrangements being more risk based. As such, they will be better matched to the needs of individual businesses and much more flexible than current requirements.

2.2 The current legislation was negotiated over a long time and contains many inconsistencies in approach. There have been numerous amendments and the directives are difficult to interpret and enforce. There is also duplication that has

built up over the years. The body of legislation has not kept up with the pace of change and innovation in food technology and production, and consequently the current prescriptive controls no longer address adequately the potential food hygiene risks, which affect modern production processes. All these factors have resulted in criticism from both industry and enforcement authorities about the extent and complexity of existing food hygiene legislation. Concern has also been expressed over a perceived inconsistent application between Member States. For these reasons, the UK has for some time been urging the Commission to come forward with proposals to update this legislation. The UK has also been one of the leading advocates of Hazard Analysis and Critical Control Points (HACCP) in the EU.

2.3 The proposals are intended to achieve three broad aims. The first is the introduction of the "farm to fork" principle to food safety covering all areas of food production up to and including primary production. This coincides with UK Government policy and has been argued for in independent reports (Pennington (see paragraph 2.7)), by the Advisory Committee on the Microbiological Safety of Food (ACMSF) and in the international context by the Codex Alimentarius Commission and World Health Organisation (WHO).

2.4 The second aim is the ability to trace food and food ingredients. As part of this, compulsory registration of all food businesses is being proposed. All food businesses will be allocated a unique registration number (which may be one already used for other purposes), which must accompany all food to its final destination. This is necessary as a part of a "farm to fork" approach to food safety.[1] Registration has been a requirement for most food businesses since 1991.

[1] A proposal for a Council regulation on the General Principles of Food Law, issued after these proposals, provides for high level, non prescriptive traceability requirements and so the two sets of proposals will need to be reconciled on the question of traceability.

2.5 The third aim is a transfer of emphasis on the responsibility for the production of safe food, away from enforcement authorities, placing it clearly on food producers. This would be facilitated by moving away from prescriptive legislation towards a more risk-based approach with the application of HACCP principles. This rests comfortably with one of the recommendations of the Pennington Report into the *E.coli* outbreak in central Scotland, which was that, "The Government should seek to have HACCP enshrined in the review and consolidation of the vertical EU Directives".

Background to HACCP

2.6 HACCP is a system of food safety assurance based on the prevention of food safety problems. HACCP is internationally accepted by governments and the food industry alike as the system of choice in the management of food safety in food businesses. It provides a documented, structured approach to ensuring food safety and places a requirement on food businesses to manage and control hazards inherent in their food handling and production process. It is proportionate and flexible and offers the best protection to consumers when implemented effectively. In line with modern thinking on a wide variety of matters, it is a risk-based system. Wider application of effective HACCP based controls is considered as key to the FSA achieving its wider food borne disease targets. HACCP has gained world-wide acceptance and there is a clear international trend to adopt it as the preferred approach to food safety.

2.7 Increasing uptake of HACCP was confirmed as Government policy when accepting the recommendations of the Pennington Report into the 1997 *E.coli* outbreak in Scotland. Indeed, the need to overhaul European hygiene legislation was a specific recommendation of the Pennington Report that was accepted by Government. In addition, HACCP is promoted by the main international bodies with an interest in this field, e.g. the WHO and the Codex Alimentarius

Commission. In recent years a clear international trend has developed to adopt a HACCP approach to food safety.

2.8 The FSA has set itself a publicly declared Service Delivery Agreement target for 30 per cent of food businesses to be operating documented HACCP based controls by April 2004. The target is aimed at complementing and assisting wider Agency action to reduce food-borne disease by 20 per cent by April 2006. The FSA has a number of initiatives currently in place to further this target and is in the process of developing an overall strategy for wider implementation of HACCP.

Current Status of HACCP and Hazard Analysis in the UK

2.9 For the vast majority of the businesses affected by the proposals, the application of certain HACCP principles is not a new requirement. In most areas of food production the law requires that the main elements of HACCP should be being applied already. Since the implementation of the general food hygiene directive in 1995, food businesses including retail and catering businesses (by far the biggest two sectors in terms of numbers of businesses affected), have been required to analyse and control hazards on the basis of applying five of the seven HACCP principles. In addition, many of the sector specific hygiene directives require manufacturers to operate 'own checks', based on HACCP principles. What is new in the proposals as they apply to all food businesses is the requirement to verify that the procedures in place actually work. Businesses operating under general food hygiene law, and some sector specific law, will also have to keep documentary records of the procedures in place. Regardless of the present legal requirements, many businesses that are applying the five principles of HACCP will actually be keeping documentary records for their own purposes. The proposals will remove a degree of prescriptive detail contained in the current legislation and so will mean a reduced compliance burden for some sectors of the industry. For example, in the case of slaughterhouses, the proposals make

no additional requirements of operators, but do clarify what is required of all food businesses as opposed to what is specific to slaughterhouses. **Annex C** provides an overview of HACCP uptake by the main sectors. **Annex D** provides an overview of the current legislative requirement to have hazard analysis systems in place.

2.10 The proposals seek to ensure good hygiene practice throughout the food chain, starting with primary production. While not subject to a full, documented HACCP-based procedure, primary producers will be required to monitor possible hazards to food safety and to prevent, eliminate or reduce these to an acceptable level.

ii) Risk assessment

2.11 The hygiene of food production has been regulated for many years. The need for legislation is generated by the risk to consumers of death or illness from pathogenic microorganisms, which can occur in or cross-contaminate food at all stages from production to consumption. Food hygiene legislation must, therefore, be targeted to minimise the risk of pathogenic microorganisms causing food poisoning. It does so by prescribing the conditions under which food is produced which are least likely to lead to the growth or survival of pathogens. In general, it has required that food be produced in suitable premises, in accordance with defined hygiene practices and in accordance with any microbiological standards laid down. The application of a HACCP approach across the whole of the food chain is regarded as crucial to the management of food safety. It ensures that the procedures in place minimise risk to the consumer.

iii) Food Poisoning

2.12 Estimates of food poisoning are based on statutory notification by doctors on the basis of clinical suspicion. However, the notification system is recognised as being a poor way of ascertaining the true incidence of food poisoning.

2.13 The Department of Health funded a large study of infectious intestinal disease (IID) in England (published by the Food Standards Agency in 2000) from which it was estimated that there were 9.4 million cases of IID a year in England (1994/95 figures). However, not all of these are attributable to food poisoning. The proportion of IID cases that are thought to be due to food poisoning has been estimated to be between 17% and about 50% of the IID figure- 1.7 million to 4.5 million. Of the 1.5 million (of the estimated 9.4 million cases total) cases who consulted their doctor, between 268,000 and 750,000 can be estimated as suffering from food-borne disease. In 2000, 580 deaths were notified to the Office of National Statistics and General Register offices in Scotland and Northern Ireland as due to IID. Of the corresponding figures for 1999, 29 deaths were recorded as being definitely due to *Salmonella*. The figure for IID deaths will be an underestimate and a significant proportion of these will have been due to food poisoning. In addition, some food-borne diseases such as listeriosis are not included in deaths from IID. *Listeria monocytogenes* alone may account for 30-40 deaths per year.

2.14 The IID study demonstrated that while accounting for only a proportion of all cases, laboratory-confirmed cases did provide a robust indicator of trends. The number of laboratory-confirmed cases of *Salmonella*, *Campylobacter* and verocytotoxin-producing *E.coli* O157 infection in the UK in 2000 were;

	Salmonella	*Campylobacter*	E. coli O157*
2000	16,987	62,867	1,147

* Verocytotoxin-producing *E. coli* 0157 included due to its importance in terms of serious morbidity and mortality. It is estimated that, of the cases of *E.coli* 0157 reported each year, around 500 are of food-borne.

Again, the figures above greatly underestimates the true number of cases of food-borne disease as most cases do not result in samples being sent for laboratory analysis.

Food-borne disease is considered to be largely preventable. If properly applied, HACCP will identify and control the hazards in food businesses.

2.15 There is recent evidence from the Public Health Laboratory Service, which goes some way to demonstrating the importance of hazard analysis and HACCP in food safety. The study found that 64% of retail premises and 53% of catering premises visited had some form of hazard analysis in place. In both cases, significantly more food samples of unsatisfactory or unacceptable microbiological quality were found in premises where there was no hazard analysis system in place or where they had an undocumented system compared with those with a documented hazard analysis in place. N.B. This is indirect evidence only as it relates to indicator organisms, and not to the pathogens themselves.

2.16 The application of a fully documented HACCP-based system will result in transparency of the food safety management controls in place. This will increase the assurance that food business operators will routinely detect and remedy any irregularities. It will also facilitate, and therefore improve the quality of, enforcement. Although it is not possible to quantify the overall impact, the enhanced nature and transparency of the controls is expected to result in a reduction in the risk of food-borne disease.

3. Options

3.1 Since this is an area occupied by EU legislation, there is no option other than to amend or replace that legislation.

4. Benefits

To consumers:

4.1 First and foremost, consumers of food will benefit from increased food safety as a result of enhanced hygiene controls outlined above. Notably, the WHO has stated that the main benefit of the implementation of HACCP will be the reduction of the risk of food-borne disease.

4.2 The second main benefit to the consumer will be increased consumer confidence in the food supply. Improved food safety standards should reduce the potential for consumer complaints and wastage.

4.3 The WHO argues that application of HACCP can improve the quality of life for consumers, in terms of both health and socio-economic factors. The Consumers' Association has welcomed the proposals and argue that HACCP should ensure a higher level of food safety, and that HACCP should be viewed as a tool for food producers to use to ensure that they are providing safer food.

To food producers and retailers:

4.4 The proposal should remove much of the outdated and unnecessary controls on production processes thereby allowing some cost savings. The benefits of the HACCP approach include:

- a single, systematic risk-based approach to all aspects of food safety from raw materials through to final product use;

- movement from solely retrospective end product testing towards a preventative approach, in turn leading to reduced product losses;

- capacity to identify areas of concern where failure has not yet been experienced, making it particularly useful for new operations and products;

- a business focussed, flexible approach aimed at preventing problems occurring and therefore protecting reputations of businesses;

- focusing technical resources into critical parts of the food production process; and

- it has a potential to reduce the costs of official supervision and inspection in fresh meat plants (assistants as well as Official Veterinarians may be permitted to carry out some inspections), as HACCP systems lend themselves to audit and therefore do not require constant supervision;

- being introduced via directly applicable regulations, would ensure a uniform approach to HACCP across the EU and so facilitate trade in foodstuffs.

To enforcement authorities

4.5 The proposals will greatly reduce the amount of EC legislation that controls food hygiene and will do much to rectify anomalies that have made interpreting and enforcing the body of legislation difficult. Because HACCP systems lend themselves to audit, and should not require constant supervision to safeguard public health, enforcement resources could become freer to focus where most needed. Enforcement bodies, such as the Local Authorities Coordinating Body

on Food and Trading Standards (LACOTS), the Chartered Institute of Environmental Health (CIEH) and the Royal Environmental Health Institute Scotland (REHIS) have expressed support for the introduction of HACCP in all food businesses, and believe that the considered implementation of the seven principles could improve food safety and raise consumer confidence. They consider that HACCP, once fully and effectively implemented, will lead to increased effectiveness for enforcement by focusing activity on a business' responsibility to manage food safety, allowing enforcers to effect change to poor work practices by challenging the risk assessments. The intention would be that legislation would be aligned more closely with enforcement authorities own risk-based approach. This would allow them to target their resources more effectively; e.g. certain enterprises may be identified as low-risk through a HACCP-based approach, and therefore visited less frequently. There will be a need for enforcers to undertake an educational role in this respect. There is an ongoing, constructive dialogue between the FSA and enforcement bodies on these questions.

5. Compliance costs for Business, Charities and Voluntary Organisations

5.1 Using statistics prepared for the UK Official Control of Foodstuffs Directive 2000 return, we know that there are over 600,000 food business establishments in the United Kingdom. In addition, the proposals also include implications for some 265,000 primary producers in the UK, including farms and fishing vessels. The vast majority of these businesses will be affected by these proposals to some extent.

5.2 The main additional business cost of implementing these regulations will be associated with the introduction of verification and documentation of a HACCP system. For the vast majority of small businesses new record keeping requirements will be minimal, and many businesses will already be doing at least

some of what is necessary, such as temperature recording. Implementation of the hazard analysis requirement of the existing regulations is variable throughout the UK and data is currently limited. Central and local government bodies have not routinely collected this type of information. For this reason, a questionnaire was sent to UK food authorities in September 2001 seeking local information on the numbers of businesses operating HACCP based controls, including documented and undocumented (i.e. 'hazard analysis') systems. The results of the survey are summarised in **Annex B**, but the main findings are that c.20 per cent of food businesses (excluding the majority of agricultural holdings and fishing vessels) operate a documented HACCP system and a further 45 per cent operate an undocumented system. This equates to approximately 390,000 of the total 600,000 food businesses applying a hazard analysis system (documented or undocumented). If the retail and catering sectors were complying with current legislative requirements for hazard analysis, this would mean that in excess of 490,000 premises would be complying with the major part of the proposed requirements. Given the clear benefits in public heath terms of hazard analysis, non-compliance is already a concern for the FSA, which is to undertake a major food hygiene campaign. This will itself raise awareness and compliance levels.

5.3 There is no readily information as to the size of the individual undertakings. However they will range from low-risk one-person businesses selling wrapped confectionery, through to major businesses manufacturing high-risk products and employing hundreds of people. Given this, compliance costs will vary greatly dependant on the nature and sector of the business, existing food safety management systems and the present level of compliance. Indications are that most major retailers and most large food manufacturers have generally satisfactory HACCP systems in place. Smaller food businesses may have much reduced awareness of HACCP systems.

5.4 The proposal provides for member states to seek derogations from full time veterinary supervision in small and medium sized slaughterhouses and for

assistants rather than veterinarians to supervise cutting plants and cold stores. These proposals should go some way to offsetting the cost of introducing HACCP in meat plants. MAFF, and latterly the FSA, have encouraged the uptake of HACCP by slaughterhouses. Since the proposal was issued, Commission Decision 2001/471/EC has been introduced which requires the implementation of HACCP principles and microbiological testing in fresh meat and poultry meat slaughterhouses, cutting plants and cold stores by June 2002, and for smaller plants, June 2003. This will affect approximately 1,400 establishments in the UK.

5.5 There is in the proposals a requirement for HACCP training placed on food business operators. The costs of this will be factored into the estimates of applying HACCP in food businesses generally.

5.6 Work on the requirement for broad systems of traceability has already been undertaken as part of the RIA on the proposed regulation laying down the general principles of food law (GFL). It found that the large majority of those who responded to the consultation welcomed the general requirement for traceability and the reason for its introduction. In most cases traceability systems are already in place. Some consultees expressed concern that it might increase administrative time and costs, but due to the general nature of the requirements could not provide quantitative estimates. The GFL requirements on traceability do not, however, cover the registration of businesses.

Impact on Primary Producers

5.7 The proposals have implications for the range of primary producers of food including farmers and fishermen. While not subject to the full application of HACCP principles, they would be required to identify and monitor hazards to food safety and to prevent, eliminate or reduce these to an acceptable level. As with other food businesses, primary producers would have to be registered with

Competent Authorities and withdraw food found to be a risk to consumer health. Primary production is an area where information is very limited and so it is intended to gather and assess information during the negotiations. It is likely that in reality, the requirements to identify and reduce hazards will entail relatively modest change to current practice for most businesses. Various assurance schemes cover the majority of primary production in the UK, including, 80% of all cereals, oilseeds and pulses, 70% of all fruit, vegetables and salads, 85% of all dairy cows and chickens and 90% of British pig farms. Under some of these schemes, at least at a generic level, hazards are identified and action put in place to address them. Under the Assured Chicken Production scheme, for example, every flock should have a health and welfare plan in place, all flocks should be tested for salmonella, sick or injured animals should be withdrawn from the flock, strict measures are laid down for staff and visitors having contact with animals and conditions are set for housing to be cleansed and disinfected. Under the Farm Assured British Beef and Lamb scheme, there are conditions set for the storage and handling of crops, grown on mixed use farms, to include building conditions, lighting, prevention of contamination by animals, drying and storage conditions, temperature control, sampling of product, cleaning of storage areas and conveyors and certain record keeping. This does indicate that some form of hazard analysis has been carried out and that action is being taken to control hazards, even if not in formal HACCP terms.

Registration of Food Businesses

5.8 Under the proposals all food businesses will have to be registered with the competent authorities. In most sectors, this will not impose an additional or new burden as the existing Food Premises (Registration) Regulations 1991 (Great Britain legislation) require premises used as food businesses to be registered with local authorities if they are not otherwise registered or approved under commodity specific rules. This applies with only limited exemptions. Most forms of primary production and premises controlled by voluntary organisations or

charities are among the exemptions that will be affected by the new proposals. The proposals allow for existing forms of registration to be used where feasible, which will minimise any additional burden. In the case of agricultural primary production, for example, consideration could be given to using registration systems already in place, such as IACS. Registration would, however, be a new requirement for substantial numbers of farmers.

Impact on Charities and Voluntary Organisations

5.9 Charities and voluntary organisations will be affected by the proposals to some extent. Organisations that give out food, e.g. Shelter and Crisis at Christmas, would be covered by the legislation. They would need to be registered as food businesses and would have to apply HACCP principles. A number of charitable organisations were included in the original consultation, including the National Federation of Women's Institutes and the Townswomen's Guild, but no comments were received from them. Further information is required on the costs and benefits to charity and voluntary organisations, and the FSA intend to further seek their views.

6. Costs and Benefits – Available Evidence

6.1 There will be compliance costs for implementation of this proposal for SMEs (Small and Medium Enterprises). However, evidence gathered to date suggests that the costs of complying with the additional HACCP requirements would not be that great or overly burdensome. Notably, the report of the "Task Force on the burdens of food regulations on small food business" (paragraph 16) found that "the HACCP approach should be an important way for businesses to minimise regulatory burdens and costs".

6.2 Of the 30 businesses interviewed for the Task Force study, 29 were small businesses. Coverage was wide in terms of activity and location. A HACCP plan

was in place in 25 of the businesses while the remaining 5 had a HACCP approach to food safety, identifying and controlling hazards but without a documented plan. Seven of the businesses had a documented HACCP plan without a legal obligation to do so. Costs were identified on the basis of the additional costs to the business of HACCP and/or other food safety regulations other than what the business would do if the regulations did not exist. It emerged that the costs of HACCP are, in most cases, negligible or small and in no business were the costs considered by the business to endanger its viability. In only four businesses with a HACCP plan were the costs significant, three in the meat trade and one where there were serious problems with food safety generally. In this context it is useful to note that one of the Task Force conclusions was that reviewing and simplifying existing HACCP plans could in some cases reduce existing running costs of HACCP.

6.3 University of Wales Institute research on the "Evaluation of barriers to the use of food hygiene management systems throughout the UK food industry" included a postal survey of 254 SME's in food manufacturing, catering and retail and a detailed case study of eight businesses with data on costs and benefits. The eight businesses comprised five independent small businesses, one of medium size and part of a multinational and two small plants part of a bigger group. It found that the non-recurring total value of time and money spent on HACCP implementation, with one exception was between 3% and 17% of one-week turnover of the business. The changes in direct costs of ongoing hygiene management as a direct result of HACCP implementation, as a percentage of weekly turnover, amounted to substantially less than 1 per cent in five of the businesses and 2.3% in one business. In one case there was not sufficient data to calculate the percentage of running costs and in another the researchers calculated a decrease of 28% in costs as weekly turnover was substantially increased as a result of introducing HACCP. The study also found that even where businesses were not applying a full HACCP system, most did apply some of its principles. The system could not therefore be called a totally new

requirement nor were all the costs additional and due to new regulations. For example, caterers did apply hazard analysis in 37% of cases, identified critical control points in 43%, had documentation in 63% and verification in 65% of cases without being legally obliged to do so.

6.4 A Regulatory Impact Assessment was produced on "The Food Safety (General Food Hygiene) (Butchers' Shops) Amendment Regulations 2000". It found that the costs of implementation of HACCP in butchers' shops varied from £0 to £500 for those just selling raw meat, to £1,000 to £5,000 for premises manufacturing and selling a range of cooked meats alongside raw meat. This provides an indication of the costs involved for one industry sector. However, these figures are likely to be higher than for many sectors affected given the relatively higher risks involved in the meat sector (see results of Task Force in paragraph 6.2 where higher costs were almost exclusively in the meat trade). It is also probable that in a number of cases examined the business was starting from having no hazard analysis in place, whereas most businesses should be applying the first five principles of HACCP already.

6.5 It should be borne in mind that for the studies above the cost identified were in the main relating to one-off start up costs, and not ongoing running costs. It is also try that in some cases costs were included for equipment purchase, such as freezers, which do not, in fact relate to the costs of HACCP, but rather the proper running of the business as required under existing legislation.

Small Business Litmus Test

6.6 During the consultation we received responses from a number of small and medium-sized businesses (SMEs), or their representative organisations. In addition, in conjunction with the Small Business Service (SBS), the FSA are visiting and talking to a number of SMEs operating at various stages of the food chain. At the end of November 2001, four small retail businesses had been

visited which sold fresh, chilled and preserved foods. They all baked part prepared bread and pastries and one cooked meat on the premises. These visits were arranged with the co-operation of the Rural Shops Alliance and took place in rural areas of Sussex and Kent. All of the businesses were registered with the Local Authority (LA), or the LA was aware that they were operating. All received visits by Environmental Health Officers. All found these visits helpful, as a source of information and advice, and even suggested that they be more frequent. Although the businesses lacked knowledge of the HACCP system, they had identified hazards and took action to control them. Food was temperature controlled, checked and even, in most cases, records kept. The businesses regarded the proposals as reasonable and proportionate. In no case, did the business consider the burdens imposed by the proposals unreasonable, nor did they consider that the proposals carried any undue cost implications for their business. The most common comment was that the requirements of the proposals concerned measures that the business would undertake in any case as part of the normal running of a food business. In this respect, all accepted that the financial consequences of a food poisoning incident being attributed to a food business could be very serious, and indeed threaten its existence. All of the businesses indicated benefits to their operation in terms of improved access to information and training. Employing good food hygiene practice was also recognised as a means of building and safeguarding the reputation of the business in the community. In terms of how the businesses would like to see the proposals implemented, they encouraged the FSA to provide small businesses with simple, straightforward and easy to access information on the main food hygiene messages.

The Costs of Food-borne Disease

6.7 The total cost of food poisoning is difficult to quantify. However, The Department of Health funded IID study estimated that, at 1994/95 prices, the total cost of IID cases in England alone was, at least, £750 million per annum. The

average cost of a case was estimated at £79, rising to £250 if the case presented to a GP and to £606 if the case was found to be due to *Salmonella* (£94, £298 and £721 respectively calculated at mid 2001 prices). If we assume that as many as 50% of IID cases are food-borne, then the overall cost of food-borne IID might have been as high as £375 million. Even at the lowest end of the range, the cost would be £128 million. The study estimated the costs of *Salmonella* and *Campylobacter* alone to be £46.4 million and £69.5 million respectively. It is not possible to estimate the total effect of a documented HACCP system on these costs e.g. because it is not possible to ascertain what proportion of cases are due to commercial food handling errors which would be addressed by HACCP. Nevertheless, the indicative work to date suggests gross benefits of around £2.5 million per annum from a conservative estimated reduction of 2,500 outbreak cases and 7,500 sporadic cases per annum. These benefit figures are based on 1994/95 prices, which if inflated in line with RPI, would equate to gross benefits in the region of £3 million per annum.

Enforcement

6.8 In terms of enforcement, we would expect any costs and benefits to be closely balanced. Any initial requirement for additional training of enforcers should be offset by medium to longer-term improvements in effectiveness. Through the FSA's strategy for wider implementation of HACCP, it is planned to maximise the role of local authorities in helping businesses apply centrally developed guidance in a practical way. Enhanced guidance and further Agency training will be provided to help enforcers assess the effectiveness of HACCP based controls which have been put in place or are planned. The strategy includes a number of initiatives intended to support more consistent and effective HACCP enforcement, and maximise the local authority role in advising and supporting food businesses. This work should go a long way to easing the transition in the duties of enforcement authorities demanded by the proposals.

7. Consultation

7.1 Thorough consultation with interested parties both internal and external is continuing. It is intended that it will be an ongoing process during the course of the negotiations. The Small Business Service is working with the FSA to consult interested businesses in particular sectors to ascertain their views on the proposals and the likely costs and benefits. This process will continue.

8. Regulatory Impact Assessment

8.1 The draft Regulatory Impact Assessment will be amended on an ongoing basis in the light of the results of ongoing consultations, although major changes are not expected. Further work being undertaken by the FSA to better inform this RIA is detailed at **Annex E.**

9. Financial Implications

9.1 There are likely to be financial implications for some sectors of the food chain as discussed at earlier points in this RIA. At present, these are still to be fully assessed. The ongoing consultation process should enable us to gain a clearer understanding of the implications and these will be kept under review. However, the overall picture of costs and benefits is likely to remain as set out in this document.

9.2 From studies already carried out, we can gain an indication of some of the effects of the proposals, in particular, on the application of HACCP principles in small businesses (see section 6 above).

10. Timetable

10.1 The proposal was presented by the European Commission to the Agriculture Council on 17th July 2000 and is expected to take 3 - 5 years to negotiate and implement. Negotiations are ongoing in Council Working Group, but the question of implementation dates is yet to be raised. Implementation dates will clearly be an important consideration and it will be essential to ensure that businesses, and others affected by the proposals, are given adequate time to adapt to any new requirements.

Annex A

EXISTING EU FOOD HYGIENE LEGISLATION

Council Directive 64/433/EEC of 26 June 1964, on health conditions for the production and marketing of fresh meat, as last amended by Directive 95/23/EC.

Council Directive 71/118/EEC of 15 February 1971, on health problems affecting the production and placing on the market of fresh poultry meat, as last amended by Directive 97/79/EC.

Council Directive 77/96/EEC of 21 December 1976 on the examination for trichinae (trichinella spiralis) upon importation from third countries of fresh meat derived from domestic swine, as last amended by Directive 94/59/EC.

Council Directive 77/99/EEC of 21 December 1976 on health problems affecting the production and marketing of meat products and certain other products of animal origin, as last amended by Directive 97/76/EC.

Commission Directive 89/362EEC of 26 May 1989 on general conditions of hygiene in milk production holdings.

Council Directive 89/437/EEC of 20 June 1989 on hygiene and health problems affecting the production and the placing on the market of egg products as last amended by Directive 96/23/EC.

Council Directive 91/492/EEC of 15 July 1991, laying down the health conditions for the production and the placing on the market of live bivalve molluscs, as last amended by Directive 97/79/EC.

Council Directive 91/493/EEC of 22 July 1991, laying down the health conditions for the production and placing on the market of fishery products, as last amended by Directive 97/79/EC.

Council Directive 91/495/EEC of 27 November 1990, concerning public health and animal health problems affecting the production and placing on the market of rabbit meat and farmed game meat, as last amended by the act of accession of Austria, Finland and Sweden.

Council Directive 92/45/EEC of 16 June 1992 on public health and animal health problems relating to the killing of wild game and the placing on the market of wild game meat, as last amended by Directive 97/79/EC.

Council Directive 92/46/EEC of 16 June 1992, laying down the health rules for the production and placing on the market of raw milk, heat-treated milk and milk-based products, as last amended by Directive 96/23/EC.

Council Directive 92/48/EEC of 16 June 1992 laying down the minimum hygiene rules applicable to fishery products caught on board certain vessels in accordance with Article 3(1)(a)(i) of Directive 91/493/EEC.

Council Directive 92/118/EEC laying down animal health and public health requirements governing trade in and imports into the Community of products not subject to the said requirements laid down in specific Community rules referred to in Annex A(I) to Directive 89/662/EEC and, as regards pathogens, to Directive 90/445/EEC, as last amended by Directive 97/79/EC.

Council Directive 93/43EEC of 14 June 1993 on the hygiene of foodstuffs.

Council Directive 94/65EC of 14 December 1994 laying down the requirements for the production and placing on the market of minced meat and meat preparations.

ANNEX B

PROPOSALS TO SIMPLIFY AND CONSOLIDATE EU FOOD HYGIENE LEGISLATION

Draft instruments concerning 5 linked proposals.

2000/0178 (COD)
2000/0179 (COD)
2000/0180 (COD)
2000/0181 (CNS)
2000/0182 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the hygiene of foodstuffs

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down specific hygiene rules for food of animal origin

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down detailed rules for the organisation of official controls on products of animal origin intended for human consumption

Proposal for a

COUNCIL REGULATION laying down the animal-health rules governing the production, placing on the market and importation of products of animal origin intended for human consumption

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL repealing certain Directives on the hygiene of foodstuffs and the health conditions for the production and placing on the market

of certain products of animal origin intended for human consumption, and amending Directives 89/662/EEC and 91/67/EEC

PROPOSAL 1 for a Regulation of the European Parliament and of the Council on the hygiene of foodstuffs

1. This proposal applies to the production of all foodstuffs (including products of animal origin). It would extend the existing principles embodied in Council Directive 93/43/EEC, namely:

- the paramount concern to protect human health,
- the use of HACCP principles (but not necessarily HACCP *per se*) to identify, control and monitor critical food safety points in food businesses,
- the possibility of adopting microbiological criteria and temperature control measures in accordance with scientifically accepted principles,
- the development of codes of good hygiene practice,
- the monitoring of food hygiene by the competent authorities of the Member States,
- the obligation on food business operators to ensure that only foodstuffs not harmful to human health are placed on the market.

2. The proposal would introduce a requirement for all food business operators (other than primary producers) to operate a full documented food safety management system based on HACCP principles. HACCP stands for Hazard Analysis and Critical Control Points and is a structured food safety management system that is widely regarded as the most effective approach to preventing food safety problems. It involves the systematic assessment of all the procedures involved in a food operation and the identification of those that are critical to the safety of the product. Application of HACCP principles will identify Critical Control Points (CCPs) together with control measures, critical limits,

monitoring procedures and corrective actions for each CCP. Documentation would be required to provide an audit trail.

3. The proposal seeks to ensure good hygiene practice throughout the food chain, starting with primary production in order to provide a farm to fork approach to food safety. Primary producers, while not subject to the full application of HACCP principles, would be required to monitor hazards to food safety and to eliminate or reduce these to an acceptable level. The proposal provides that methods of doing so should be addressed in guides to good practice in combination with those already required under existing relevant legislation.

4. With the aim of improving traceability, the proposal would require:

- the registration of food businesses by the competent authority and the allocation of a registration number to each of them. In certain cases, where the competent authority wished to have assurances about compliance of food businesses with the hygiene rules prior to starting-up such business, the prior approval of the food business concerned would be required. Food businesses (except those operating at retail level) would have to identify foodstuffs they produce with their number[2]; and

- that food businesses ensure that adequate procedures were in place to withdraw food from the market where such food presented a risk to the health of the consumer; must immediately inform the competent authority when a product had been withdrawn for that reason; and must keep adequate records which would enable them to identify the supplier of ingredients and foods used in their operation.

[2] A proposal for a Council regulation on the General Principles of Food Law, issued after these proposals, provides for high level, non-prescriptive traceability requirements and so the two sets of proposals will need to be reconciled on the question of traceability.

The definition of "food business" in the proposal would mean that these requirements applied as appropriate to primary producers.

5. The proposals would allow a certain flexibility in applying controls to small to medium sized enterprises (SMEs), especially those situated in regions with special geographical constraints (mountains, remote islands etc), and for the manufacture of traditional products. This proposal would allow Member States to grant certain derogations for SMEs, subject to European Commission "approval", as long as the overall objective of food hygiene were not compromised.

6. The proposal would require that imports into the EU would need to adhere to (at least) equivalent standards.

PROPOSAL 2 for a Regulation of the European Parliament and of the Council laying down specific hygiene rules for food of animal origin

7. The legislation laying down public health controls in this area is currently embodied in food-sector specific Directives. These have been made over the last 35 years and naturally reflect the understanding of, and approach to, public health issues at the time they were made. In general this has meant the adoption of a detailed, prescriptive approach with specific standards laid down for e.g. the construction of premises, hygiene measures and production processes. Whilst these specific rules have proved reasonably successful in protecting public health, it is now recognised by the European Commission that they are unnecessarily burdensome, inconsistent, complicated and contain repetitions of similar or identical requirements. This has led to differences in interpretation and problems in both implementation and enforcement.

8. The proposal aims to reduce and rationalise the detailed prescriptive requirements applying to products of animal origin. Certain derogations for

SMEs serving the local market or those situated in regions with particular supply constraints are proposed, subject to the need to ensure food safety.

PROPOSAL 3 for a Regulation of the European Parliament and of the Council laying down detailed rules for the organisation of official controls on products of animal origin intended for human consumption

9. The detailed proposals for official controls on products of animal origin covers such issues as qualifications of inspectors, frequency of inspections, detailed procedures for both ante and post-mortem meat inspection and record keeping. The existing controls would remain largely unchanged in the proposed regulation. There would be provision for some relaxation of the current requirements for veterinary supervision in licensed meat premises.

10. The European Commission's Explanatory Memorandum notes its intention to make a separate proposal on the modernisation of ante and post-mortem meat inspection procedures once scientific assessments have been completed.

PROPOSAL 4 for a Council Regulation laying down the animal-health rules governing the production, placing on the market and importation of products of animal origin intended for human consumption

11. This proposal deals with animal-health rules and is therefore the responsibility of DEFRA.

PROPOSAL 5 for a Directive of the European Parliament and of the Council repealing certain Directives on the hygiene of foodstuffs and the health conditions for the production and placing on the market of certain products of

animal origin intended for human consumption, and amending Directives 89/662/EEC and 91/67/EEC.

12. This measure would repeal the existing EU legislation which the suite of proposals would replace, subject to a saving pending EU implementing rules in the case of temperature requirements and microbiological standards for products of animal origin. This measure would also amend other related legislation consequentially.

Annex C

HACCP and Hazard Analysis Uptake by Food Business Sector

Food Industry Sector	% businesses with HACCP in place (1)	No. businesses with HACCP in place	% businesses with hazard analysis in place	No. businesses with hazard analysis in place	No. businesses in sector
Restaurants & other caterers	19%	72,000	51%	194,000	380,000
Retailers	16%	30,000	42%	78,000	185,000
Manufacturers	59%	11,000	27%	5,000	18,000
Other	27%	5,000	38%	6,000	17,000
Total	20%	120,000	45%	270,000	600,000

N.B. This information was drawn from the results of a questionnaire sent to UK food authorities in September 2001 seeking local information on the number of businesses operating HACCP based controls. The above estimates must be indicative only, as they are more based on local authorities' perceptions rather than objective assessments and records.

(1) Having HACCP in place means applying all 7 principles, including the 6th and 7th, which require establishing procedures to verify that the system is working effectively and documentation of all procedures and records.

Annex D

Current Legislative Requirement to have a HACCP or Hazard Analysis System in Place by Sector

Current Legislative Requirement

Sector	Full HACCP	Hazard Analysis or 1st 5 principles of HACCP	No. businesses in sector
Primary Producers	No	No	265,000
Approved Manufacturers Of which:			
Meat products Minced meat and Meat preparations	Yes Yes	Yes Yes	1,293 231
Fish products	Yes	Yes	2,273 (includes LBM's)
Milk products	Yes	Yes	1,410
Other animal origin products	Yes	Yes	
Egg products	No	No	99
Fresh meat *	No	No	1,149 (red) 307 (poultry)
Wild Game	No	No	37
Fresh dairy	No	Yes	27684
Non-approved Manufacturers Of which:			
Non-animal origin	No	Yes	

products			
Distributor/ transporter	No	Yes	11,270
Retailers	No	Yes	185,000
Caterer/Restaurants	No	Yes	380,000

* Commission Decision 201/471/EC requires the implementation of HACCP principles and microbiological testing in fresh meat and poultry meat slaughterhouses, cutting plants and cold stores by June 2002, and for smaller plants, June 2003.

N.B. The requirements outlined above refer to the legislative position flowing from the current EU Directives. Those Directives will be repealed (detailed in Annex A) and replaced by the implementation of the legislation that is the subject of the proposals under consideration.

Annex E

Research Underway to Better Inform the Regulatory Impact Assessment

1. The FSA recognise that there is a lack of certain information needed to fully inform the Regulatory Impact process. This includes, in particular, information on the current uptake of HACCP and hazard analysis systems in certain sectors of the food industry. It includes the costs and benefits associated with the adoption of a system of food hygiene based on the full 7 principles of HACCP and the removal of the current detailed prescriptive requirements. More information is also required on the affects of the proposals on primary producers. Particular attention needs to be paid to the affects of the proposals on small and medium sized enterprises.

2. In addressing the need for the information above, the FSA is taking forward work in a number of ways over and above the work being carried out on an internal basis. Three avenues are being pursued as follows:

   - an economic consultant has been employed to examine existing material on the possible costs to small enterprises of the requirements in the proposals, particularly the HACCP requirements, and the benefits of the proposals;

   - FSA staff are working with the Small Business Service in contacts with small business to take their views on the proposals and the possible costs/benefits the proposals will hold for their businesses. The intention is that work will be ongoing for the duration of the negotiation process looking at different sectors in turn (small retailers, caterers, etc.) to gradually build up a more complete picture. This work, in particular, will aid in the small business litmus test required for the full RIA;

- The FSA is also in the process of commissioning independent research on the effects of the proposals on small business. It is hoped that this work will go a long way to supplying much more detailed and complete information for the final version of the RIA. It is also intended that this research will be of an ongoing nature, which will fit in with the anticipated long-term nature of the negotiation process.

3. The call for independent research also holds the possibility of further or additional work to inform the process. It may also be possible to carry out follow up work on the results of the legislation.

4. It is also intended to hold further consultations with larger business interests in order to obtain further and clearer information on their views on the proposals. This will be reflected in further versions of the RIA.

5. The views of charitable and voluntary organisations will also be sought on the affects of the proposals on their operations.

POLICY COMMISSION FOLLOW UP - OTHER ORGANISATION CONTRIBUTIONS

From: **A J Lebrecht**
Director-General, Food, Farming and Fisheries
Date: 6 March 2002
Room: 305 LNH
Tel: 238 5578
Fax: 238 5592
e-mail: andrew.j.lebrecht@defra.gsi.gov.uk

by e-mail

To: **John Robbs** **Paul Elliott**
David Hunter **Sonia Phippard**
Sophia Lambert

cc Nigel Atkinson
Martin Hurst

1. At the No 10 Seminar on 26 March the Government will announce its plans for taking forward work on the Curry Commission report and will also announce a number of initiatives ("quick wins") which will signal its determination to deliver real change.

2. An important part of the Curry message however - which the Government strongly endorses - is that it is the industry itself and other stakeholders who must act to deliver change in the areas for which they are responsible. A central aim in inviting industry leaders and other key people to the No 10 Seminar is to encourage them to state what it is that the interests they represent will contribute to this process.

3. We need, in collaboration with No 10, to get across to the invitees what it is we are looking to them to offer on the 26th. We will want to warn them that they will be invited to saya what it is they can contribute but, for some at least, we can be more specific about what the Government would like to hear. I should be grateful if you would each please advise Nigel Atkinson, copied to Martin Hurst and myself, by **close on Friday** on what you think we should be saying to each of the invitees listed in the Annex to this minute. Subject to any reactions by Monday, I suggest that you then speak to your contacts accordingly. Martin will do likewise from No 10.

Andy Lebrecht

ANNEX

Ben Gill	(NFU)	-	David Hunter
Edward Greenwell	(CLA)	-	David Hunter
Reg Hayden	(TFA)	-	David Hunter
Christine Tacon	(CWS Agriculture)	-	David Hunter
Peter Barr	(MLC)	-	Sonia Phippard
David Webster	(IGD)	-	John Robbs
Peter Blackburn	(FDF)	-	John Robbs
David Felwick	(BRC)	-	John Robbs
Mark Kerr	(British Hospitality Association)	-	John Robbs
Jonathan Porritt	(SDC)	-	-
Ewen Cameron	(CA)	-	Sophia Lambert
Richard Burge	(Countryside Alliance)	-	Paul Elliott
Lord Thomas	(NW RDA)	-	Paul Elliott
Anna Bradley	(Consumers)	-	-
Martin Doughty	(EN)	-	Sophia Lambert

POLICY COMMISSION FOLLOW UP: ANNOUNCEMENTS FOR THE No.10 SEMINAR

Issue

1. A number of policy announcements are being prepared for the PM seminar with key stakeholders at No.10 on 26 March. This note invites Ministers views' on the substance of these announcements.

Recommendation

2. Ministers are invited to consider the list of items set out in paragraphs 4 and 5 and the expenditure implications summarised in paragraph 7, and to indicate whether they are content for these items to be announced at the No.10 seminar.

Possible Announcements

3. The list consists of (i) specific policy measures or initiatives which deliver something new and (ii) announcements of policy reviews, consultations and other strategic developments.

Announcements involving new policy measures or initiatives

4. We can announce:

- the creation of a **Food Chain Centre**
- consultation on a new permanent **marketing scheme** to improve farmers' competitiveness through initiatives including collaboration, assurance schemes, benchmarking and spread of best practice. (Agriculture Development Scheme)
- that we will be supporting and funding a group to look at ways of extending the benefits of **collaboration** (this may slip beyond 26 March, depending on progress by the Plunkett/RASE team facilitating the initiative)
- an action plan for tackling **illegal imports**
- the establishment of a pilot network of **demonstration farms**

Announcements of policy reviews and other developmental work

5. We can announce:

- the launch of the first consultation stage of the **agri-environment review**
- a **review of education and training** provision for farmers and other land managers
- the Government's intention to develop a **national nutrition strategy**
- our intention to develop a new **animal health strategy**
- an external consultation on **improvements to the Vocational Training Scheme**
- our intention to develop a **strategy for better involvement of farming industry in formulation and implementation of EU directives**
- that we will finalise an **organics action plan**, in consultation with stakeholders by July.

6. Details of each initiative are given at Annex A below.

Financial Implications

7. Officials are continuing to work on many of these measures. The financial implications will needed firming up; estimates are provisional at this stage. Funds for 2002/03 will need to be secured through the business planning process. Ministers will wish to note the implications these announcements would have for spending during the SR2002 period: in order to launch some of these initiatives we need to have now a commitment to their funding from the SR2002 settlement. In addition, the various reviews and consultations, while not having significant spending implications in themselves, could give rise to a need for additional spend in the SR2002 period – bids have been made.

£ million	2002/03	2003/04	2004/05	2005/06
Food Chain Centre	1	2	2	2
Agric. Development Scheme	2.65	5.2	5.2	5.2
Collaborative marketing	0.5	-	-	-
Illegal Meat Imports *	2	(see note)	(see note)	(see note)
Demonstration farms	-	1.25	1.25	1.25
Total	6.15	8.45	8.45	8.45

(*the illegal meat imports action plan will not commit the department to specific expenditure during the SR2002 period, but there are significant expenditure

implications of action in this area – the department has bid £10 million per annum for SR2002)

8. There are a large number of additional Policy Commission recommendations on which we hope to be able to respond positively following SR2002. The government's definitive response to the Commission's report will be incorporated in our strategy for sustainable food and farming to be launched in early Autumn. One of the key messages from the No.10 event will need to be a clear commitment from all stakeholders to participate in the development of this strategy during the coming months and in its subsequent delivery.

ANNEX A

ANNOUNCEMENTS FOR THE No.10 SEMINAR

FOOD CHAIN CENTRE

We can announce the creation of a Food Chain Centre to improve competitiveness within the supply chain as a whole. This responds to a specific Policy Commission recommendation. IGD is facilitating the creation of an industry-led Centre, with a broadly based steering group, bringing together people from each part of the food chain. (May be able to announce chairman.) We are discussing with IGD the priorities for the group and how Government might part fund the work. Initial work is likely to concentrate on benchmarking and spread of best practice in accordance with the priorities identified by the Policy Commission. First projects are expected to focus on the red meat chain, horticulture and cereals.

Financial implications for the Department requires further work, but may be of the order of £1 million programme costs in 2002/03 with a requirement for spend of around £2 million per annum in each of the three following years, for which an SR2002 bid has been made. Running costs may be of the order of £50 thousand per annum. We can allocate modest sums short term without new legislation but will need new secondary legislation in due course. Since the Food Chain Centre will have a UK remit, we will need to clear with devolved administrations. We will also need EU clearance as state aid. We are looking for ways to justify committing modest sums to the organisation before state aid clearance.

AGRICULTURE DEVELOPMENT SCHEME

We can announce that we are consulting on the introduction of new permanent scheme to help farmers and growers in England improve their competitiveness through better marketing. It would be similar to the Agriculture Development Scheme (ADS) of which there have been three rounds to address specific problems in the industry. The scheme would address priorities identified by the Policy Commission including collaboration, assurance schemes and benchmarking and spread of best practice.

It is suggested that the new scheme might require programme expenditure of £2.5 million in 2002/03 and £5 million per annum in the following three years (for which an SR2002 bid has been made). Running costs of £160 thousand per annum would also be incurred. We will need to clear with HMT and inform devolved administrations. Will need EU clearance as state aid before award of any grants (but not for this announcement).

FARMER COLLABORATION

We may be able to announce that we will be supporting and funding a group to look at ways of extending the benefits of collaboration. The group will be industry led but Government will help with the costs. It will be facilitated by the Plunkett Institute/RASE and whether it will be ready to announce on 26 March depends on progress made by then. The group will: consider the strategic priorities for strengthening collaborative marketing; take a strategic view on any gaps in current groups and services; consider how grass root access to advice and services might best be facilitated; consider how best to encourage appropriate farmers outside of collaborative groupings to join. The aim is to help farmers and growers improve their competitiveness and put themselves in a better position to do business with today's major buyers. Programme costs of £0.5 million in 2002/03. Need to inform devolved administrations.

ILLEGAL IMPORTS OF MEAT AND ANIMAL PRODUCTS

We can announce an action plan for tackling illegal imports. The action plan is expected to be the key output from a meeting of a high level illegal imports stakeholders forum on 21 March, chaired by Secretary of State. This meeting will signal a step change in the Government's approach to tackling the problem of illegal imports, and obtain buy-in from all stakeholders (Government and non Government) to priorities. The action plan is likely to include reference to:

- A risk assessment of illegal imports which has already been commissioned (as recommended by the Policy Commission)
- Various initiatives around publicity and public information on the rules on what may be legally imported
- Measures to strengthen enforcement checking, including some specific initiatives such as improved powers for enforcement officers and pilot measures including a detector dog trial.

£2 million has been sought for 2002/03, though this figure is currently being reviewed and £10 million in each of the three spending years as part of SR 2002. If the SR 2002 bid is successful, a significant proportion of the resource available is likely to be allocated to local authority enforcement. The programme has significant implications for other government departments (particularly HMCE and FSA) and for local authorities who are responsible for the enforcement of import controls. Interdepartmental clearance in DA Committee is expected prior to the forum on 21 March and further detail discussion in DA after Easter.

PILOT DEMONSTRATION FARM SCHEME

We can announce that Government and the industry levy bodies are working jointly to set up a pilot network of demonstration farms across a wide range of sectors by the end of the year. The aim of the pilot scheme is to disseminate best practice in profitable and environmentally sound farming, adding value to the network of demonstration farms already in place. The Policy Commission recommended a pilot scheme of demonstration farms across all sectors on the New Zealand model should be established by end-2002; and, if successful, rolled out nationwide.

Programme costs of £1.25 million in each of the three SR2002 years will be required. No programme cost will be needed in 2002/03, nor running costs in any year.

REVIEW OF AGRI-ENVIRONMENT SCHEMES

The agri-environment review provides a mechanism for detailed follow up of the Policy Commission's Recommendations in this area, particularly how a 'broad shallow' scheme might be made to work, and what it might hope to achieve. Although the review itself has already been announced, **we can 'launch' the first of three major national consultation exercises** which form part of the review on 26th March. Subsequent phases of the review process, which is due to be completed by December 2003, will develop the detail of the revised scheme or schemes.

The review (as opposed to any measures that might result from it) is already budgeted for and has modest direct costs.

REVIEW OF EDUCATION AND TRAINING PROVISION FOR LAND MANAGERS

We propose that Ministers announce a review of education and training provision for farmers and other land managers. This would be led by Defra, in partnership with Lantra, the universities and colleges themselves, industry representatives, DfES and other key stakeholders.

The Policy Commission identified the importance of improving skills – and the opportunities to acquire them – among farmers, if they are to equip themselves to operate successfully in the future rural business environment. The Commission commented that the present network of agricultural colleges needed "radical overhaul", to rationalise provision and develop specialisation; and recommended Lantra – the Sector Skills Council for land-based industries – and Defra should "review agricultural education in full".

There are no new resource implications for the review itself. Outline spending proposals have been included in the "raising the performance of land managers" section of the SR2002 bid; additional sums have been included as part of the response to the Policy Commission. The outcome of SR2002 will determine the extent to which the review can make recommendations for additional public spending.

Lantra supports the proposal. We are consulting DfES at official level and DfES Ministers should be included in any interdepartmental clearance of the March package. In advance of an announcement, we propose informally checking with the universities and colleges, and the funding authorities, that they have no objections to a review to avoid – or at worst be forewarned about – negative reactions to a review.

DEVELOPMENT OF A NATIONAL NUTRITION STRATEGY

We can announce the Government's intention to develop a national nutrition strategy. The Policy Commission recommended that the Department of Health, the FSA and DEFRA should produce strategy on all aspects of encouraging healthy eating. The development of a National Nutrition Strategy would bring Government efforts together to tackle nutrition issues in a more joined-up way.

No resource implications arise from the early development of the strategy. This largely entails mapping current and planned work and identifying any gaps. However, depending upon the outcome, new work or programmes may be recommended which may carry resource implications.

ANIMAL HEALTH STRATEGY

We can announce our intention to develop a new animal health strategy in response to the Policy Commission recommendation to this effect. We can make clear that a good deal of work is already in hand:

- work on a strategy for veterinary surveillance was interrupted by the FMD epidemic, but has now been resumed;
- a draft strategy for surveillance of antimicrobial resistance in animals was published on 12 February;
- a working group is looking at the question of insurance against animal disease outbreaks;
- a programme of work to tackle illegal imports is being developed;
- plans for the improvement of cattle tracing systems and for identification and tracing of other livestock are being developed;
- the Government is already consulting on changes to the rules on animal welfare; and
- the Government has commissioned Royal Society and Lessons Learned inquiries into the FMD epidemic which will inform the animal health strategy when they are available later this year.

The resource implications of a new animal health strategy are not clear, and cannot be finalised until the full recommendations of the FMD Inquiries are available. But substantial additional resources will be required. Bids amounting to some £375 million have been entered in SR2002, including over £100 million on programmes related to livestock identification and tracing, £30 million on Veterinary Surveillance and over £30 million on contingency planning, disease emergency response and disease control.

The Food Standards Agency and the Department of Health have clear interest in so far as animal health policies have public health implications. Devolved Administrations also have a strong interest. Local Authorities are responsible for the enforcement of the generality of animal health and welfare legislation. They will therefore be closely consulted.

REVIEW OF THE VOCATIONAL TRAINING SCHEME

We can announce an external consultation on improvements to the Vocational Training Scheme (VTS). The VTS provides funding for training that contributes to an improvement in the occupational skill and competence of farmers and others involved in farming and forestry activities and their diversification. The Policy Commission on Food and Farming found that "the current Vocational Training Scheme... provides much-needed funding for training and is such is welcome. However we do not believe it is operating as effectively as it might. The rules and procedures for accessing funding are too complex, and we would encourage DEFRA to simplify the administration of the VTS...". We plan to address these findings as part of the review.

Implementing the improvements should not have significant resource implications, as they will be managed within the existing running costs of the scheme.

STRATEGY FOR BETTER INVOLVEMENT OF FARMING INDUSTRY IN FORMULATION AND IMPLEMENTATION OF EU DIRECTIVES

We can announce that during the next twelve months, we will develop better means of involving the farming industry in negotiating and implementing EU directives which impact upon them. These include directives and directives covering the environment, animal welfare, food safety and employee health and safety. We will aim to ensure that:

- the farming industry are able to make a sufficient contribution in the formulation of EU directives before they go to the Council of Ministers;
- the each part of the EU Commission has taken sufficient account of the costs for agriculture before putting forward its proposals;
- arrangements for implementation of EU directives are carried out in the most cost-effective and least burdensome way for the industry, consistent with the meeting of our legal obligations;
- implementation takes sufficient account of the cumulative impact of different EU directives which impinge upon the industry.

We will start to review the Codes of Good Agriculture Practice to ensure that they offer farmers helpful practical guidance which allows them

more easily to build regulatory compliance into everyday farming activities.

We will do this in partnership with the farming industry and other stakeholders. A significant commitment from partner organisations will also be needed – within government, principally from EA, CA, EN, HSE and FSA. No clearances needed, and no expenditure implication in 2002/03 although there is a Treasury interest in consequential implications for SR 2002.

ORGANIC PRODUCTION STRATEGY

We can announce that we will finalise an organics action plan, in consultation with stakeholders by July. The Secretary of State announced in her 'green speech' in November that the Government would draw up an organics action plan in conjunction with stakeholders, in the light of any relevant recommendations from the Policy Commission. The Policy Commission recommends development of a strategy for organic food production, addressing all parts of the food chain. There are no new resource implications associated with drawing up the action plan. The plan may of course itself contain elements which would need additional funding.

Top: PD (GS)
PD (MM)
PD (GS)
PD (DH)
PD (AA)
PPS

MATRIX

DEPARTMENT OF HEALTH
Richmond House 79 Whitehall London SW1A 2NS Telephone 0171 210 3000
From the Secretary of State for Health

PM

FOOT AND MOUTH OUTBREAK: GOVERNMENT MEMORANDUM TO THE LESSONS LEARNED INQUIRY

I have seen the draft Government Memorandum responding to the questions raised in the Framework Document produced by the Lessons Learned Inquiry in December 2001, which was circulated on 5 March.

For our part, we are content with this and have welcomed the opportunity to comment on earlier drafts of the Memorandum.

I am copying this letter to other members of Cabinet, Nick Brown, John Spellar, Helene Hayman, Joyce Quin, Ross Finnie, Carwyn Jones, Brid Rodgers, Lord Whitty and Sir Richard Wilson.

AM

6 March 2002

IMC: 20973

SV060301

SKP 7/3/02

AH
cc: JS

EUROPEAN PARLIAMENT: TEMPORARY COMMITTEE ON FMD WORK PROGRAMME

From: Niq Pietrzyk
Division: FMD Inquiry Liaison Unit
Room: Ground Floor, Cromwell House
E-mail: stefan.pietrzyk@defra.gsi.gov.uk
Tel: GTN 238 1699
Fax: GTN 238 1694

file.

5 March 2002

To: Andrew Slade

cc:
Private Offices
Sheila Watson
Mark Addison
Andy Lebrecht
Jim Scudamore
Neil Thornton
George Trevelyan
Ann Waters
Lucian Hudson
Robert Lowson
Dinah Nichols
David Hunter
Tom Eddy
Stewart Marshall
Richard Cawthorne
Roy Hathaway
Francis Marlow
Kevan McClair

Steve Edwards – VLA – by fax
David Mackay – VMD – by fax
Katrina Williams – UKREP }
Nigel Barclay – UKREP } by fax
Roy Norton – UKREP }
John Bourne – Cabinet Office - by fax
Lindsay Bell – Cabinet Office – by fax
Martin Hurst – No 10
Tim Render – GOSW – by fax
John Bainton – GONE – by fax
Neil Cumberlidge – GONW by fax
Neil Ritchie – SEERAD – by fax
Damien Kerr – DARDNI by fax
Alun Streeter – NAWAD – by fax
Tanya Arkle
Louise Parry

Issue

1. To alert Lord Whitty to the EP Temporary Committee's proposed Work Programme and seek agreement on which ministers and officials should give evidence to the Temporary Committee and when.

Timing

2. **Immediate.** It is understood that the Committee co-ordinators are due to meet on Monday 11th, March to finalise the work programme, including nominations for attendance. Once the programme has been finalised, it is expected that the Committee will write formally inviting attendance of UK Ministers and officials. It is therefore imperative that decisions are made now as to who is to attend and when.

Background

3. The background to the Temporary Committee and DEFRA's proposed strategy for dealing with it was outlined in Tanya Arkle's submission of 15th February. At the EP's Temporary Committee on FMD co-ordinators' meeting on 26th February, and subsequent (short) Committee meeting, a draft work programme was formulated and adopted. Attached is a copy of the news release issued by the Committee setting out their programme. I also attach a copy of an internal EP draft working calendar which served as the basis for the final programme – this document sets out the names of those Ministers/officials and experts the Committee proposes inviting to Committee meetings; this information is not yet in the public domain.

4. There is to be a further meeting of the co-ordinators on 11th March in Strasbourg which should finalise the programme principally in relation to the invitees – but the attached documents do at least give an idea of their proposed visit programme and which individuals they are thinking of meeting.

5. I also attach a full list of the Temporary Committee's members together with a copy of a note of a meeting with Dr. Gordon Adam MEP (Labour link with DEFRA on the Agriculture and Rural Development Committee, and a member of the Temporary Committee) during which he set out his views on the work of the Committee.

Discussion

Attendance at Committee meetings and public hearings

6. The Committee has proposed that the meeting on 26th March is dedicated to the "UK experience". Accordingly, they have (tentatively) proposed inviting the Secretary of State and Nick Brown (as well as Ben Gill – NFU). I understand that neither Margaret Beckett nor Lord Whitty (nor Ben Gill) are available on that day due to a prior engagement at No. 10. **Andrew Slade** is liaising with Nick Brown to check whether he would be able to attend on the suggested date. Nick Brown's attendance, along with **Jim Scudamore** and **Neil Thornton** will demonstrate that the UK is treating the EPTC seriously and willing to fully engage in the process.

7. As they are unavailable for the 26th March meeting, the Secretary of State and Lord Whitty could signal that they are willing to attend the meeting in Strasbourg provisionally scheduled for the 9th of April. I understand, however, that there is a degree of flexibility on this and if necessary it could be moved back to the 8th of April.

8. If Nick Brown is not able to attend the meeting of the 26th March, we might ask the Committee secretariat to change the entire "UK experience" day to the 8th/9th April.

9. Looking at the proposed timetable there would appear to be a number of opportunities for the UK to field experts/officials to put across our views on broader policy issues, e.g. :

- 25th April, a Committee meeting to consider experiences in candidate countries. **Richard Cawthorne** might wish to consider attending in view of the possible trade implications.
- 14th May, an extraordinary Committee meeting in Strasbourg to consider the Commission's proposals for modifications of existing legislation on FMD. Again, **Richard Cawthorne and Jim Scudamore** might wish to attend.
- 21st May, public hearing on vaccination and identification/prevention/control measures. A number of "experts" are suggested to attend, including Bernard Vallat (OIE), Dr Yves leForban (FAO), public and commercial vaccination laboratories, Prof. Fred Brown (USDA), Lawrence Woodward and Dr Keith Sumption (UK) & Tim Dole (Merial). Most of the nominations have been proposed by pro-vaccinators (Greens/Rapporteur). There might be a case for UK experts including **Jim Scudamore**, and possibly **Dr. David Mackay** (VMD) **Dr. Steve Edwards** (VLA), to present the UK's "objective" scientific views.
- 30th May, a public hearing to consider the economic and social repercussions of the crisis (focusing on tourism, transport and animal welfare). This might be a good opportunity for **Alun Michael** and possibly **Lord Haskins** to put forward the positive messages in the "England's Rural Future" paper.
- 9th July, a Committee meeting to consider Community meat-import policy. There might be value in **Richard Cawthorne** attending.

EP Visits to the UK

10. Turning to the proposed visits, there are two pencilled-in for the UK; Thursday, 18th to Saturday 20th of April to northern regions, i.e. Northumberland, Cumbria and Scotland and between 20th June to 22nd June to Devon and Wales. **Nick Armitage** will liaise with the relevant GOs and Scotland and Wales about the proposed visits. A possible visit to Northern Ireland/Republic of Ireland appears now to have been removed from the programme.

11. It is understood that, in respect of the visits to the UK, the Committee will write to Ministers formally advising them of their intention to come. There is therefore no need to contact the Committee at this time in that respect.

Recommendation

12. The mechanism for input to the Committee co-ordinators is via MEPs, specifically for DEFRA through Gordon Adam. There might also be scope for direct liaison with the Committee secretariat, but formal suggestions to the work programme should made be through Gordon Adam.

13. Would Private Offices confirm :

- Nick Brown's availability and willingness to attend the EPTC meeting scheduled for 26th March;
- If unavailable on 26th March, Nick Brown is available to attend the meeting on 8th/9th April;

- The Secretary of State and Lord Whitty are available to attend on 8th/9th April;

- Alun Michael's and Lord Haskins' availability and willingness to meet the EPTC on 30th May.

14. Devolved administrations will wish to consider their representation as appropriate.

NIQ PIETRZYK
FMD/ILU

PARLEMENT EUROPEEN

TEMPORARY COMMITTEE ON FOOT-AND-MOUTH DISEASE

Concerning : Schedule of meetings, hearings and delegations

Date	Meeting	Subject matter
Tuesday, 26 February, 15h30 - 18.30	15h00 - Meeting of Coordinators 15h30 - Short Committee meeting in order to vote the working calendar.	
Monday, 25 March, 15.00 - 18.30	Committee meeting	The role of the EC institutions : the Commission, the Council and other institutions. Themes for discussion : • The existing legislation and its application • The follow-up given to the resolutions of the European Parliament • Direct expenditure for the budget of the European Union • the contingency plans in the Member States
Tuesday, 26 March, 09.00 - 12.30	Committee meeting	The experience in the United Kingdom and conclusions for a future policy and strategy
Tuesday, 9 April 17.30 - 19.00	Extraordinary Committee meeting (in Strasbourg)	
Thursday 18, Friday 19 and Saturday 20 April	First visit to the United Kingdom (authorisation has to be requested)	The northern regions of the UK (Scotland, Northumberland, Cumbria)
Thursday, 25 April, 14.00 - 17.30	Committee meeting	The experiences in the candidate countries
Tuesday, 14 May, 17.30 - 19.00	Extraordinary Committee meeting (Strasbourg)	The Commission proposals for modification of the existing legislation on foot-and-mouth disease
Tuesday 21 May, 15.00 - 18.30	Public Hearing (I)	The policy on : • vaccination • the identification methods • the methods of prevention • the methods of control
Thursday 23, Friday 24 and Saturday 25 May	Visit to the Netherlands (authorisation has to be requested).	The provinces of Gelderland (Oene) and Friesland
Thursday, 30 May, 14.00 17.30	Public Hearing (II)	The economic and social repercussions of the crisis (tourism, transport, animal welfare)
Tuesday, 11 June, 17.30 - 19.00	Extraordinary Committee meeting in Strasbourg	
Monday, 17 June, 15.00 - 18.30	Committee meeting	The experiences in The Netherlands, Ireland, Belgium and France
Tuesday, 18 June. 9.30 -	Public hearing (III)	The policy on foot-and-mouth disease in non-

13.00		affected Member States. The indirect cost of the crisis.
Thursday, 20 June, Friday, 21 June and Saturday 22 June	Second visit to the United Kingdom (authorisation has to be requested)	Western and southern regions (Wales and Devon)
Tuesday, 2 July, 17.30 - 19.00	Extraordinary Committee meeting (in Strasbourg)	
Tuesday, 9 July, 09.00 - 12.30	Committee meeting	The policy of meat-import into the Community
Week of 15 July	Visit to countries outside the Union (Argentina and Brasil) (authorisation has to be requested).	

Monday, 26 August, 15.00 - 18.30	Committee meeting	Exchange of views on an interim-report
Thursday, 12 September, 9.30 - 13.00	Public hearing (IV)	Exchange of views with scientific experts and representatives of NGOs on the proposals from the rapporteur and other members of the committee
Monday, 30 September, 15.00 - 18.30	Committee meeting.	Discussion of the draft report. Fixing deadline of amendments
Thursday, 10 October, 14.00 - 17.30	Committee meeting.	Discussion of the draft report and the amendments (although the latter are not yet translated).
Tuesday 22 October 17.30 - 19.00	Committee meeting to discuss the amendments	
Thursday, 7 November 14.00 - 17.30	Vote in committee	
November part-session (18 to 21)	Vote in plenary	

Brussels, 26 February 2002.
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Draft working calendar for the temporary committee on foot-and-mouth disease

Date	Meeting	Subject matter	Persons to invite
Tuesday, 26 February, 15h30 - 18.30	15h00 - Meeting of Coordinators 15h30 - Short Committee meeting in order to vote the working calendar.		
Monday, 25 March, 15.00 - 18.30	Committee meeting	The role of the EC institutions : the Commission and the Council. Other institutions. Themes for discussion : • The existing legislation and its application • The follow-up given to the resolutions of the European Parliament • Direct expenditure for the The contingency plans in the Member States	• Commissioner Byrne • Commissioner Fischler • representatives of the Commission's Food and Vetinary office in Dublin • representatives of the Spanish presidency • representatives of the Comite of Regions (Mr **Van Gelder**, chairman of the workgroup for sustainable development)
Tuesday, 26 March, 09.00 - 12.30	Committee meeting	The experience in the United Kingdom	• Former UK-minister Nick **Brown** (proposed by the EPP-ED) • Present UK-minister Margaret **Becket** (proposed by the group EPP-ED • The National Farmers Union (Mr Ben Gill) • other representatives of the government and ministries • Neil **Thornthon**, Director of animal health in the UK department for the Environment and Food and Rural affairs (proposed by Mr Gordon Adam, PES) • Mr Tony **Andrews**, veterinary consultant and international expert on animal diseses (UK) (proposed by Mr Wyn,V/ALE)

			• Mr Keith **Baker**, attached to the British Veterinary Association, ex deputy CVO (proposed by Mr Wyn, V/ALE) • Mr ~~Neil~~ **Scudamore**, Chief Vet of the UK (proposed by Mr Adam, PES) • Mr Russell **Brown**, Labour MP for Dumfries (proposed by Mrs Stihler, PES) • Mr Ross **Finnie**, Liberal Democrat MSP, Scottisch Parliament Minister for the Environment and Rural Affairs (proposed by Mrs Stihler, PES)
Tuesday, 9 April 17.30 - 19.00	Extraordinary Committee meeting (in Strasbourg)	In case of need:	
Thursday 18, Friday 19 and Saturday 20 April	First visit to the United Kingdom (authorisation has to be requested)	The northern regions of the UK (Scotland, Northumberland, Cumbria) Mr Berlato (UEN) proposes to visit Northern Ireland and the Republic Ireland	
Thursday 25, Friday 26 and Saturday 27 April	Second visit to the United Kingdom (authorisation has to be requested)	Western and southern regions (Wales and Devon)	• Representatives of the Farmers Union in Wales (proposed by Mr Wyn, V/ALE) • Mr Peredur **Hughes** of the NFU Cymru (proposed by Mr Wyn, V/ALE) • Mr Bob **Parry** of the FUW (proposed by Mr Wyn, V/ALE)
Tuesday, 14 May, 17.30 - 19.00	Extraordinary Committee meeting (Strasbourg)	The Commission proposals for modification of the existing legislation on foot-and-mouth disease	Representatives of the European Commission
Tuesday 21 May, 15.00 - 18.30	Public Hearing (I)	The policy on : • vaccination • the identification methods (proposed by Mr Mulder) • the methods of prevention • the methods of control	The representatives of the : • O.I.E., Bernard **Vallat**, director-general (Paris) (proposed by Mr Adam, PES) • FAO, Dr Yves **leForban**, director "European FMD Commission" of the FAO (Rome) (proposed by Mr Adam, PES) • representatives of **supermarkets** (proposed by Mr Mulder, ELDR) • public and commercial **vaccination laboratories** (proposed by Mr Mulder, ELDR) • Dr Kris **De Clerq**, Belgian Ministry of Agriculture (proposed by

			Mr Adam, PES) • Prof. Dr. A. **Dijkhuizen**, president of the University of Agriculture of Wageningen (NL) (proposed by Mr De Roo, V/ALE) • Prof. Fred **Brown**, US Department of Agriculture of the USA (proposed by Mrs Lucas, V/ALE) • Prof. **Bartling**, veterinarian, epidemicologist, member of the standing Veterinary Committee (NL) (proposed by Mrs Lucas, V/ALE) • Lawrence **Woodward**, Elm Farm Research Centre (UK) proposed by Mrs Lucas, V/ALE) • Dr Keith **Sumption**, veterinarian (UK) (proposed by Mrs Lucas, V/ALE) • Mr **Sanchez Vizcaino** - veterinarian (Spain) (proposed by the president of the committee) • Mr Migueal A. **Diaz Cubero** - veterinarian (Spain) (proposed by the president of the committee) • Mr **Tim Dole** of "Merial", the vaccin authorisation holders (proposed by Mr Wyn, V/ALE) • **Prof. Anderson** - epidemicologist (proposed by Mr Wyn, V/ALE) • **Prof. Donnelly** - epidemicologist (proposed by Mr Wyn, V/ALE) • **Mr Pierre Choraine** - European Vetinary Federation (Brussels) (proposed by Mr Wyn, V/ALE) • Representative of the German ministry of Agriculture and the Environment (Proposed by the rapporteur) • Mr **Sonnleiter**, director of COPA and director of the German Farmers Union (Proposed by the rapporteur) • Representative of the Association of farmers in favour of vaccination (Proposed by the rapporteur)
Thursday 23, Friday 24 and Saturday 25 May	Visit to the Netherlands (authorisation has to be requested).	The provinces of Gelderland (Oene) and Friesland	
Thursday, 30 May, 14.00 17.30	Public Hearing (II)	The economic and social repercussions of the crisis (tourism, transport, animal welfare)	• Mr **Hidding** - the European Association of Zoological Parcs (proposed by Mr Maat, EPP-ED) • Mr **Hartog** of the tourist association of the province of Drenthe (NL) (proposed by Mr Maat, EPP-ED)
Tuesday, 11 June, 17.30 - 19.00	Extraordinary Committee meeting in Strasbourg	In case of need:	•
Monday, 17 June, 15.00 -	Committee meeting	The experiences in The	• Present agricultural minister of agriculture, Mr **Brinkhorst**

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18.30		Netherlands, Ireland, Belgium and France	• The minister and other representatives of the Irish ministry of agriculture (proposed by Mrs Doyle, EPP-ED) • Representatives of the agricultural department of Northern Ireland • The French agricultural ministry • Representative of the VET service in Dublin (proposed by Messrs Adam and Whitehead, PES)
Tuesday, 18 June. 9.30 - 13.00	Public hearing (III)	The policy on foot-and-mouth disease in non-affected Member States	• Representatives of the German government (minister Kunast) (proposed by the rapporteur) • The European Commission
Thursday, 20 June, 14.00 - 17.30	Committee meeting	The experiences in the candidate countries	• Representatives of the governments of the candidate-countries • The European Commission • The Council
Tuesday, 2 July, 17.30 - 19.00	Extraordinary Committee meeting (in Strasbourg)		•
Tuesday, 9 July, 09.00 - 12.30	Additional meeting	The policy of meat-import into the Community	Representatives of : • the WTO • the European Commission
Week of 15 July	Visit to countries outside the Union (Argentina and Brasil) (authorisation has to be requested).	Mr Evans (PPE) proposes to visit South Africa; Mr Maat (PPE) proposes to visit Latin America in the week of 26 August. Mrs Ferreira (PSE) proposes to visit the following regions : • in France, Champagne, Ardennes and Picardie • - in Austria, Garmisch-Partenkirchen, Mittenwald, Seefeld	

Monday, 26 August, 15.00 - 18.30	Committee meeting	Exchange of views on an interim-report	
Thursday, 12 September, 9.30	Public hearing (IV)	Exchange of views with	The Chief vet of Spain (proposed by Mrs Ayuso, EPP-ED)

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- 13.00		scientific experts and representatives of NGOs on the proposals from the rapporteur and other members of the committee	
To be decided	Draft report of the rapporteur to translation. It will be available in its original language.		
To be decided	Draft report available in all languages.		
Monday, 30 September, 15.00 - 18.30	Committee meeting. Discussion of the draft report. Fixing deadline of amendments.		
Monday, 7 October, 12.00	Deadline for amendments (if approved on 30 September)		
Tuesday, 8 October, 9.00	Amendments to be sent to translation.		
Thursday, 10 October, 14.00 - 17.30	Committee meeting. Discussion of the draft report and the amendments (although the latter are not yet translated).	Mr Sturdy (PPE) proposes to hold the meeting in the morning, but this is **not authorized** (plenary session in Brussels)	
Wednesday, 16 October	Amendments available in all languages.		
Tuesday 22 October 17.30 - 19.00	Committee meeting to discuss the amendments		
Thursday, 24 Ocobre, 12.00	Possible deadline for compromise amendments		
Thursday, 31 October	Compromise amendments available		
Thursday, 7 November 14.00 - 17.30	Vote in committee		
November part-session (18 to 21)	Vote in plenary		

Other ideas:

- STOA study on the indirect effects and costs of the foot-and-mouth disease.

Brussels, 26 February 2002.

PARLEMENT EUROPEEN

DIRECTION GENERALE DES COMMISSIONS ET DELEGATIONS

(CT3) Commission temporaire sur la fièvre aphteuse

LISTE DE CONTROLE : situation au 13/02/02 (30) 7

TITULAIRES		SUPPLEANTS	
PPE-DE	(12 / 12)	PPE-DE	(12 / 12)
AYUSO GONZÁLEZ María del Pilar		CALLANAN Martin	
BÖGE Reimer		DAUL Joseph	
CUNHA Arlindo		EVANS Jonathan	
DOYLE Avril		GARCÍA-ORCOYEN TORMO Cristina	
FIORI Francesco		KEPPELHOFF-WIECHERT Hedwig	
GROSSETÊTE Françoise		MÜLLER Emilia Franziska	
JEGGLE Elisabeth		NICHOLSON James	
MAAT Albert Jan		OOMEN-RUIJTEN Ria G.H.C.	
PARISH Neil		SANTINI Giacomo	
REDONDO JIMÉNEZ Encarnación		SCHNELLHARDT Horst	
SCHIERHUBER Agnes		THYSSEN Marianne L.P.	
STURDY Robert William		TRAKATELLIS Antonios	
PSE	(9 / 9)	PSE	(7 / 9)
ADAM Gordon J.		CAUDRON Gérard	
CAMPOS António		LAVARRA Vincenzo	
CORBEY Dorette		LUND Torben	
FERREIRA Anne		MALLIORI Minerva Melpomeni	
GAROT Georges		MANN Erika	
KREISSL-DÖRFLER Wolfgang		ROTH-BEHRENDT Dagmar	
MÜLLER Rosemarie		STIHLER Catherine	
RODRÍGUEZ RAMOS María		ELDR	(2 / 2)
WHITEHEAD Phillip		BUSK Niels	
ELDR	(2 / 2)	PAULSEN Marit	
CLEGG Nicholas		Verts/ALE	(2 / 2)
MULDER Jan		de ROO Alexander	
Verts/ALE	(2 / 2)	STAES Bart	
LUCAS Caroline		GUE/NGL	(2 / 2)
WYN Eurig		PAPAYANNAKIS Mihail	
GUE/NGL	(2 / 2)	PATAKIS Ioannis	
FIEBIGER Christel		UEN	(1 / 1)
JOVÉ PERES Salvador		HYLAND Liam	
UEN	(1 / 1)	EDD	(1 / 1)
BERLATO Sergio		van DAM Rijk	
EDD	(1 / 1)	NI	(1 / 1)
TITFORD Jeffrey William		MARTINEZ Jean-Claude	
NI	(1 / 1)		
SOUCHET Dominique F.C.			

NOTE OF MEETING WITH DR GORDON ADAM (MEP) :
20 FEBRUARY 2002

1. Together with Nick Armitage (EUD) and Nigel Barclay (UKRep) I met with Dr. Gordon Adam (UK MEP and Labour Link with DEFRA on the Agriculture and Rural Development Committee and member of the Temporary Committee on FMD) at his office in the European Parliament building from around 18.00 to 19.30. The purpose of the meeting was to introduce the role of the ILU and discuss the work of the EP's Temporary Committee on FMD in advance of the first meeting the following morning.
2. Dr. Adam's comments on the Committee were mainly from a political perspective : he noted that he and Phillip Whitehead were the only two "friendly" MEPs on the Committee. He hastened to add that his use of the word "friendly" did not mean that they would not question/criticise the UK Government if appropriate.
3. He confirmed that it had been agreed that the Committee Chairman would be Mdm. Redondo and that the first two vice-chairs would go to Dutch members (Maat and Mulder – both of whom are pro-vaccination). The third vice-chair would go Caroline Lucas (UK Green). He added that Ms Lucas was well supported by her contacts with Greenpeace and that her main areas of interest were animal welfare (esp. animal transport, a subject on which she is highly vociferous) and extensive farming practices. The Rapporteur's (Wolfgang Kreissl-Dörfler – PSE Group) interests extended beyond merely foot-and-mouth in Europe, he hoped to engage other issues such as the WTO and globalisation of trade in general.
4. Dr. Adam added that another Member of the Committee (Reimer Böge – German PPE Group) was also known to be pro-vaccination, and that the French members (even those within the same political Group) were hostile to the UK. Moreover, some members had their own agendas, e.g. the UK conservatives, whilst others would try to use the Committee to press for

greater protectionism. It was Dr. Adam's view that such entrenched positions would not welcome, or be impressed by, scientific arguments or "facts".

5. One of Dr. Adam's concerns was that there should be adequate press/media handling facilities at the DEFRA end. Nick Armitage assured him that our press unit was already active on this issue.
6. Dr. Adam said that the Committee intended to finish its work and produce its report in time for the November 2002 plenary session. The timetable was very tight and it might, therefore, be necessary to hold meetings in Strasbourg as well as in Brussels.
7. From press cuttings and other sources he identified a number of issues which he thought the Committee might wish to address :

- Disposal – esp. information (including statistics) on the various disposal methods used including site selection and ash disposal. The Widdrington and Tow Law sites were specifically mentioned.
- Vaccination.
- Animal transport.
- Meat imports, including the origin of the outbreak and swill feeding.
- Risk modelling. He referred to a press article referring to David Shannon suggesting that the models used during the outbreak were based on flawed information (he suggested that both David Shannon and Dave King (the Govts. Chief Scientific Adviser) might be invited to talk to the Committee.
- Northumberland Report recommendations.
- Less intensive farming.

8. Nigel Barclay mentioned the role of the OIE in relation to foot and mouth disease. I pointed out that the OIE scientific advice at the start of the outbreak had, apparently, been primarily in relation to the disease in cattle, whereas the UK outbreak had been mainly one of sheep. Gordon Adam mused that perhaps the OIE should be invited to talk to the Committee.

9. I explained the role of the ILU in co-ordinating briefing and generally providing support in respect of attendance at meetings of UK Ministers and officials as appropriate, in conjunction with EU Division and UKRep. I stressed that we could not be seen as favouring any one political group – any material would be made available to all who were interested. He agreed that this had to be the case. I noted, however, that, of course, we could respond direct to individual requests.

10. I added that issues of a political nature should be channelled through Lord Whitty's office, or through Sheila Watson (Special Adviser) or even No. 10, e.g. Martin Hurst who he had met earlier in the day.

11. Dr. Adam suggested that prior to Committee meetings, it might be worth holding pre-meetings especially where papers had not been circulated sufficiently early. He said that he would try to ensure that any papers were sent on as soon as possible. He added that certainly after the 1st meeting on the following day, and most probably after the others, it might be useful to hold a "post-mortem" on how the sessions had gone. [*I think this would be useful but preferably away from the Committee chamber otherwise it might look as if we were providing preferential treatment.*]

12. I suggested that the ILU would commission briefing on request but might also try to isolate key issues as they came up in the debates with a view to providing "pro-active" briefing. He thought this might be useful.

13. In all, a successful "getting to know" meeting.

FAXED to all Overseas posts on 4/3

10 DOWNING STREET
LONDON SW1A 2AA
020 7930 4433

4 March 2002

Dear Tony

GMOs: RESTARTING THE APPROVALS PROCESS

Thank you for your letter of 5 February on trans-Atlantic relations on GMOs.

As you will have seen from the responses to your letter, you provoked a thoughtful debate here in London on the tactics and handling of restarting the approvals process. Contributions have been received from Michael Arthur, Bill Stow and Henry Derwent. I am writing now to pull together their analysis of the points you made, and suggest a way forward.

Colleagues were clear in accepting your analysis that the current EU/US position on GMOs is unsustainable. The UK seems relatively well-placed within the Council on this point. Ministers agree that we cannot support the *de facto* moratorium on new approvals, because of its illegality. They have shown support for the Commission in criticising this unacceptable situation; including in a public debate on the issue at the Environment Council last October.

Departments also agreed with your view that October this year would be a key date in restarting the approvals process. The Commission certainly seems to have the political will to get the approvals scheme back on the road. And it is probably correct in its judgement that October is the right time to do this. The French and German elections will by then have taken place; removing some of the political dynamite from forcing the issue to a head either now or at Barcelona. At Barcelona, in particular, we want to get positive conclusions language on the Commission's recent report on biotechnology. The Prime Minister is very concerned that Europe is losing ground here, to India (judging from what he saw on his recent visit) as well as the United States. Unilever are even thinking of taking their biotech research out of Europe altogether.

Most convincingly, the implementation of Directive 2001/18 in October should give a political and tactical fillip to the Commission's plans. Firstly, because the new Directive has a higher policy legitimacy than its predecessor and should give the Commission a stronger base for forcing a decision. It was adopted recently by Council and contains new safeguards to take account of the political sensitivity of biotech issues, such as stricter biosafety provisions. Secondly, because the new comitology structures in the Directive will, as Bill Stow points out, set a higher barrier for the blocking states to cross. They will need a qualified majority formally to block applications in future. If the Commission has the political will, it could force a decision more easily under the new Directive than at present.

As you will have seen, the view in London is that we should proceed with some caution in taking this work forward. The political temperature on GMOs remains high. Domestically, the field scale evaluations of GM crops are coming to an end relatively soon, and Ministers are considering how to handle future work on this. As Michael Arthur notes, there is still a long way to go before the debate on GMOs is normalised in this country, and in the rest of the EU; and we need to ensure that these political sensitivities are fully reflected in the position that we take with the American government.

There was also some caution on your suggestion of inspiring a test case to facilitate the restarting of the process. But, generally speaking, this seems to be a good idea provided that we can identify a crop that will not disadvantage the UK in any way. I am attracted by Henry Derwent's suggestion that we should focus on applications which are for grain import, rather than cultivation in the EU, which will be less controversial and should meet the US's main commercial concerns. Henry identifies a particular case outstanding where we have given a favourable opinion to the Commission but where the outstanding application now lies with Spain. I would have thought that it would be best quietly to encourage the Commission to focus on applications such as this as a way of illustrating their commitment to restarting the process.

In conclusion, it is clear that we should continue to support the Commission in their attempt to unblock the *de facto* moratorium on new approvals in the EU. With the US, we should make clear that we too would hope that this might take place in October. But we should also be careful to manage their expectations: many potential barriers remain and the Commission will need political conviction and a sure hand if it is to overturn the blocking minority and restart the process fully by then. Behind the scenes, we should continue to

prepare for the process to restart, by identifying outstanding applications that we might wish to take first once the processes begin.

I am copying this letter to Dinah Nichols and Henry Derwent (DEFRA), Richard Carden (DTI), Michael Arthur, John Ashton and Simon Featherstone (FCO), Nigel Sheinwald and Bill Stow (UKRep), Neil McMillan (UKMis Geneva), Jeremy Heywood and Martin Hurst (No10) and DHMs in EU posts.

Yours ever

Stephen

J S WALL

Tony Brenton CMG
Washington

RESTRICTED

I still don't think the questions pose go to the heart of the criticisms against us - and the hard-hitting enough - they seem to be partial but don't develop an argument.

From: Martin Hurst
Date: 4 March 2002

PRIME MINISTER

cc: Jonathan Powell
Jeremy Heywood

GOVERNMENT RESPONSE TO ANDERSON COMMISSION ON FMD

You asked to see those parts of the draft response we did not give you on the outward journey to Australia. These are attached. They cover:

a) the detailed chronology of the outbreak, at A;
b) factual material relating to the questions (other that on vaccination, which you have already seen) raised by Iain Anderson, at B.

The most controversial material is sections 2.1 and 2.3 (workings of government – a little light on the Number 10 role) and 2.5 (on the rural dimension).

This is not your last opportunity to read these – the whole document is being revised, including a new introductory section with the 'clear and crisp' argumentation on the key issues that you have asked for. But they are, we are assured, unlikely to change significantly before they go to Cabinet (and you) for weekend boxes and you may therefore want to read them on the return flight. DEFRA are still, on Iain's request, aiming to get the document to him – and perhaps to publish it (see below) – next week.

Elsewhere, the FMD suspect case in Yorkshire proved to be negative. And we expect the decision on the judicial review into a possible Public Inquiry later this week - our lawyers are fairly confident that we will win. Given the strength of feeling in farming circles, if this is the case we will try and 'win with grace' – showing that we believe it was right not to hold a Public Inquiry, but not rubbing people's noses in it. We are also discussing with Cabinet Office a possible small package of measures to reinforce the perception of Iain's independence – perhaps including his terms of appointment and the early publication of the Government's evidence. (We assume you would not want to promise future publication of the secretariat's minutes of Iain's meeting with you). **Do you have views?**

Signed 4 March

MARTIN HURST

We should publish our evidence & subject to looking at it, I don't mind publishing the minutes of our meeting at least in this report.

RESTRICTED

(NO document numbered 1-12, 12-91) JM

A

FOOT AND MOUTH DISEASE OUTBREAK: CHRONOLOGY OF EVENTS 2001 - 2002

(The figures in brackets under each date represent all cases of FMD confirmed on that day and the total cumulative number of cases confirmed to 19.00 hours until 15 June and 17.00 thereafter)

2001

19 February (0-0)	Meat Hygiene Service vet at Cheale Meats abattoir reports suspected FMD in 27 sows and 1 boar in lairage. Samples sent to IAH Pirbright. Forms A and C issued prohibiting livestock movements within 8km of the infected premises.
20 February (1-1)	Samples test ELISA positive for type O FMD Virus. First case confirmed. European Commission informed of outbreak; it in turn notifies other Member States. Food Standards Agency confirms no implications for human health via the food chain. MAFF establish FMD website. Contact between Private Offices in MAFF and MoD warn of possibility of future request for military assistance.
21 February (1-2)	Infected Area round the first Infected Premises (IP) declared and animal movements within it banned. Ban on moving animals susceptible to FMD and non-treated products from the entire UK imposed by European Commission. Baroness Hayman makes a statement on the outbreak in the House of Lords (House of Commons in recess). National Disease Emergency Control Centre (DECC) established at MAFF Headquarters in Page Street.
22 February (1-3)	MAFF issues advice to farmers to operate to high hygiene standards and to the public to reduce contact with livestock and farms.
23 February (3-6)	Heddon-on-the Wall case - first outside Essex Great Britain made a Controlled Area from 5pm with immediate standstill on all FMD susceptible animal movements until 2nd March; fairs and markets closed and deer and fox hunting and hare coursing prohibited. MAFF halted CAP subsidy inspections for biosecurity reasons. First national stakeholders meeting of a regular series held in London with MAFF Ministers and officials. DCMS alert rural tourism trade associations to advice issued on 22

	February. Public Health Laboratory Service (PHLS) issues factsheet on human health and FMD confirming that risks very small and number of cases of FMD in humans very rare.
25 February (1-7)	First case in Devon confirmed. Environment Agency (EA) National Incident Room opened to co-ordinate EA response. EA and MAFF issued joint statement confirming that EA regarded disposal of carcasses as an emergency situation, under the terms of the Environmental Protection Act 1990 and Waste Management Licensing Regulations 1994.
27 February (7-16)	First confirmed cases in Wales (Anglesey) Local authorities given right to close footpaths and rights of way outside Infected Areas, i.e. in the Controlled Area. Instruction to SEERAD and NAWAD to locate representatives in Page Street.
28 February (8-24)	First confirmed case in Cumbria
1 March (7-31)	First confirmed case in Dumfries and Galloway Countryside Agency estimated FMD implications for rural businesses – potential £2 billion loss. Formal notification to MoD that MAFF might seek military assistance.
2 March (7-38)	Great Britain continues as a Controlled Area. Movement to approved slaughterhouses of animals intended for the human food chain allowed to resume under licence. Restrictions on drivers' hours relaxed for hauliers of agricultural products/supplies because of the need to undertake FMD precautions. First vets arrive to reinforce operations from outside the UK (from the Republic of Ireland). Powers to close footpaths modified.
3 March (10-48)	Minister of Agriculture announces a major review of safeguards to cut risks of future animal disease outbreaks.
5 March (10-75)	DCMS issue guidance on 'Visiting the Countryside for Tourism, Sport or Recreation'.
6 March (5-80)	EU Standing Veterinary Committee (SVC) maintains the measures in place in relation to UK. Environment Agency announce disposal hierarchy, taking environmental

	issues into account. This places rendering and incineration first. MAFF issues advisory leaflets on animal welfare problems to farmers and farming organisations. DCMS, MAFF, DETR and DTI Ministers meet at annual DCMS Tourism Summit to review impact of FMD. Guidance issued to local authorities on use of footpath closure powers and placed on MAFF website. Agreement with Central Association of Agricultural Valuers on payment to valuers for valuing livestock during the FMD outbreak.
9 March (20-126)	Occupational Licences and Local Movement Licences introduced to allow animal movements for welfare reasons. Regulations introduced requiring the tyres of all road vehicles leaving the UK to be disinfected.
13 March (17-199)	Case in France reported to the European Commission.
14 March (20-219)	Rural Task Force - 1st meeting chaired by Minister of Environment. Further meetings at weekly and then fortnightly intervals. Royal Army Veterinary Corps deploys 4 vets. Meeting between MAFF and MoD agrees deployment of armed forces for logistic and organisational purposes.
15 March (31-250)	Minister of Agriculture in statement to Parliament explains policy of culling sheep within 3km of an IP in Cumbria; intensive patrolling in Devon and continued programme of tracing and slaughter of dangerous contacts across country; and announces new welfare movement schemes. Janet Anderson chairs FMD and Tourism Stakeholder Group (known as FMD Tourism Summit) - first meeting.
16 March (20-270)	Long Distance Welfare Movement Scheme starts. Power to impose new blanket footpath closures repealed. DETR issues guidance on visiting the countryside. Launch of Countryside Agency website linked to local authority rights-of-way information.
19 March (28-352)	First Regional Operations Directors (RODs) appointed in Cumbria and Devon to strengthen DCCs and support veterinary effort. Others appointed over following two weeks. Military Commanders appointed for these regions and military deployment followed in other regions.
20 March (42-394)	Prime Minister initiates daily interdepartmental meetings, chaired by MAFF Ministers to co-ordinate and drive forward action to control FMD. Minister for Environment in Parliamentary statement announces a

package of short-term relief measures for rural businesses hit by FMD.

21 March (43-437)

Minister of Agriculture announces in Parliament action taken to speed response:- allowing vets on the ground to slaughter without waiting for a decision from vets in Page Street and introducing a standard valuation tariff to reduce delays in starting slaughter.
Meeting of epidemiologists that developed into Science Group is followed by briefing that epidemiology points to importance of urgent action to reduce the interval between report and slaughter to 1-2 days and of slaughtering all susceptible animals within a 3km zone contiguous to the outbreak.
First cull of FMD affected animals in the Netherlands.

22 March (42-479)

Cabinet Office Briefing Room (COBR) opens.
'Visiting the Countryside – how you can help' advert in the National Press.
First formal veterinary risk assessment of risk that walkers could spread FMD published.
Flat-rate valuation system for slaughtered animals introduced with possibility of opting for valuation of individual animals.
Livestock Welfare Disposal Scheme (LWDS) launched

23 March (35-514)

First epidemiological forecasts published by teams from Imperial College and Edinburgh University confirming importance in controlling the disease of slaughter within 24 hours of report for infected premises and 48 hours for contiguous premises. Chief Scientific Adviser (CSA) confirms Prime Minister's support for this policy.
Sheep within 3km of IPs in the Carlisle/Solway area to be slaughtered.
101 Logistic Brigade HQ deployed in MAFF HQ London (Page Street).

26 March (38-644)

Instruction issued that contiguous premises should be treated in the same way as Dangerous Contacts premises and all FMD susceptible animals slaughtered. Local veterinary staff could put forward a case to HQ vets if they considered such premises should not be treated in this way.
Great Orton mass burial site receives first carcasses.
Joint Co-ordination Centre (JCC) established in Page Street. MAFF Director, and joint deputy directors - one military and one MAFF.
FMD Science Group start daily meetings, chaired by CSA.

27 March (48-692)

Minister of Agriculture's Parliamentary statement confirms 24hr/48hr slaughter targets; announces consultations on banning pigswill and 20-day movement restrictions, simplified valuation arrangements, commitment to seek SVC's contingent approval for vaccination, consideration to be given to methods for controlling illegal meat imports; and a future review of operation of the livestock sector.

28 March (49-741)	Partial revocation of footpath closure powers. DETR / MAFF issue guidance and News Release on access to the countryside, including a code for walkers. DCMS issues guidance to tourist attractions to help them open or re-open. Government sets up 'Charity Match Funding Scheme' administered by the Countryside Agency, under which the Government matches donations from members of the public to voluntary organisations and charities for relieving hardship caused by the outbreak.
29 March (38-779)	Vaccination seminar held at 10 Downing Street attended by Prime Minister, Minister of Agriculture, Chief Veterinary Officer (CVO), CSA, Government and non-Government scientists.
30 March (50-829)	Largest number of cases reported in a day. Slaughtering started under LWDS. Contingent use of vaccination authorised under Commission Decision. Spongiform Encephalopathy Advisory Committee (SEAC) meets to consider BSE aspects of various disposal options for cattle carcasses.
31 March (45-874)	JCC advises RODs of SEAC advice, with agreement from the EA, cattle born before 1 August 1996 must be rendered or burned, those born after 1 August 1996 could be buried in mass burial sites but not licensed commercial landfill sites.
1 April (35-909)	Prime Minister launches campaign to assure tourists that Britain is 'Open for Business'.
2 April (37-946)	Prime Minister announces a delay in local elections until 7 June.
3 April (44-990)	Minister of Agriculture meets leaders of the dairy and food industries to discuss the implications of vaccinating cattle on meat and milk supplies.
4 April (34-1024)	DCMS issues guidance on staging outdoor events. DETR writes to Chief Executive Officers of Local Authorities providing details of the FMD Disposal Hierarchy and a list of suitable landfill sites for the disposal of LWDS carcasses and the possible disposal of sheep and pigs from contiguous cull premises (not from FMD infected premises).
5 April (33-1057)	Chris Smith (DCMS) chairs FMD and Tourism Stakeholder Group – Second Meeting.
6 April	MAFF announces new livestock movement licences (local movement and

(26-1083)	longer distance). Elliott Morley chairs first meeting of special Animal Welfare Group. DCMS announce £6m funding for tourism promotion. English Tourism Council's campaign "England the Great Getaway" begins.
8 April (29-1134)	Minister of Agriculture writes to 85,000 livestock farmers providing advice on biosecurity, encouraging continued co-operation with present slaughter policy and urging them not to move animals without a licence.
9 April (29-1163)	Minister of Agriculture's Parliamentary statement confirms 24 hour target for culling susceptible animals on infected premises and 48 hour target for susceptible animals on contiguous premises; explains that payments to farmers of optional agrimonetary compensation would be made that week; notes that the position on vaccination was being kept under review; and refers to the possibility of releasing some areas from restrictions. DETR issue for consultation draft Regulations, which are then introduced with a 6-month duration, to enable the Secretary of State to direct licensed landfill site operators to accept and dispose of carcasses etc.
11 April (31-1235)	Pilot study, using local vets in parts of Staffordshire, Cheshire and Derbyshire to advise farmers on assessing and reducing the risks involved in turning out cattle. Michael Meacher announces further help for struggling rural businesses. (Business Recovery Fund, £15m for Regional Development Agencies (RDA) in 4 worst affected areas).
12 April (24-1259)	General licence issued allowing bulk collection of milk from premises under Form D restrictions.
15 April (14-1320)	Minister of Agriculture confirms that claims of links between the outbreak and Chinese restaurants are unfounded. DEFRA send to National Farmers Union (NFU) answers to 52 questions on vaccination.
18 April (19-1382)	Minister announces details of optional agrimonetary compensation Government states vaccination in North Cumbria and Devon under consideration but listening to views of farmers and food industry. CVO and CSA explain limited vaccination proposals to media and stakeholders. NFU still not convinced of the argument for vaccination. UK seeks agreement in principle at SVC to draw down 500,000 doses from EU vaccine bank as a contingency measure. CSA and Science Group meet NFU (and again on 19 April) to discuss vaccination.

19 April (15-1397)	First lift of Infected Areas, affecting Northamptonshire, Milton Keynes, Leicestershire, Lincolnshire, Nottinghamshire and Rutland.
20 April (15-1412)	MAFF Parliamentary Secretary announces measures to ease welfare problems caused by FMD restrictions. From 28 April farmers could be licensed to move animals between their own premises in a wider range of circumstances. Letter to livestock farmers with information on vaccination.
23 April (13-1448)	Licensing introduced to enable animals in surveillance zones to be slaughtered in approved abattoirs.
24 April (13-1461)	Announcement of EU conference on FMD in the autumn as a result of a UK/Dutch initiative. DH issues "Guidance on Measures to Minimise Risk to Public Health from the Slaughter and Disposal of Animals", including hierarchy of disposal options and advice on the location and use of pyres and also "Foot and Mouth. Effects on Health of Emissions from Pyres used for the Disposal of Animals".
25 April (18-1479)	Beverley Hughes (DETR) launches new Countryside Agency Framework/ matrix /grant scheme to assist local authorities to adopt a consistent risk based approach to re-opening rights of way. MAFF / DETR issue revised guidance on re-opening rights of way. DETR announce a package of support for local authorities to help accelerate the reopening of public rights of way, access land and other country sites. Janet Anderson (DCMS) chairs the FMD & Tourism Stakeholder Group – third meeting.
26 April (3-1482)	Minister of Agriculture's Parliamentary statement refines policy on the contiguous cull to gave local veterinary discretion over culling of cattle if adequate biosecurity, and proposes new arrangements for rare breeds and hefted sheep; explains that the use of vaccination was now less likely; announces the revision of LWDS rates from 30 April and outlines the Government's intentions to identify ways of assisting the recovery of the farming sector.
28 April (13-1508)	Occupational and local welfare movement licence rules relaxed.
30 April (7-1518)	Minister of Agriculture's letter to all livestock farmers explains the modifications to the contiguous cull policy.
1 May	Following consultation by DETR, regulations introduced to provide an

(7-1525)	expedited process for the EA to issue permits for the use of air curtain incinerators.
2 May (9-1534)	Meeting at No.10 of industry and Ministers about the future of the agricultural industry. DCMS announces £12m in additional funding for British Tourist Authority for promotion in overseas markets.
3 May (9-1543)	New licensing arrangements for movements to abattoirs of animals from premises within 3km (protection zone) of an IP. Minister of Agriculture announces a ban from 24 May on swill feeding livestock.
7 May (3-1563)	Last carcasses into Great Orton mass burial site. No pyres lit in England and Wales after this date. Backlog of animals awaiting disposal eliminated.
8 May (2-1565)	Minister for the Environment announces new £24m funding for rural and countryside businesses in areas badly affected by FMD. The new funding adds to the Business Recovery Fund, run by RDAs. Minister of State for Agriculture launches poster campaign on illegal meat imports. Minister of Agriculture announces range of measures to assist recovery of the farming sector, including Rural Development Service (RDS) run seminars and free advice from the Farm Business Advice Service.
10 May (5-1575)	Sheep shearing licence scheme announced, to operate from 1 June.
11 May (8-1583)	Scope and operation of the livestock movement schemes relaxed in relation to breeding animals and grazing on common land.
17 May (0-1603)	First day since 24 February with no cases.
23 May (8-1633)	MAFF issues revised guidance to local authorities on re-opening of rights of way in light of new Veterinary Risk Assessment on the risks of path users spreading disease. Movement of animals from premises under Form D restrictions allowed.
24 May (2-1635)	Ban on the swill feeding of catering waste to livestock comes into effect. Replacement of the slaughter policy by serological testing in the 3 km protection zones in Cumbria. Special SEAC Working Group advises on potential risks from cattle over-5 years old that were already buried; the relative risks of methods for

	disposal of pyre ash; use of feed lorries for transportation of carcasses.
28 May (8-1657)	CVO and CSA joint statement on Settle outbreak stressing the importance of biosecurity.
31 May (11-1672)	Department of Health publishes "Foot and Mouth Disease: A Programme of Monitoring for the Protection of Public Health" and "A Rapid Qualitative Assessment of the Possible Risks to Public Health from the Current FMD Disposal Options."
8 June (4-1714)	Prime Minister announces the creation of a new 'Department for Environment, Food and Rural Affairs' (DEFRA).
9 June (7-1721)	Letter to all farmers in Cumbria on biosecurity.
14 June (4-1740)	DEFRA Secretary of State's Parliamentary statement stresses the need for continued effort to be focussed on the complete eradication of FMD and states that mass burial sites are national assets.
22 June (4-1773)	DEFRA announces intention to revoke most blanket footpath closures.
4 July (3-1807)	Government's public information campaign on biosecurity launched.
5 July (3-1810)	Movement of cattle, sheep and goats from open hills and moors for shearing or other essential husbandry purposes allowed.
6 July (4-1814)	Biosecurity video and leaflet sent to all livestock farmers, stakeholders and vets.
7 July (3-1817)	First Public Health Monitoring Report published.
10 July (4-1832)	Lord Whitty announces availability of seminars and free business advice for farmers from the Farm Business Advisory Scheme.
20 July (3-1869)	Revocation from midnight of many of the remaining blanket closures of public rights of way. Countryside Agency launch publicity campaign around newly revised access code welcoming people to the countryside and advising on ways of avoiding spreading FMD.
23 July (4-1880)	Review of costs of cleansing and disinfection announced with the aim of ensuring value for money, following concerns over size and quality of

	invoices.
26 July (4-1891)	Announcement of £65m compensation package by National Assembly of Wales First Minister, Rhodri Morgan.
29 July (1-1898)	Restricted Infected Area (RIA) declared around Thirsk, introducing tight biosecurity provisions governing movement of vehicles, public cleansing and disinfection stations and increased enforcement activity.
30 July (4-1902)	Option of valuation at standard rates removed.
3 August (2-1922)	Appointment of Lord Haskins as Rural Recovery Co-ordinator for Cumbria. Cleansing and disinfection restarts with stricter rules.
7 August (3-1927)	RIA declared in the Penrith Spur.
9 August (5-1937)	Announcement of Government Inquiries - Policy Commission into Food and Farming, Royal Society and Lessons Learned.
15 August (6-1950)	Second Public Health Monitoring Report published.
26 August (6-1975)	RIA declared around Allendale and Hexham.
28 August (2-1985)	Announcement of Autumn movement arrangements starting from 17 September. Introduces county basis for categorising disease risk; confirms no cattle or sheep markets and sets out licensing system for moving animals.
3 September (3-1996)	Light Lamb Scheme introduced extending the LWDS to deal with lambs unable to find a market.
11 September (1-2010)	Information sent to all livestock farmers on autumn movement arrangements.
16 September (1-2016)	Animal Movements Licensing IT System launched to issue movement licences for the first phase of Autumn movements.
17 September (1-2017)	Introduction of the Autumn Movements Regime:- relaxations in movement controls; animal movements subject to prior licensing by Local Authorities based

	on FMD classification status of counties.
19 September (0-2019)	6-month extension to regulations enabling Secretary of State to direct licensed landfill operators to accept and dispose of carcasses etc.
30 September (1-2026)	Last confirmed case of FMD.
18 October	Lord Haskins' Report on Rural Recovery after FMD published Rural Task Force Report on Tackling Impact of Foot and Mouth on Rural Economy published. £24m extension to Business Recovery Fund to help rural economies and small businesses damaged by FMD. This brings Business Recovery Fund to £74m.
22 October	SVC permits exports of pigmeat from counties which have not had a case of FMD in this outbreak and which are not adjoining high risk counties.
29 October	Announcement of lower rates for LWDS and end of scheme on 31 December
30 October	Two Booklets launched by CVO aimed at raising awareness of risk of spreading disease by restocking.
31 October	Animal Health (Amendment) Bill published. Provides greater powers to slaughter any animals where necessary to prevent the spread of disease, adjusts arrangements for compensation and introduces other strengthened enforcement powers.
12 November	Third Public Health Monitoring Report published.
13 November	SVC agrees to allow controlled imports of foot and mouth susceptible animals from other Member States once licensing arrangements made.
22 November	DH published update on Risks to Health of Emissions from Pyres and Other Methods of Burning Used for the Disposal of Animals.
28 November	Last FMD Infected Area covering parts of Cumbria, North Yorkshire and County Durham lifted at midnight.
7 December	Guidance to local authorities on re-opening rights of way allowing paths across fields of premises under restriction to be re-opened.
12-13 December	International Conference on the Control of Foot and Mouth Disease sponsored by European Commission, UK, Dutch and Belgian

	Governments.
17 December	Hunting with dogs allowed to resume in FMD-free counties subject to a temporary system of disease control permits.
31 December	90 days since last outbreak of disease. LWDS ends.
2002	
1 January	Counties of Cumbria, Durham, and North Yorkshire declared free of foot and mouth for animal movement purposes, following huge surveillance operation.
14 January	Northumberland, the last county, declared free of foot and mouth disease for animal movement purposes.
16 January	SVC lifts restrictions on exports of British meat, animal products and livestock. Exports of live sheep still banned, but exports of live pigs, fresh meat and meat products permitted.
22 January	UK regains International FMD free status at OIE meeting. Clears way for UK to resume trade in animals and animal products with member countries of OIE.
5 February	SVC lifts restrictions on exports of live sheep.
11 February	FMD Controlled Area lifted in England and Wales (Scotland 18 February) Animal movement controls eased and some livestock markets permitted to re-open under the Interim Regime.

B (note for PM: this material is factual only, hence it is not intended to answer the questions, answers being provided elsewhere in the document, as you have seen)

SECTION 1
KEY QUESTION 3: WHAT ROLES DID MAFF/DEFRA, THE STATE VETERINARY SERVICE, THE DEVOLVED ADMINISTRATIONS IN SCOTLAND AND WALES, LOCAL GOVERNMENT, THE ARMED FORCES AND OTHERS PLAY IN THE CRISIS? WERE THEY ADEQUATELY ORGANISED, CO-ORDINATED AND RESOURCED TO DO SO?

MAFF/DEFRA

2.1.1 DEFRA, and MAFF before it, is responsible for dealing with animal health matters, including an outbreak of FMD, which is a notifiable disease of animals. DEFRA is also responsible for all aspects of the environment and countryside and for the sponsorship of the agriculture and food industries. This department therefore took the lead on FMD policy and operations.

2.1.2 In February 2001, as shown in the organogram at Figure 1, the line of responsibility at official level in relation to foot and mouth disease within MAFF was headed by the Permanent Secretary, to whom reported the Head of Animal Health and Environment Directorate to whom reported the CVO, Head of the SVS and responsible for veterinary advice, and the Head of Animal Health and Welfare Group, responsible for policy. Reporting to the CVO were the DCVO Policy, responsible for veterinary policy in MAFF HQ and liaison with the EU Commission and the OIE, and the DCVO Services, responsible for vet services in the regions and all the vet staff responsible for implementing policy advice and operational instructions. This structure was augmented in March when the Joint Co-ordination Centre (JCC) was established to co-ordinate operations and Regional Operations Directors were appointed to support the veterinary effort in the field. The Director of the JCC and the RODs reported to the Head of Animal Health and Environment Directorate. In the later months of the epidemic the RODs reported to the Director of the JCC. (See also Section 2).

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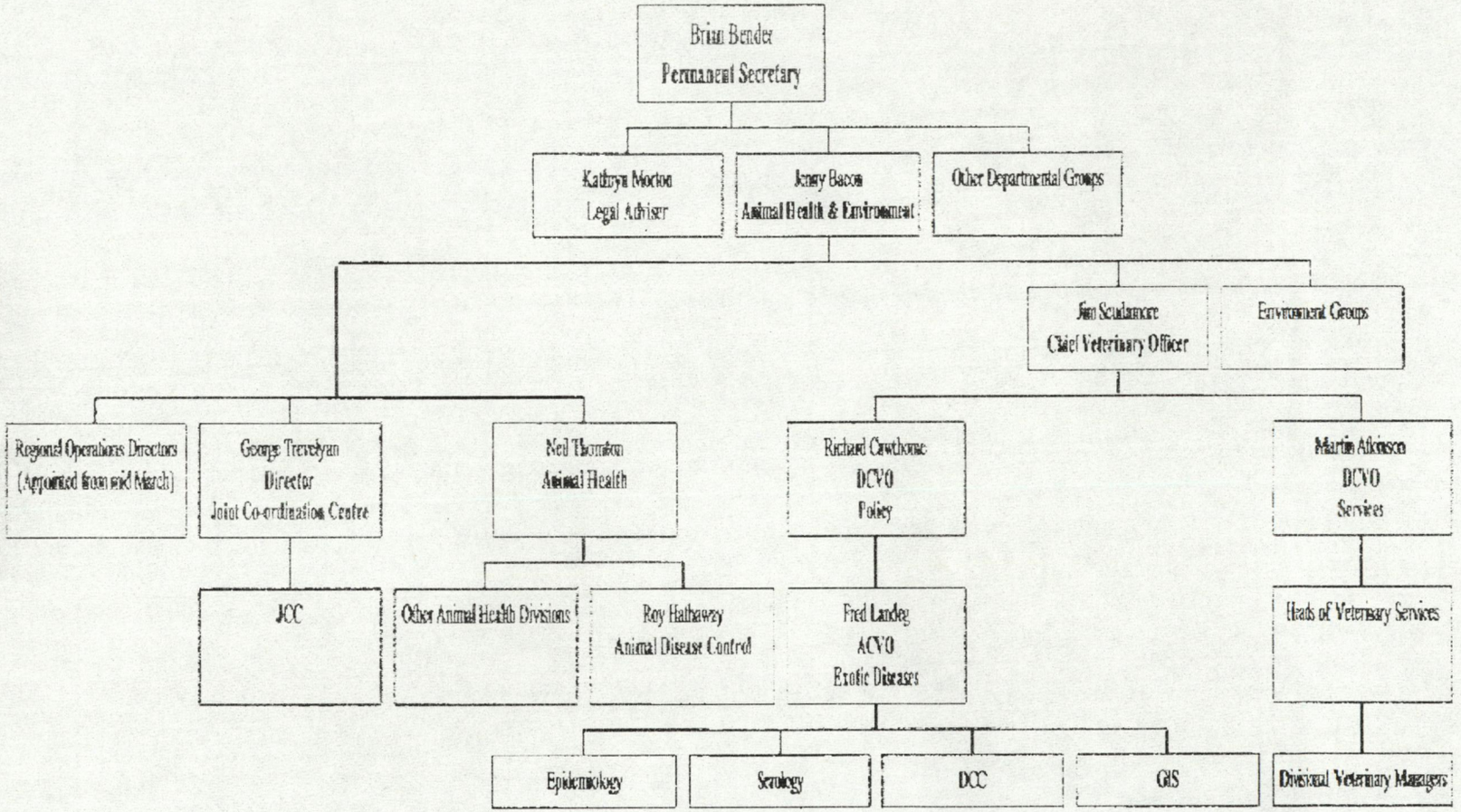
MAFF February / March 2001



2.1.3 Under concordats with the Scottish Executive and National Assembly for Wales the SVS provides the national veterinary service for the whole of Great Britain and the CVO has overall responsibility for veterinary advice to Ministers and administrative counterparts in England, Scotland and Wales. In Scotland and Wales, ACVOs provide day to day veterinary advice to their devolved Ministers.

2.1.4 Animal Health Group held the main responsibility for FMD policy and for animal welfare policy working in close liaison with the CVO and veterinary policy advisers at HQ. Within the Group, Animal Disease Control Division was most closely involved with FMD eradication policy and needed to be significantly reinforced as the scale of the outbreak grew. Animal Welfare Division was involved in the development of the LWDS and other aspects of animal welfare which resulted from the FMD outbreak.

2.1.5 Other parts of the Department (including those parts of former DETR that are now part of DEFRA) involved in dealing with the FMD epidemic were:-

- Policy Divisions dealing with agriculture. Apart from the impact on the livestock industry generally, appropriate adjustments had to be made to livestock subsidy schemes within the Common Agricultural Policy (CAP). In addition, these Divisions were, with advice from animal welfare staff in the SVS, responsible for the creation and direction of the Livestock Welfare Disposal Scheme. Even those dealing with arable crops contributed, e.g. by ensuring the continuation of grain exports and securing derogations from the CAP arable payments regime to allow land set aside from agricultural use to be used for grazing.

- Policy Divisions dealing with rural economic and social matters (which were part of DETR before the creation of DEFRA). These staff also supported the Rural Task Force.

- Policy Divisions (which were also part of DETR before the creation of DEFRA) dealing with waste strategy and policy and with air and environment quality, who were involved in matters relating to the disposal of carcasses and clean up.

- Legal Services Directorate General which provided legal advice, drafted relevant statutory instruments, vetted licences and contracts, undertook litigation, advised on enforcement issues and provided a continuous JCC presence.

2.1.6 The regional organisation of MAFF was in the process of restructuring as the Minister had announced in July 2000. The Farming and Rural Conservation Agency (FRCA) was set to return to core MAFF as the Rural Development Service (RDS) on 1 April; the work of the Regional Service Centres was being divided up with some going to the RDS and some amalgamated with the work of the Intervention Board to become the Rural Payments Agency, which formally came into being on 16 October 2001, operating from far fewer sites across the country. Work was being transferred from one office to another, some offices were closing while others expanded, staff were moving to new organisations and offices and they felt considerable uncertainty about the future.

2.1.7 Agencies of the department and other related organisations were also actively involved. In particular:

- The Intervention Board, (a Non-Ministerial Government Department) which became part of DEFRA's Rural Payments Agency (RPA) on 16 October 2001, was responsible for delivering the LWDS, and played a major part in organising disposal of FMD carcasses.

- The Farming and Rural Conservation Agency which became the Rural Development Service (RDS) on 1 April 2001. With the suspension of visits to farms for the purposes of the various agri-environment schemes and dairy hygiene inspections, the RDS assisted in the administration of the various schemes of licensing movements of animals for welfare purposes until the task was passed to local authorities in the autumn. The RDS also provided business advice and organised seminars for affected farmers.

- The Veterinary Laboratories Agency (VLA) provided professional services including epidemiolgoical expertise, risk assessments and held the main stock of guns, drugs and ammunition and other equipment used initially in the outbreak. In addition, it made a major contribution to serological testing through the provision of quality management systems, IT resources and staff experienced in large scale testing and test validation to other institutes (IAH Pirbright, CAMR, AHT) engaged in this activity as well as adapting three of its regional laboratories to undertake serological testing.

- The Environment Agency which was actively involved in assessing and regulating the environmental implications of the disposal of culled animals and clean up. It played a very

important part at local and national level in protecting the environment.

- Institute for Animal Health Pirbright: IAH Pirbright is an Institute of the Biotechnology and Biological Sciences Research Council. It is the National Reference Laboratory for FMD and is also the EU Community Reference Laboratory and World Reference Laboratory for FMD. It is one of only 5 laboratories authorised to handle FMD virus in the EU and the only one so authorised in the UK. FMD experts at the Institute provided valuable advice on the diagnosis and control of the disease and were able to identify the strain of virus involved within a matter of days. In addition work undertaken at the Institute during the outbreak clarified issues to do with the biological characteristics of the virus relevant to its control. The Institute also refined and validated a new serological test for FMD during the outbreak which was used to test over 3 million blood samples during the outbreak.

Other Agencies loaned staff to support DCCs and the HQ effort.

The Cabinet Office

2.1.8 The Cabinet Office chaired a meeting of officials on 5 March, and organised several meetings of an ad hoc Ministerial Committee on Foot and Mouth in the early stages of the outbreak. From 22 March, when the Cabinet Office Briefing Rooms (COBR) were opened, the Economic and Domestic Secretariat provided secretariat support for COBR meetings, recording the decisions of each meeting and following up delivery of action points agreed at the meetings. COBR met on a frequent basis throughout the epidemic to discuss issues relating to the operational aspects of co-ordinating the fight against Foot and Mouth Disease.

2.1.9 Within the COBR framework, Cabinet Office officials chaired a number of meetings, for example looking at the contingency planning for various vaccination options. COBR continued to meet throughout the summer and was supported by the Cabinet Office until mid-September when co-ordination meetings moved into DEFRA. Separately, individuals from the Cabinet Office Secretariat helped to support officials from other Government Departments by co-ordinating and preparing policy analyses for Ministers on a number of subjects, e.g. vaccination policy.

The Ministry of Defence

2.1.10 Military support was provided as Military Aid to the Civil Authorities (MACA), and specifically within the subset of these procedures known as Military Aid to Other Government Departments (MAGD). All MACA

is provided at the request of the civil authority: in the case of MAGD another government department asks MoD to undertake tasks for which it is responsible. Legally, a Defence Council Order is required to undertake a MAGD task.

2.1.11 Support for all MACA tasks is provided from within existing MoD resources. The MoD has no units designated for MACA tasks, units are not trained specifically for MACA tasks, and MoD is not funded for these tasks. MoD provides support through the deployment of military capabilities available at the time and does not provide support if there is a credible civil alternative.

2.1.12 On 22 March, PUS/MoD offered to make available the analytical capabilities of the Centre for Defence Analysis (CDA) in DERA (now Dstl). Thereafter, CDA was frequently represented on the Science Group headed by the Chief Scientific Adviser. Tasks included the provision of updated scientific and technical information on logistical issues, and ensuring that the most up to date data and epidemiological predictions were being used in forecasts.

2.1.13 The Met Office provided input to MAFF viral modelling from 20 February 2001, initially on a limited basis, but rapidly thereafter on a more detailed and wide-scale basis. Advice was provided to MAFF on airborne disease risk and dispersal of virus and smoke from pyres, amongst other aspects. The Met Office also provided specialist weather forecasts.

Government Offices for the Regions (GOs)

2.1.14 GOs performed a number of key support functions during the emergency as follows:

a) provided significant manpower particularly for some key posts and logistical support to establish and maintain Departmental Emergency Control Centres and in support of communications/media handling;

b) assisted as necessary in local negotiations e.g. on disposal sites; and

c) based on tourism and rural economy issues as required, for example, playing an active role in regional task forces set up to provide short term support to rural communities and to prepare longer term action plans for rural recovery.

Department of Health

2.1.15 The Department of Health addressed the public health implications of the FMD epidemic and provided guidance for the protection of human health in relation to the potential risk of the transfer of the disease from animals to humans and the environmental and human health implications arising from the slaughter of animals and the disposal of carcasses. They took the lead in co-ordinated monitoring of public health issues and publishing the results.

Other Government Departments and Agencies

2.1.16 Other Government Departments and their agencies made important contributions during the crisis. These included:

a) Office of Science and Technology - which co-ordinated the Science Group advice (see the reply to Question 2 below).

b) Jobcentre Plus (previously the Employment Service) which recruited for a wide range of tasks and established support for individuals whose employment was affected by the outbreak.

c) The Food Standards Agency which as well as giving advice on food safety issues also deployed the Meat Hygiene Service (see below).

d) HM Treasury.

e) HM Customs & Excise and Inland Revenue, which gave substantial help to rural businesses hit by the crisis (see the reply to Question 5 below).

f) Department of Trade and Industry, which sponsors the Regional Development Agencies and the Small Business Service, both of which were closely involved in the help provided for non-farming businesses via the Business Recovery Fund.

g) Department for Culture, Media and Sport, which was responsible for liaison with the tourist industry, announced additional funding for tourism promotion, issued guidance to visitor attractions and event organisers and carried out some impact assessment work.

h) Department of Transport, Local Government and the Regions (and, before the election, DETR) which contributed to the development of the carcase transport arrangements, advised on planning issues and supported the provision of GIS advice.

i) The Home Office worked closely with police forces to ensure that effective national co-ordination of the police response took place, making full use of the Police National Information and Co-ordination Centre machinery which was set up for the purpose; and used its good offices to ensure that police views about the

implications of the overall handling of the crisis for forces were raised with and addressed by MAFF.

These and many other Government Departments loaned staff to DEFRA to assist in establishing and running the Disease Control Centres and to support policy and legal work in London.

2.1.17 The Meat Hygiene Service, as part of the Food Standards Agency, provides official veterinary control of slaughterhouses in Great Britain. MHS Official Veterinary Surgeons are responsible for the ante and post mortem inspection of all livestock slaughtered in Great Britain for human consumption and are part of the UK's surveillance system for notifiable diseases. They also acted for MAFF/DEFRA in approving and controlling slaughterhouses for the slaughter of susceptible animals for human consumption, and carried out additional FMD duties on behalf of MAFF/DEFRA including extra ante-mortem inspection and the supervision of cleansing and disinfection of vehicles at abattoirs.

2.1.18 The Meat and Livestock Commission, a non-departmental public body funded by levy, carried out a number of ad hoc or newly-contracted tasks on behalf of Government, including the escorting of livestock vehicles under the welfare schemes; and the setting up and supervision of cleansing and disinfection facilities other than at abattoirs. They also provided a valuable source, acknowledged by government and the industry, of knowledge and statistics on animal movements and other livestock industry practices.

Local Government

2.1.19 Local authority trading standards departments are responsible for a wide range of enforcement activities in respect of animal diseases and animal welfare. The outbreak of foot and mouth disease required substantial enhancement of these activities, notably in relation to the enforcement of new rules on animal movements and biosecurity. From September, local authorities also took on the responsibility for issuing animal movement licences under the new controls. These responsibilities required close liaison between DEFRA and local authorities, principally through the trading standards co-ordinating body, LACOTS; and the establishment and funding of substantial additional licensing teams in County Councils and Unitary Authorities.

2.1.20 Local authorities also had lead responsibility for closure and reopening of rights of way and provided help to small businesses suffering hardship, by way of rate relief, with additional support from central Government.

The Police Service

2.1.21 The Police Service played an important role in supporting DEFRA throughout the FMD crisis. The Association of Chief Police Officers (ACPO) acted as co-ordinators for the service's national response to the crisis and established a national level co-ordination centre at Suffolk Police Headquarters to act as a focal point for this. Senior officers representing ACPO staffed a liaison cell in the Joint Co-ordination Centre to ensure that a national police operational perspective and capacity could be made available.

2.1.22 Those forces serving areas directly affected by the disease put in local command structures in order to manage their resources and maintain the flow of essential information to ACPO.

2.1.23 Much of the police work was at the practical operational level. Officers performed a range of duties associated with FMD, including enforcing bio-security, mediating between officials and animal owners and ensuring that those who needed to enter land for the purpose of slaughter could do so safely. The epidemic also became the focus for a number of protests such as in relation to carcase disposal, with which police were required to deal.

2.1.24 The epidemic also raised a number of cross-cutting issues; not least of which was the need to ensure that the firearms licensing system responded in a way that allowed the slaughter teams to perform their task effectively and within the law.

The Scottish Executive

2.1.25 Animal health is devolved to the Scottish Parliament and the Scottish Ministers are responsible for policy development and implementation. The details of the Scottish response to FMD are therefore provided in the Scottish Executive's separate response to the Lessons Learned Inquiry. Great Britain is however in most respects a single epidemiological unit; and the same EU and international requirements apply to all parts of the country. Veterinary services after devolution have therefore continued to be provided by a single GB State Veterinary Service; and the broad approach to FMD control policy was common throughout GB.

2.1.26 The relationships between the Scottish Executive and both DEFRA and the SVS are defined in concordats. These arrangements generally worked well. Where there was divergence in control policy and, more noticeably, implementation, this reflected the different circumstances of the disease in Scotland and the different roles of some of the agencies concerned. In broad terms there was a successful co-ordination of disease control and eradication work north and south of the border.

Co-ordination was achieved through close liaison between the Assistant Chief Veterinary Officer (Scotland) and senior SVS management in Page Street; Scottish Executive membership of COBR; frequent discussions between senior policy staff and involvement by the senior SE agriculture official in London meetings; and the deployment of an SE liaison officer to Page Street for most of the outbreak.

2.1.27 In addition to the disease control work there was some co-ordination on the economic relief and recovery work. The Scottish Executive was represented on the Rural Task Force. Whilst the actions emerging from the Rural Task Force were largely English based, significant support was provided to Scottish businesses by sympathetic assistance by the Inland Revenue and Customs and Excise. The Employment Service was also helpful in offering assistance to those made unemployed as a consequence of FMD and also in terms of providing some staff resources to assist the Scottish response to the outbreak.

2.1.28 The co-operation of the Scottish Executive and the UK Government continued once the disease had been eradicated in Scotland, particularly over the issue of re-entry into export markets. International and EU negotiations are reserved (by the Scotland Act) to the UK Government. There was close co-operation in pursuing the case for resumption of Scottish sheepmeat exports to European markets within the context of the efforts to achieve a progressive re-opening of markets for the whole of the UK in line with EU and OIE criteria.

The National Assembly for Wales

2.1.29 The National Assembly for Wales does not have the principal powers for dealing with Foot and Mouth Disease (FMD) under the Animal Health Act. This meant that, during the FMD crisis of 2001 its role was necessarily limited to a number of functions.

2.1.30 The Assembly's role in the first few weeks after confirmation of the first case was confined to:

- contributing to Government policy on disease control to attempt to bring in the Welsh dimension via regular contact between officials and agriculture Ministers and by posting a senior Assembly official at DEFRA's headquarters in London to ensure better communications between Whitehall and Cardiff;
- political handling of the epidemic in Wales. Assembly Ministers presented DEFRA's policies on disease control to farmers and the people of Wales;
- being jointly responsible for amending some legislation on issues such as closure of footpaths and animal by-products and

separately responsible for subordinate legislation under the European Communities Act 1972;

- providing field and administrative support staff to help the SVS in Wales at culling and disposal sites; and
- providing administrative staff to undertake licensing work at Wales' Divisional Offices on DEFRA's behalf.

2.1.31 From 26 March onwards, the Assembly was asked by DEFRA to provide, via a section 41 (Government of Wales Act), the Regional Operations Directorate to manage all operational aspects of the disease control response in Wales.

2.1.32 The general relationship between the Assembly and DEFRA is defined in a number of concordats which, together with the Section 41 arrangement outlined above, set out the framework between the two organisations. But in practical terms, the relationship was built around regular contact and agreement between officials and Ministers. The head of the SVS in Wales was in daily touch with senior SVS staff in London; the Assembly was represented at the JCC and COBR meetings and a liaison officer was situated full time in Page Street for the duration of the crisis.

SECTION 2

QUESTION 1
HOW ADEQUATE WERE THE CONTINGENCY PLANS AT NATIONAL AND LOCAL LEVELS FOR DEALING WITH FMD IN GREAT BRITAIN? WHAT WERE THE SPECIFIC STRENGTHS AND WEAKNESSES?

Foot and Mouth Disease Contingency Plans

2.2.1 This section describes the existing contingency plans which were implemented effectively at the outbreak of the epidemic. As a member of the EU, the UK complies with the EU agreed provisions governing the controls of foot and mouth disease. These include the preparation of a foot and mouth disease contingency plan, as required by Article 5 of Directive 90/423. This was sent to the Commission in 1991 and endorsed by them. It includes detailed veterinary instructions and guidance that are set out in Chapter 3 of the SVS's Veterinary Instructions, Procedures and Emergency Routines (VIPER). It is updated regularly, most recently in August 2000. The Directive lays down a framework for Member States when drawing up their individual contingency plans. The plan is available on the DEFRA website.

2.2.2 As with all other plans produced by Member States under this Directive the contingency plan was based on the expectation of an outbreak occurring on a similar scale to those previously experienced in Europe; but this outbreak was on a much greater scale. Other Member States are now considering how they should upgrade their plans to deal with the size of outbreak Great Britain experienced.

Coverage

2.2.3 The plan sets out the legislative framework for action against foot and mouth disease, financial provisions, national and local disease control centres, personnel resources, availability of diagnostic laboratories, epidemiologists and training exercises. It explains how awareness of the disease should be maintained among veterinary surgeons and farmers at all times.

2.2.4 It places responsibility for the control of foot and mouth disease in England and Wales with the Secretary of State for Environment, Food and Rural Affairs who is then able to delegate the direction of control strategies. National and local Control Centres are identified and their responsibilities explained; the facilities and stores necessary to deal with an outbreak are indicated and a list of proformas and public notices provided. The local centres are expected to liaise with local expert

groups with expertise in epidemiology, able to advise on cleansing and disinfection as well as carcass disposal.

2.2.5 The plan provides the framework for maintaining a state of readiness against a case of foot and mouth and for mounting a response to an outbreak. The structures and systems set up during the outbreak accord with the provisions of this plan.

VIPER - SVS Field Service Manual

2.2.6 VIPER provides guidance and procedures for dealing with diseases and all the other tasks that the Veterinary Field Service performs. The introduction explains that the Chapters consist of instructions and guidance. The instructions relate both to legislative, financial and administrative matters and to scientific matters. The guidance is drawn from experience and has been compiled to produce what is felt to be the best practice at the time. The Chapters are augmented in times of need by Action Notes, related to a specified finite task, and Emergency Instructions, which require immediate action.

2.2.7 VIPER is made up of over 50 chapters, most of which are available on the DEFRA intranet for vets and other members of staff. The chapters cover procedures for anthrax, foot and mouth disease, tuberculosis, bovine spongiform encephalopathy and many less well known animal diseases; animal welfare; import and export of animals and animal products; procedures for dealing with markets, sales and lairages and general procedural requirements such as work recording.

2.2.8 Chapter 3 on foot and mouth disease is very comprehensive. It is based on the EU agreed slaughter policy and disposal arrangements. The major part of the chapter was updated in August 2000, although changes were made during the course of the epidemic by Emergency Instructions. The Chapter covers in considerable detail all the information and guidance that it was considered would be needed in the course of an outbreak of previously experienced size; the legislative framework, the responsibilities of the headquarters, regions and divisional veterinary managers, reporting and confirming disease, moving diseased material for testing, dealing with the disease in slaughterhouses and in markets, valuation, labour and plant, including health and safety aspects, slaughter and disposal, cleansing and disinfection, epidemiology, restocking and withdrawal of restrictions. These sections set out in some detail the tasks that have to be undertaken and the way in which they should be pursued.

2.2.9 Chapter 3A, dealing with ring vaccination was prepared in 1998 and, as a working document, provided the basis for the consideration of

vaccination. It was not issued to veterinary field staff, but held in reserve for issue should a vaccination programme be initiated. It has now been placed on the DEFRA intranet.

2.2.10 With VIPER Chapter 3 as a basis for managing the outbreak Emergency Instructions (EIs) were issued to reflect changes as policy developed and experience gained in combating the disease in the field. The scale of the outbreak and the need to address different aspects of animal husbandry during the year in relation to the state of the epidemic at that time meant that during the course of the outbreak over 200 EIs were issued. These covered issues such as animal welfare, sheep shearing and dipping, licensing of animal movements and provision of cleansing and disinfection facilities, as well as action in relation to policy developments.

Local Contingency Plans

2.2.11 Each Animal Health Office is required to have contingency plans for foot and mouth disease and other diseases which were all checked and updated in 2000. These focus on ensuring that all the local information that might be needed in the event of an outbreak is readily available and that the local office knows how to implement the veterinary instructions. The plans should be discussed with the appropriate parts of the local authority probably those responsible for enforcing the movement restrictions. The plan includes the necessary forms, administrative information and local names and contact numbers for local authority animal health inspectors, LA Chief Executives, coal and timber merchants, markets, milk depots and creameries, local large animal vets, road hauliers, hunts, and staff's home numbers. These plans, together with Chapter 3 from VIPER, covering the veterinary/scientific guidance and advice provide the information necessary to deal immediately with an outbreak of foot and mouth disease and engage local stakeholders and resources. Local exercises are undertaken to ensure that the information is up to date and can be put into use.

Simulation Exercises

2.2.12 Simulation exercises are required under the contingency plan and are used to test, develop and improve plans and enable staff to become familiar with the tasks required in an emergency. Practice in dealing with outbreaks of disease is undertaken at a number of levels. Local small scale desk exercises focussed on particular aspects of handling disease outbreaks, such as tracing the movement and location of animals from market records, are as necessary to effective management of an emergency as the larger scale exercises which involve headquarters, as well as local authorities. The last major exercise, organised by the DVM Inverness in Thurso in 1998 involved the local authority, police, Scottish

Environmental Protection Agency, the Water Board and the milk purchaser and was, like all others, fully reported, lessons identified and recommendations made on improvements in the procedures.

2.2.13 The Classical Swine Fever outbreak in 2000 provided valuable experience for many in the SVS for managing a locally based epidemic. This experience fed into the way the FMD epidemic was managed. During the FMD epidemic all the DCCs developed their structures, organisation and management to reflect their experience. Desk instructions were further developed for the hundreds of newly appointed staff; and formal process mapping undertaken to assist in the management of the complex organisation necessary to deal both with the compensation claims and administration arrangements and the physical requirements of offices where cleansing and disinfection for staff returning from the field was of paramount importance. DCCs are all ensuring that their experience is recorded to contribute preparations for future disease outbreaks.

SECTION 3

KEY QUESTION 2: HOW EFFECTIVE AND TIMELY WAS THE GOVERNMENT'S RESPONSE TO THE EMERGING CRISIS NATIONALLY AND IN LOCAL COMMUNITIES?

Introduction

2.3.1 This section deals with the organisation and structures of the Government's response. It explains how it was managed and developed over time and across the country. Policies on slaughter, movement restrictions, valuation and disposal and cleansing and disinfection are set out in relation to the answer to question 7.

Organisation - Initial Structure

2.3.2 At the start of the epidemic in line with contingency plans and with practice throughout the outbreak of classical swine fever in 2000, responsibility for control of the outbreak lay with the State Veterinary Service (SVS), headed by the CVO in MAFF. This is in line with the contingency plan developed under the EU Directive. Within the SVS responsibility for controlling the disease in the field - identifying, reporting and confirming the disease, epidemiological enquiries, tracing movements of animals, people and vehicles, slaughter and disposal, valuations, cleansing and disinfection all lay with Divisional Veterinary Managers (DVMs) and their staff at the Animal Health Divisional Offices. At the start of the outbreak there were 23 AHDOs headed by DVMs who are responsible in their division for implementing animal health and veterinary policy. They reported to the five Heads of Veterinary Services (HVSs) - Scotland, Wales (in the person of the ACVO Wales) and England, North, West and South who report to the DCVO (Services).

2.3.3 Policy on the management of the disease lay with the CVO, supported by policy administrators in Animal Health Group and veterinary advisers in the DCVO's HQ Veterinary Policy Group. The DCVO was also responsible for relations with the European Commission, the Standing Veterinary Committee, and international interests. (The development of disease control policy - as opposed to operational conduct of that policy - is discussed in Section 2.7 of this paper).

2.3.4 Policy and operational responsibilities in the Animal Health and Environment Directorate were united, reporting to Ministers and the Permanent Secretary as in the organogram showing the lines of responsibilities in February/March 2001. As indicated in the chronology, a Departmental Emergency Control Centre (DECC) was set up immediately at Head Office, and Disease Control Centres (DCCs)

were established within Animal Health Divisional Offices wherever disease emerged. The CVO held daily co-ordination meetings in Page Street; Ministers were briefed daily, if not hourly; the CVO and the Minister gave daily press briefings; Ministers reported weekly to Parliament in statements, questions or debates.

Departmental Emergency Control Centre

2.3.5 A National Disease Control Centre was established on 21 March 2001 in the Departmental Emergency Control Centre located in Page Street. It became known as the DECC. The DECC was staffed by vets and a team of administrators. Its function was to receive reports of disease from vets in the field and to confirm disease on behalf of the CVO, either on the basis of a clinical report alone or a receipt of positive laboratory results. It was responsible for collecting and co-ordinating initial case data, authorising the slaughter of dangerous contact animals and in conjunction with the Epidemiological Unit, advising on the setting up of infected areas. It was responsible for interpretation of FMD laboratory results. Its initial databases formed what was to become the Disease Control System (DCS) databases. The DECC Serology Unit was responsible for audit of the serological surveillance, interpretation of laboratory results and giving veterinary clearance to lift infected areas.

Geographical Information System (GIS) Unit

2.3.6 A GIS Unit was set up immediately as part of the DECC, building on the capability developed during the Swine Fever outbreak. GIS systems were also put into DCCs. The GIS systems were linked to a number of departmental databases and the Units were able to produce high quality maps showing the location of infected premises, the limits of infected areas and maps of the disease, progress of serology and other disease control activities.

Epidemiology Unit

2.3.7 A central Epidemiology Unit was also established as part of the DECC. It included departmental field epidemiologists with international experience of dealing with FMD control and Professor John Wilesmith, Head of the Epidemiology Department at VLA, Weybridge, as well as departmental vets with postgraduate qualifications in epidemiology and seconded international veterinary epidemiologists. In the field it was supported by a mobile team of veterinary epidemiologists who collected the fundamental case data for analysis by the central unit to determine the characteristics of the epidemic and to advise on control strategy. The Unit used the Interspread model to model the epidemic and predict the likely spread of disease and the size of the epidemic in different control strategy scenarios.

Risk Assessment Unit

2.3.8 At the beginning of March the CVO established a Risk Assessment Unit. Its task was to:- consider the risks posed by particular activities; to identify ways in which those risks could be managed; and to make recommendations which could be used by policy makers when deciding on action as the epidemic progressed. In formulating the risk assessments expert advice and opinion was obtained from VLA's Risk Research Unit and Pirbright and risk management options were discussed with industry stakeholders. The risk assessments were published on the DEFRA website.

State Veterinary Service (SVS)

2.3.9 As the epidemic developed during March, full time members of the SVS were augmented by the employment of private vets and vets from overseas as Temporary Veterinary Inspectors (TVIs). The pre-existing total complement of the SVS of about 300 vets and 117 TVIs was increased during March to over 1,200 including vets from overseas. Later in the epidemic the numbers of vets increased still further to over 2000. Advice to DVMs on recruitment of additional TVIs was circulated on 23 February. An advertisement in the Veterinary Record and letters from DVMs to local practices resulted in many applications from veterinarians to become TVIs. By the middle of March over 500 had been received and were being processed.

2.3.10 Assistance was provided by over 550 foreign Government vets on secondment from 22 countries. An international agreement exists between the UK and Australia, New Zealand, Republic of Ireland and Canada whereby veterinary surgeons assist the other member countries in the case of serious notifiable disease. A revised draft agreement includes the USA and extends the assistance to other key personnel. These countries provided tremendous assistance. Veterinary staff from many EU and non-EU countries also provided assistance. The experience these state vets brought was invaluable and meant they could play key roles with minimal training. The first overseas vets, from the Republic of Ireland, arrived on 2 March and the first from the USA arrived on 6 March. The foreign government vets stayed 3-4 weeks on average and, in the case of the international agreement countries, were replaced after this time. This enabled clean vets to be provided at regular intervals.

2.3.11 Although the number of vets could be increased by employing TVIs the relatively small number of administrative and technical staff in the SVS was not adequate to cope with the tasks that the growing epidemic was imposing.

Disposal

2.3.12 Disposal presented difficulties from the start of the outbreak. As the first case was confirmed in a slaughter house the carcases had to be moved for disposal to a rendering plant in Kent. While the disposal methods used in the 1967/8 outbreak were followed for subsequent outbreaks, work was started to bring rendering on stream through urgent discussions with renderers, and work on biosecurity haulage.

2.3.13 Protocols for loading and leak testing lorries, emergency procedures during transport, and biosecure operating procedures for rendering plants were in final form by 14 March. These protocols stood the test of time and were used virtually unchanged until the end of the outbreak. The 6 selected rendering plants with site specific biosecurity measures came on stream progressively between 9 March and 28 March, offering the disposal route of choice throughout the outbreak. The "traffic master" system established at this time with the RPA by which disposal requests were prioritised and vehicles allocated to transport carcases to offsite disposal remained in operation throughout the outbreak.

Enhanced Structure

2.3.14 It became clear in the middle of March that the size of the outbreak was placing impossibly heavy demands on the resources, management and organisational capacity of the SVS. In particular, scarce state veterinary resources at head office and in the field were being diverted by management tasks which did not require professional veterinary judgements, such as the disposal of carcases, the handling of local interest groups and media, and the improvement of management information. Essential veterinary management tasks – the handling of incoming veterinary volunteers, the prompt diagnosis of reported cases, following up tracings, the interpretation of epidemiological information – were at risk of suffering.

2.3.15 The need to have a greater range of disposal options also became important as the number of carcasses requiring disposal increased. There was a need to seek centrally organised large scale solutions to disposal issues, through such means as contracts with rendering plants and the consideration of large scale burial.

Separation of Policy and Operations

2.3.16 It was therefore decided, so far as practicable, to separate veterinary policy and operational functions, both at head office and in the field. This would make the best use of scarce veterinary resources, and increase the effort which could be applied to critical operational issues downstream from the epidemiological, disease control and diagnostic judgements which had to be made by vets. To this end, a Director of

FMD Operations was brought into head office in mid March, alongside the CVO and Head of Animal Health, reporting to the Head of Animal Health and Environment Group. This post developed on 26 March into the Head of the JCC (see paragraphs 2.3.25-29 below).

2.3.17 In the field, Regional Operations Directors (RODs) were similarly introduced, alongside the Divisional Veterinary Managers. The Regional Operations Directors - members of the Senior Civil Service - were charged with organising the administrative input, managing the non-veterinary activities such as slaughter and disposal, valuations, cleansing and disinfection, building up links with Government Offices and local authorities, explaining Government policy to local communities and farmers and listening to their concerns and dealing with the media. The first RODs were appointed on 19 March to Cumbria and Devon. Others were subsequently appointed in Scotland (20 March) (where responsibilities were defined rather differently); Chelmsford, Wales, Gloucester and Leicester (on 26 March); Worcester, Newcastle and Stafford on 27 March and Leeds on 28 March. Later appointments were made in Preston and Taunton.

2.3.18 The RODs and DVMs had complementary responsibilities and worked in parallel to manage and lead an integrated office. The building up and management of the DCC structure and organisation was not prescribed by headquarters, but delegated to those on the ground so that the most effective operation could be developed, taking into account the resources, in terms of the availability and skills of the staff, the accommodation and the demands imposed locally by the size of the outbreak. The DCCs were nearly all based at existing Animal Health Offices, although the size of the offices rapidly exceeded the available space in all locations. Derelict offices in Leeds were upgraded and pressed into service; the Carlisle office spread into 53 portacabins and elsewhere space was borrowed from other departments. The Carlisle AHDO had been the office responsible for Northumbria so the decision to establish an office at Newcastle to increase the efficiency of the operation there, led to an office of 200 people being brought together into full operation in two weeks. It later grew to over 500.

2.3.19 Staff were loaned to DEFRA from many other departments following central commitment to a Government wide approach. Staff were also loaned from local government and more were recruited through the Employment Service and local commercial agencies. When the epidemic was at its height, over 7,000 staff across the DCCs and Animal Health Offices, excluding TVIs, the armed forces and contractors, were wholly engaged on FMD. In Newcastle, because it was a new office, never more than 10 were originally DEFRA staff, but all worked

together to ensure an effective team. The Government Offices played a significant role by their contribution to setting up, managing, staffing and supporting the DCCs.

The Armed Forces

2.3.20 The initial contact between MAFF and MoD occurred at Ministerial level on 20 February, warning of the possible requirement for military support. In parallel a number of informal contacts were made at local and regional level between MAFF offices and the MoD command structure (informal contacts between the Scottish Executive and Army Headquarters took place separately in Scotland from 5 March). Although there was much media and public interest in military involvement, the early stages of the epidemic presented no obvious opportunities for military participation. Initial efforts therefore focussed on the identification and utilisation of specialist military resources which might be of use, taking into account their specialist skills. In this context, requests in early March for the possible deployment of snipers to assist in culling large pig farms was agreed in principle, but they were not in fact required. The MoD, in response to a request for veterinary support, deployed 4 vets (all that were available) from the Royal Army Veterinary Corps on 14 March.

2.3.21 A more significant deployment of the armed forces was however agreed in principle at a meeting of MAFF and MoD officials on 14 March which identified a crucial gap the armed forces could fill. Throughout the epidemic both the volume of specialist civil resources and the requirement for resources vastly exceeded the volume of available military resources. But, it was important to mobilise civil resources effectively for key tasks. By 14 March it was apparent that the logistic and organisational capability of the armed forces would be of value if applied to the mobilisation task, bringing civil resources into play. As a result of the 14 March discussion, two officers from MOD's logistics organisation visited MAFF HQ in London to define in greater detail the contribution the armed forces might take. Troops were deployed on these tasks, initially to Devon and Cumbria, from 19 March, and a headquarters element of 101 Brigade (approximately 25 personnel) was deployed to MAFF Headquarters on 23 March to assist with logistic co-ordination and planning.

2.3.22 The Defence Council Order of 20 March approved the deployment of the armed forces "to supervise destruction of the carcasses of animals slaughtered as a result of the current outbreak of FMD, on behalf of MAFF, in Cumbria, Devon and adjacent districts". This remit was subsequently widened to include the possibility of direct armed forces' involvement in most stages of the eradication process. A Defence

Council Order of 28 March approved armed forces' assistance to MAFF "to support their efforts to eradicate FMD in the UK, undertaking those tasks to which they are suited, where the need is urgent".

2.3.23 By 1 April, 1,000 personnel from all three services were deployed, rising to 2,100 by 15 April. Thereafter the military contribution gradually reduced until by 3 June 550 troops were deployed, by 17 July 120 troops and by August less than 30 were deployed - in Wales. Additional troops were brought back to Northumberland in late August and early September in response to further outbreaks. The 101 Logistic Brigade detachment withdrew all but two of their staff from DEFRA between 18 and 20 June. The remainder withdrew on 6 July. However the armed forces remained on 24 hour availability until the Government declared the emergency over.

Integrated Management and Control

2.3.24 Obviously the MoD was the only department or agency involved with a military command structure. This provided the armed forces support and ran from MOD, through Land Command to divisions and brigades in local areas and regions. Within each DCC the armed forces, the administrative teams headed by the RODs and the veterinary teams headed by the DVMs worked together to tackle the problems with mixed units contributing to animal gathering and slaughter management, disposal and cleansing and disinfection. All the separate elements were co-ordinated by the Joint Co-ordination Centre where 101 Logistic Brigade worked closely with MAFF and other staff in the same office, and this, together with the co-operation and integration at DCC level, made the organisation work effectively.

Overall Co-ordination and Direction

2.3.25 The Prime Minister was closely involved from the outset, with almost daily meetings with the Minister of Agriculture and the CVO and meetings of Ministers on disease control strategy. On 20 March he initiated daily interdepartmental meetings chaired by MAFF Ministers to drive forward the control operations. Once it had become clear the outbreak was of a national scale and of crisis proportions, the Cabinet Office Briefing Room (COBR) was opened.

2.3.26 Meetings in COBR were held between 24 March and 7 May on a daily basis (twice a day and at weekends over the first few months). Meetings were attended by Ministers and senior officials, with the Prime Minister, the Secretary of State for Defence or a DEFRA Minister usually in the Chair. COBR meetings took decisions on operational matters and did not address policy issues which remained a matter for departmental Ministers and the Cabinet. The Secretariat of COBR, provided by the

Cabinet Office, produced notes setting out decisions and actions required. The Secretariat also monitored progress against these notes and set the agenda for each meeting accordingly, in consultation with the JCC.

2.3.27 COBR's primary function was to support the operational efforts to eradicate FMD. It kept a check on the progress of the epidemic; the availability and deployment of resources to tackle it; the establishment of targets, for example on culling policy, to ensure that policies were fully implemented; the options and use of disposal outlets particularly in relation to the impact these had on the environment and public health; and on public perception of the disease and the opening up of the countryside. COBR commissioned key management information from MAFF/JCC which then provided the information needed about the epidemic and its eradication to inform operational decisions. It provided the forum at which the Chief Scientific Adviser gave his advice based on discussions in the Science Group on a number of scientific issues, including epidemiological modelling, which was a major factor in deciding the operational targets designed to bring the epidemic under control.

2.3.28 Another important function of the COBR meetings was to ensure that across the various Whitehall Departments the Government's response to FMD was properly co-ordinated. All departments with a role to play were invited to attend, as were senior officials from key agencies such as the Environment Agency, the CVO and the Government's Chief Scientific Adviser, and representatives from the Scottish Executive and National Assembly for Wales. Other players such as the FSA were brought in as issues evolved. When necessary information to and from external sources such as local authorities and the police was channelled through COBR by the relevant sponsor Departments. The Foreign and Commonwealth Office also attended on a regular basis to ensure the International situation was taken into consideration.

2.3.29 The News Co-ordination Centre was also established to co-ordinate press briefing across Government Departments on all aspects of the epidemic and its impact and issue daily press briefs.

2.3.30 As the epidemic tailed off, COBR meetings became less frequent, although it was still meeting twice weekly through September. After 11 September responsibility for managing the meetings passed to DEFRA which continued to run them at least fortnightly, with participation from the same range of departments (although usually at official level) into February. In the later stages they have focussed more on planning for

the autumn movements regime, but have kept a check on the late outbreaks of the disease.

The Joint Co-ordination Centre

2.3.31 The Joint Co-ordination Centre was established on 26 March to co-ordinate the disease control operation across the country and to co-ordinate the departmental input into operational policy from departments across Whitehall. The JCC was headed by the Director of FMD Operations who became the Director of the JCC reporting to the Head of Animal Health and Environment Directorate. He was assisted by two Deputy Directors - the Commander of 101 Logistic Brigade and another MAFF official.

2.3.32 The function of the JCC was to provide and maintain an accurate ground picture of progress of the campaign, provide a liaison network to facilitate the rapid dissemination of instructions and information to the field and present information on the operation to all interested parties. It provided centralised input to issues where this was necessary such as the development of disposal policy, options and management of operations development of a traffic handling facility and the centralised purchasing of resources. The JCC was in constant contact and received daily reports from all the DCCs, reported formally to them in response. It produced a daily report to COBR on the state of the epidemic, the resources deployed, the effectiveness of the operation, (the culling and disposal targets) disposal options, costs and on measures being taken to return the countryside to normality.

2.3.33 The JCC was run as the operations headquarters. Cells, physically co-located in the same open plan office, were created and staffed to deal with the various operational functions e.g. current operations, disposal, duty lawyer, veterinary liaison, press briefing and liaison, cleansing and disinfection, procurements and contracts and, distinctively, several cells staffed by other departments and representing those departments to ensure effective co-ordination. These departments and organisations included the Regional Co-ordination Unit (RCU), the Employment Service, DETR-Environment including waste policy and management (which later became part of DEFRA), DETR-Transport, Department of Health, Environment Agency, MOD, DERA, the Association of Chief Police Officers, and the NFU. The NFU provided valuable information on the impact of policies on the ground directly to those responsible for developing operational plans.

2.3.34 Wider co-ordination was achieved by the introduction of thrice daily "Birdtables" which spread the co-ordination net across policy as well as operations and to which other departments continued to contribute long

after the decline in the epidemic meant that they no longer maintained a cell in the JCC. The JCC therefore provided co-ordination within MAFF/DEFRA, across Whitehall and between COBR and the organisation on the ground. The Army and civil servants worked side by side in joint teams and the whole worked effectively and successfully.

2.3.35 The JCC continues to function. The tasks have altered as the epidemic has changed with a value recovery team being established and other teams being wound down. The Reports continued on a daily basis until Christmas 2001 when they became twice weekly, but still go across Whitehall and to Ministers and senior officials. At the same time the JCC receives daily reports from all the DCCs and deals with their queries and concerns. It has remained the functional centre of FMD operations.

Relations with Stakeholders

2.3.36 The Government's response to the crisis has lain not only in the development of its operational strength, but also in its relations with stakeholders. In MAFF, from early in the outbreak, Ministers, the CVO and officials with animal health policy responsibilities have had weekly meetings with representatives of the main stakeholders including the farmers' unions, representatives of other affected industries, animal breeders' associations, valuers, auctioneers and local authority organisations. These have enabled updates on the disease to be provided and questions answered, discussion of the way policy is developing and information on the implementation on the eradication policies to be provided and discussed. They are a valuable means of exchanging views and information and have ensured both that those most affected have been kept informed and that policy has been developed with an understanding of the problems of those affected. These have been replicated across the country on a local and regional basis by RODs supported by GOs.

2.3.37 Separately, the Rural Task Force, chaired before the election by the Minister for the Environment in DETR and supported by DETR officials, brought together representatives of the Government Departments and agencies (including the devolved administrations) and stakeholders with an interest in the broader rural economy and communities, including representatives of small businesses, tourism, the National Trust, women's institutes and churches. The Task Force was closely involved in monitoring the impact on the rural economy, developing the successive packages of assistance to rural small businesses, and developing measures and guidance to enable pressing for access to the countryside to be restored as soon as practicable.

Local Communities

2.3.38 In the early days of the outbreak the focus of communications from the Animal Health Offices was on keeping individual farmers and those directly affected by the outbreak aware of what was happening. Pressure on resources meant that less effort went to providing information more generally to the local community. The Government is aware of criticisms that have been made by local authorities, public health authorities and community groups that their information was less than adequate for a full understanding of the disease and its likely impact. The increasing need became apparent and one of the main tasks of the RODs was to improve the linkages with local authorities and Regional and Local Directors of Public Health and to ensure that local groups were informed. This they did: RODs attended meetings and briefed media to inform local people and explain policies, to listen to concerns, for example, over the development of mass burial sites and to engage local people in the battle against disease. Local information handling was aided very substantially by the appointment of Information Officers from COI to work within the DCCs. Information at national and county level has also been provided on the MAFF/DEFRA website set up on 20 February.

2.3.37 Liaison with other authorities has developed as the epidemic has developed. Many DCCs have effective relationships with local authorities, particularly in relation to the enforcement of movement restrictions, to the licensing of animal movements and in enforcing restricted infected areas where close working relationships were necessary. The Autumn movement controls and the licensing of a wide range of movements relied on the effective co-ordination of local authorities and DCCs and despite initial computer system problems the working relationships have been effective.

SECTION 4: HOW READY WAS THE FARMING INDUSTRY TO HANDLE A MAJOR INFECTIOUS DISEASE LIKE FMD AND DID THE EXISTING NATIONAL AND EU REGULATORY REGIMES HAVE ANY INFLUENCE? WHAT MORE COULD BE DONE TO PREPARE FOR POSSIBLE FUTURE OUTBREAKS OF INFECTIOUS DISEASE

2.4.1 The British livestock industry has responded to market signals to produce meat and other livestock products more efficiently and at lower cost. This has led to larger holdings and higher stocking densities in some areas. The high rainfall climate of the British Isles is more suited to producing sheep cost effectively than the rest of the EU. Encouraged by the Sheep Meat Regime of the CAP, the industry has increased stocking levels over the past 30 years to unprecedented levels to become the principal supplier of extensively reared lamb to the EU.

Cattle

2.4.2 The cattle population has declined by around 30% over the last 30 years from 14.5 million to 11 million. Most of this decline is in the dairy herd as milk yields per cow have improved, with the beef herd remaining fairly constant. Beef production cycles have been significantly cut in some systems as producers have become more efficient, although the traditional production of finished cattle which can take up to 3 years from calving to final sale is still widely practised. Overall, the seasonality of production is much less marked and finishing times can vary from 11-14 months for young bulls from the dairy herd to 18- 30 months for specialist beef from the suckler herd.

2.4.3 In the dairy industry the use of bulk tankers for all milk collection with tankers entering farmyards to collect the milk is a major change from the position 30 years ago when churns were collected at the roadside by a milk lorry; this change has brought with it greater problems for biosecurity. All cattle are individually identified and the requirement to notify the British Cattle Movement Service (BCMS) of all significant movements, which was developed in the aftermath of BSE, has allowed relatively easy traceability of animals.

Sheep

2.4.4 The sheep population has grown dramatically. Before FMD the UK had a total sheep flock of some 43 million at the peak of the summer season of which there were about 21 million breeding ewes. This is based on the UK's EU premium quota for breeding sheep which stands at 19.5 million. Spain, the next largest producer in the EU has 18.5 million breeding ewes with a quota of 19.6 million but the majority of their lamb is reared intensively to light weights on cereals.

2.4.5 The sheep sector is now the most mobile part of the modern livestock industry. Sheep production is largely extensive, but highly structured within the stratified breeding system unique to the UK. Because (unlike other livestock) sheep are seasonal breeders, lambing traditionally takes place in the Spring from January in the SW lowlands of England through to late May in the more inhospitable hills of Cumbria, North Wales and the Scottish Highlands. This means there is a steadily increasing supply of finished lamb onto the market from April through to the start of the following season – again starting in the South and moving North. The supply peaks in the late summer and autumn.

2.4.6 Because the supply of UK lambs and lamb carcases has developed into a major business within the EU there is a demand for lambs from different parts of the country throughout the year for domestic consumption and export. This means that finished lambs have to move longer distances from their holdings to the markets and slaughterhouses. In addition, there is a substantial movement of breeding stock within the stratified breeding system. Hardy hill breeds of sheep bred and reared on the hills of North West England, Scotland and Wales are moved to improved upland farms to be crossed with longwool breeds, to produce breeding ewe lambs which are then sold as commercial breeding stock to lowland producers, usually further to the South and East. There they are crossed with more meaty breeds of ram to produce carcasses for the domestic market. Towards the end of the season (January to March), depending on prevailing prices, some of the slower growing lambs could change hands and be moved several times to where there is available feed before being slaughtered. At each stage of breeding there are the by-products of the system which are the unwanted males, which are more suited to specific export markets and will normally be moved large distances.

2.4.7 Another category of movements are breeding sheep which are brought off the hill to be overwintered on lower ground before being returned to the hill in the spring. Sheep, unlike cattle, are not traded in small groups, but in batches of up to 100 or more. Good transport links, large lorries and the imperative to make a profit, result in sheep moving rapidly over long distances and across international borders. Sheep from different farms are mixed to create uniform batches, so vastly increasing the number of animal contacts.

2.4.8 Although the EU Commission is seeking to improve the identification and tracing of sheep, and the UK supports this intention, the size of the exercise in the UK and the impracticality of recording individual identifications of large numbers of sheep scattered over huge areas of land means that the UK Government believes that such identification

would only be practicable if it were electronic. Work is already in hand in the EU and research into different possible identification systems sponsored by the EU will be reported to the Commission soon.

Pigs

2.4.9 UK pig numbers have fallen by almost 50% in the last 30 years in the face of fierce competition from more intensive production in other EU countries and the more demanding animal welfare legislation in the UK. The pig industry is now highly concentrated in the eastern arable counties of England with many fewer in the western more grass dominated areas of the country. A large proportion of the breeding herd (up to 30%) are kept in outdoor systems. More recently, as a result of market pressures, an increasing number of fattening pigs are also being kept in outdoor, more extensive units, although the overall figure is still low. Legislation introduced in 1975 to combat swine vesicular disease introduced a 21 day delay between pig movements and this has acted as an effective break on foot and mouth, giving time for clinical signs to develop and be reported before other premises are put at risk by the movement of store or breeding pigs. Most pigs move within a breeding "pyramid" and their movements, under relatively intensive conditions, are closely controlled and checked.

Markets

2.4.10 There have been other changes in the livestock industry. The concentration of livestock markets and slaughterhouses in the last 30 years has contributed significantly to the increase in distances covered during animal movements. There are only around 170 markets in the UK today, compared with over 800 in the early 1960s. Although there are fewer markets, the percentage of sheep sold through them has stayed constant at around 50-55% over the last 40 years. This reflects the dispersed nature of the industry and the practice of batch marketing and sales. As a result of these changes, sheep now travel further, are sold in larger markets and come into contact with more animals in the process than ever before.

Slaughterhouses

2.4.11 The rationalisation of the slaughterhouse sector has been similar both for sheep and other species. There are now fewer than 500 slaughterhouses, compared with over 3,000 in the late 1960s and many of them are now highly automated single species plants. This trend has resulted from the need to reduce costs through economies of scale in order to compete on the EU and global markets, rising hygiene standards following Britain's membership of the EU and the growing importance of large multi-national supermarket chains who prefer to buy large volumes from a limited number of quality assured suppliers. Whilst

animals have to travel greater distances they are all destined for slaughter, unlike those passing through the markets. There has been a steady increase in the numbers of livestock sold direct to slaughterhouses from the farm of origin without passing through markets over the past 20 years, and now 97% pigs, 63% cattle and 46% sheep are sold direct to the abattoir.

SECTION 5

ONCE THE SCALE OF THE CRISIS BECAME CLEAR, WAS THE RESPONSE PROPORTIONATE TO THE IMPACT ON THE WIDER RURAL AND UK ECONOMY?

2.5.1 It was recognised early in the outbreak that the control measures were having a major impact on inbound overseas tourism and countryside recreation. On 1 March the Countryside Agency publicly estimated that rural businesses would suffer losses of £2 billion. On 6 March, DCMS, MAFF and DETR Ministers met the English Tourism Council, the British Tourist Authority and the British Hospitality Association to review the impact of FMD on the tourist industry.

2.5.2 On 14 March the Prime Minister announced that he was setting up a Rural Task Force to advise the Government on the impact of foot-and-mouth disease on the wider rural economy and the first meeting took place. The Task Force had the following terms of reference:

"To consider the implications of the outbreak of foot-and-mouth disease for the rural economy, both immediately and in the longer term, and to report to the Prime Minister on appropriate measures. In particular to:

- *identify the problems that the FMD outbreak is causing for the wider rural economy;*
- *draw up specific guidance for the public and businesses in accordance with veterinary advice;*
- *identify any initiatives - e.g. from the Rural White Paper - whose implementation might be brought forward to help those caught up in the crisis;*
- *identify potential new actions which would help to kick-start the rural economy again once the outbreak had been eradicated."*

2.5.3 Until the General Election the Task Force was chaired by Michael Meacher, Environment Minister in DETR; thereafter by Alun Michael, Rural Affairs Minister in the newly-established DEFRA. It comprised representatives from a range of Government departments and agencies, and from stakeholder bodies including tourism, farming, local government, small business, conservation and community interests.

2.5.4 The Task Force was established as a UK-wide body and Ministers from the devolved administrations participated. However, its work focused primarily on England, and it was for the devolved administrations to decide whether to follow similar policies or adopt their own measures.

2.5.5 The Task Force sought urgently to develop measures that would assist the non-farming rural economy. These included deferral of tax and VAT from affected businesses, support for affected local authorities to grant emergency business rate relief, and the establishment of the Business Recovery Fund and are set out in detail at paragraphs [ ] below. They also included measures to encourage the reopening of footpaths and other visitor attractions in rural areas such as shows, historic houses, wildlife parks and zoos.

2.5.6 The area worst affected by the outbreak was Cumbria. The Prime Minister appointed Lord Haskins to act as Rural Recovery Co-ordinator to help local authorities and other agencies there, and he began work on 14 August. He was asked to plan for economic recovery, and consider what lessons were applicable to other severely affected areas. Lord Haskins' report, "*Rural Recovery after Foot-and-Mouth Disease*", was published on 18 October.

2.5.7 The final report of the Rural Task Force, "*Tackling the impact of foot-and-mouth disease on the rural economy*" was published on the same day, containing both a review of the impact of FMD on the rural economy and of the measures the Government had taken to address it, and recommendations for assisting the rural economic revival.

2.5.8 The Government responded immediately by accepting Lord Haskins' recommendation that further short-term assistance was needed, and announced a further increase in resources for the Business Recovery Fund (see paragraph [ ]). A comprehensive response to both reports was published as "England's Rural Future" on 13 December.

Impact on the Rural Economy

Assessing the impact

2.5.9 Obtaining dependable information on the way businesses were affected was difficult because of their small size and dispersed nature, although trade organisations and local task forces provided initial information. Complicating the analysis was the fact that most of the economic activity was displaced, rather than lost; instead of visiting the countryside, people from urban areas were going to the seaside or shopping instead. The activity generated in combating the outbreak also had a significant economic impact.

2.5.10 The Government's estimate of the impact of FMD on the economy as a whole, published in the 2001 Pre-Budget Report, was that it had reduced UK GDP by less than 0.2 per cent. However, [refer to David

Thompson's paper on impact on tourism and local economies if published]

2.5.11 It is acknowledged that movements in national economic indicators such as GDP mask the impact of the outbreak in the hardest-hit rural areas, and it was clear that at a local level (such as among tourist businesses of Cumbria and Devon) the immediate impact was very severe. Over 40% of businesses in Cumbria, Devon and Cornwall surveyed in April/May reported that they had been adversely affected, compared to 30% in the South West and North West as a whole. Over a third of affected businesses in the South West said they had lost more than a quarter of their revenue, and 20% of those affected in Devon said they had lost more than half. Three-quarters of hotels in the South West reported a fall in turnover.

2.5.12 The effect on overall unemployment in Cumbria and Devon was, however, muted (probably because of high levels of self-employment and because the jobs lost in tourism were mainly seasonal or casual). The FMD outbreak had little perceptible impact on labour market data. Indeed, the latest figures show the unemployment rate (as measured by the claimant count) was 0.2 percentage points lower in Cumbria and Devon and 0.7 points lower in Dumfries and Galloway in January 2002 than in the same month a year earlier. [Can we quote June 2000 – June 2001?]

2.5.13 Department of Trade and Industry data on insolvencies also suggest little impact. In only one company insolvency case in the second quarter of 2001, and two in the third quarter, was FMD identified as the primary or secondary cause of failure. For individual insolvencies, FMD was cited as the primary cause in 7 cases, and as the secondary cause in 33 cases. Corresponding figures in the third quarter were 3 and 16.

2.5.14 Because of the difficulty in obtaining reliable data, DETR asked the Government Offices in each Region to commission surveys. These suggested that about a quarter of all firms were adversely affected by FMD to some extent whereas three quarters of affected firms had neither laid off staff nor reduced working hours (at the end of April). Across the country small and large firms were equally likely to have lost income, but adversely affected small firms tended to lose a larger proportion than larger firms.

2.5.15 DEFRA commissioned further survey work on the economic impact of FMD from Prism Consulting in September. This surveyed the impact in two districts in each of the South West, North West and East of England. Results are broadly similar to those of the earlier regional surveys.

Around 40% of businesses in areas with widespread outbreaks of FMD reported being adversely affected, compared with 15% in areas with few or no outbreaks. The agriculture-related and hotel and restaurant sectors had the highest proportion of affected businesses, followed by retail and manufacturing. Among affected businesses, 44% described the impact as severe or very severe, with 21% reporting the loss of over half normal sales revenue between March and August. While most affected businesses reported that they remained profitable, 13% reported that an expected profit had turned to loss. However, two-thirds expected to be back to "business as usual" by mid-2002.

2.5.16 **Farming.** In addition to the direct impact on farmers whose livestock was culled, and those subject to restrictions, there was a large drop in demand for farming support services, notably haulage. Some offsetting benefit came from the use of local contractors for disease control work including slaughtering and cleansing and disinfection.

2.5.17 **Tourism.** In the early stages of the outbreak, hotels and other tourism-dependent businesses almost everywhere, including London, were affected by the fall in overseas visitors. An East of England economic impact survey in May reported 20% of hotels as affected, compared to 75% in the South West. The International Passenger Survey showed that for March to August 2001 expenditure by overseas residents during visits to the UK was down by around 12% compared with the same months in 2000.

2.5.18 The large majority of rural tourism income comes from domestic visitors. The UK Tourism Survey showed domestic tourism to be 25% below the 2000 level in April and May. Some of the areas most affected are also particularly dependent on tourism, notably the Lake District, Dartmoor. The Rural Task Force report, chapters 5 & 6, discusses the causes of the impact on tourism in more detail, (including how far the damage to countryside tourism was caused by access restrictions, and how far by media reports and public perceptions of the carcase disposal methods used). As restrictions were eased in the summer there was some recovery in revenue, although partly offset after September 11 by the further sharp fall in inbound overseas tourism.

2.5.19 **Other industries** Other industries, many located outside rural areas, were also affected. They included livestock hauliers and makers of farm machinery; activities dependent on countryside access, such as fishing, shooting and the horse business in all its forms; suppliers to countryside users, such as makers of outdoor clothing, hirers of marquees, cycle manufacturers, guidebook publishers, and fishing shops; and activities heavily dependent on overseas visitors such as theatres and language schools.

2.5.20 **Voluntary organisations** National and local non-profit-making and voluntary organisations dependent on countryside recreation were especially badly affected. The Youth Hostels Association forecast in September a loss of over 15% of its revenue for the year. Farm Stay UK reported in June that around half its members had not renewed their subscriptions.

2.5.21 Responding to the economic impact of FMD was difficult in part because of the lack of accurate up-to-date information about the extent of the damage being done to small businesses. Given the limitations on ad hoc surveys, undue emphasis was placed in the early stages on employment statistics as a measure of trends in local economic activity. However, with the impact concentrated on sectors such as farming and tourism with high levels of self-employment, seasonal and casual work, employment data are a poor measure of the short-term losses that businesses were suffering. This is particularly so given the time that employment takes to respond to changes in economic conditions (other variables, such as overtime and pay tend to be altered first).

ASSISTANCE TO RURAL BUSINESSES

2.5.22 The Government introduced a series of measures to alleviate the financial difficulties of small businesses. There were several elements to the eventual package, detailed below.

Deferral of tax and VAT payments

2.5.23 The Inland Revenue and Customs and Excise announced in early March [exact date?] that businesses badly affected by FMD could apply to defer any tax, VAT and national insurance payments they were due to make. A helpline was set up on 21 March to enable businesses to obtain advice on all tax issues from a single source. Applications were dealt with on a case-by-case basis. This proved to be one of the most successful and popular measures put in place to help affected businesses, because of its simplicity and because it offered an immediate and direct benefit to cash flow. The measures applied UK-wide and, following a decision taken on 10 April, businesses were not asked to pay interest or surcharges on any arrears. As of 17 February a total of £231 million in income tax, NICs and VAT payments has been deferred for periods mainly between 3 and 6 months, or exceptionally up to 24 months.

2.5.24 There has been widespread praise for the helpfulness of Inland Revenue and Customs and Excise staff, who handled over 74,000 calls and received only a handful of substantive complaints. Throughout the outbreak businesses and their trade associations understandably

remained concerned over uncertainties about the timing of repayments. The Revenue Departments understand this anxiety and are aware that some businesses will continue to face problems through the winter; They are committed to continuing to treat affected businesses in a sympathetic manner. Early research shows that a significant amount of the deferred tax has now been paid.

Business rate relief, deferral and appeals

2.5.25 Local authorities were already empowered to grant relief from rates to businesses suffering hardship. The Government increased its contribution to the cost of relief granted to businesses suffering as a result of FMD from the usual 75% to 95%, for premises with a rateable value (RV) under £12,000 in 151 districts designated wholly or mainly rural. Later, the RV ceiling was increased from £12,000 to £50,000 in 37 districts in the worst affected areas, and the scheme was extended for a further 9 months to 31 March. This increased the potential benefit per property to £21,500. The subsidy rate was also increased from 95% to 98%, in cases where the net cost would otherwise exceed 0.4% of the authority's net budget. The total cost to central Government is estimated to be £20m.

2.5.26 Authorities may also defer rates payments for businesses finding it hard to pay their bills. The Government recognised that where authorities used this discretion in relation to FMD, they might face difficulty making their scheduled contributions to the national rating pool. Contributions from the 151 "rural" authorities were therefore partially deferred in the first four months of the financial year.

2.5.27 The introduction of proposals in the Rural White Paper to extend rate relief to more types of rural business was accelerated, at a cost of c. £24m.. From 5 April, 50% mandatory rate relief was extended to sole village pubs and petrol stations with rateable value (RV) below £9,000. From 15 August this was extended to village food shops with RV below £6,000. A new five-year scheme to encourage farmers to diversify into non-agricultural activities was also brought forward: any property with a RV below £6,000, in agricultural use for at least six months in the year to 15 August, can now receive 50% mandatory relief, which local authorities may top up to 100%.

2.5.28 Ratepayers have a right to appeal for a temporary reduction in their rateable value where the rental value of their property is adversely affected by a cause such as FMD. The Valuation Office gave priority to settling appeals from businesses worst affected by the outbreak.

2.5.29 Information to assess the take-up and effectiveness of the hardship rate relief measures remains limited. Many local authorities were slow to put schemes in place, and in the early months of the outbreak many chose instead to allow businesses to defer rate payments. Response to surveys by the Local Government Association (LGA) was uneven, and no reliable estimate of the total value to business can yet be made. However, feedback indicates that rate relief is highly regarded by businesses, due to its relative simplicity and the direct cash flow benefit it offers. The Government responded to representations from the LGA to extend the scheme's period of operation, increase the number of eligible businesses, and reduce the cost falling on the most severely affected authorities. Implementation by local authorities has however been variable (in part because small shire districts judged that the residual cost even after subsidy remained significant); and some severely affected businesses are located in districts where the higher RV ceiling of £50,000 does not apply.

2.5.30 There appears to have been higher take-up of the option to appeal seeking a temporary reduction in rateable value. By 25 September 73,000 appeals had been received in England citing the outbreak as the cause of a fall in value, of which 27,000 had been fast-tracked by the Valuation Office. The greater popularity of this approach - although the potential benefit may often be less than from hardship relief - may be because businesses are familiar with the appeal process, or because hardship relief is seen as "charity" as distinct from an entitlement.

Extension of the Small Firm Loan Guarantee Scheme (SFLGS)

2.5.31 The Small Firm Loan Guarantee Scheme guarantees loans from banks and other financial institutions and applies to UK small businesses whose turnover does not exceed £1.5m (£5m for manufacturers). Firms must have a viable business proposal and have tried and failed to obtain a conventional loan because of lack of security. The terms are, broadly speaking, no cheaper than a conventional loan. In response to the FMD outbreak, the scheme was temporarily extended to a range of sectors normally excluded. The sector extension would have allowed SFLGS to underwrite £120 million in additional loans.

2.5.32 The SFLGS was presented as a major element in the package of assistance: if all the additional loans were taken up, the £120 million (gross) would have represented a large fraction of the estimated £300m total benefits available to business. However, take-up was extremely modest, with only 34 new loans to date, and 91 re-scheduled. The main reason appears to be that the scheme is designed to help businesses that find it hard to borrow because of lack of collateral (unmortgaged assets), whereas in the FMD crisis, the main problem has been income shortfall.

Many tourism businesses in particular have significant assets but could not be confident of their ability to service existing debt, still less take on new debt.

2.5.33 The £120m for additional loans would not have been available for diversion to other forms of assistance (because the actual public expenditure cost would consist of any calls on the guarantee, which is much less than the gross amount lent and would not fall due for several years). This is a complex point to explain, and critics were left with the impression that 40% of the public funds available to help business were directed via a poorly targeted and under-subscribed scheme. The SFLGS is in fact a well-established and successful scheme, targeted at collateral-constrained small businesses. In retrospect, its extension would have been better presented as a modestly useful technical measure rather than one that would help large numbers of affected businesses.

Business Recovery Fund

2.5.34 The Business Recovery Fund (BRF) was designed to provide targeted help for businesses, especially small businesses. A total of £80 million (including £54m of new money from central Government) was made available. It was established in three stages: on 14 April, with £15m funding focused on the worst-affected regions; on 7 May, with an additional £24m spread across all regions, the bulk again concentrated on those worst affected; and on 18 October, in response to the publication of the Rural Task Force and Haskins reports, a further £24m similarly targeted. Regional Development Agencies (RDAs) were asked to manage the Fund, and most were able to expand the amount available to it through reprioritisation of their existing resources (including EU Structural Funds) to give the £80m total.

2.5.35 The BRF was designed to provide a relatively flexible form of assistance for small businesses, tailored to the needs of individual regions and businesses. National criteria were set to ensure that assistance was given only to viable businesses and was directed towards measures that would improve their prospects after the outbreak, and not merely make up for cash flow shortfalls.

2.5.36 Grants of up to £15,000 were made available for training and re-skilling employees; specialist advice and consultancy; investment to help businesses diversify and refocus their activity and to seek new markets. (The upper limit of £15,000 was set with a view to avoiding the risk of contravening EU State Aids rules, which allow *de minimis* assistance of up to E100k over 3 years; for the same reason the agriculture and transport sectors, where no *de minimis* provision applies, were

excluded.) Up to £7,500 (within the overall ceiling of £15,000) could be used to help meet interest on bank loans.

2.5.37 RDAs adopted a variety of approaches, consistent with the national guidance, depending on the amount of funding available and the problems faced by the businesses in their region. These commonly involved a mix of components including grants to Tourist Boards and local authorities for promotion, business survival advice, and direct grant to businesses for marketing and investment and help with interest payments. Grants to individual businesses were generally channelled via Business Links.

2.5.38 The Fund's existence, and the element of regional flexibility, were generally welcomed, and feedback from those businesses that received help was positive. However, there were criticisms in relation to:-

- the amount of resources made available overall;
- the relatively low upper limit (£15,000 per business), thus offering little help to medium-sized and larger firms;
- the exclusion of agriculture and transport businesses (as a result of EU State Aids rule);
- the lack of assistance with cash flow losses which many businesses saw as more critical than reinvesting for their uncertain future;
- perceived slowness in some RDAs or their Business Link contractors and alleged high level of overheads.

Charitable funding

2.5.39 The Government set up the "Charity Match Funding Scheme", administered by the Countryside Agency, with the Government matching donations by members of the public to voluntary organisations and charities for relieving hardship caused by the outbreak. To be eligible, the organisation had to have raised at least £25,000 (later reduced to £10,000) from public donations, and explain how the money would be spent on FMD-related hardship relief.

2.5.40 The major part of the match funding went to two organisations, the Royal Agricultural Benevolent Institution (RABI), founded in 1860 for the relief of farmers and farm workers in distress, and the ARC Addington Fund, set up in response to the outbreak to help farms and other businesses dependent on agriculture. This meant that the bulk of the funds went to agricultural businesses, although from June non-farming rural businesses were also eligible for help from the Addington Fund. Out of total matched funding of [£14m,] RABI received around £7.6m, and ARC Addington received £4.8m.

2.5.41 There was widespread praise for the matched funding scheme, and for the effective help delivered by the charities. Concern was expressed, however, that money was going only to the agricultural sector, when others, especially in the tourism, sector were also experiencing hardship. The slowness in extending help beyond farmers partly reflected the initial perception among charities and donors that FMD was a crisis for farming alone, and partly the coherence of the farming community and its associated charities relative to non-farming businesses, with for example no national body acting as the voice of small B&B proprietors. The fund organisers, particularly ARC Addington, responded with increasing sensitivity as the outbreak developed and began to help a wider target group.

Other measures

2.5.42 In FMD-affected areas throughout Britain, Job Centres offered "one-stop shop" advice on benefits and jobs for people from industries affected by the outbreak. On 11 April, DfEE launched 'Rural Skills Action', a new national service giving personal advice to rural and leisure industry workers. The service aimed to improve skills among workers temporarily laid off in the then worst-affected areas, and provide job search and re-skilling advice to people across Britain who had lost their jobs permanently. Take-up of Rural Skills Action, however, remained low. There is a widely-recognised need to improve skills in tourism, farming, and other rural businesses. However, there is also a high level of self-employment and seasonal employment. Because of this, it appears that, relative to the scale of business losses, very few permanent staff - the potential client group for Rural Skills Action - were made redundant or laid off, and those who were could mostly find other jobs.

2.5.43 In November, the Department for Trade and Industry launched the Development Fund for Rural Renewal, part of the Phoenix Fund, to help FMD-hit business communities revive their fortunes. The £3m Fund is managed by the Small Business Service who are currently assessing bids.

TOURISM

2.5.44 Tourist businesses, especially but not only in rural areas, lost a substantial part of their income as a result of the outbreak. In areas such as the Lake District some reported 80-90% falls in revenue in March and April. Some recovery was apparent by May, but significant losses continued throughout the main tourism season.

2.5.45 The Government and relevant agencies initiated a package of financial assistance, information and publicity to try and restore confidence in

tourism and visiting the countryside. On 11 April the Department for Culture, Media and Sport (DCMS) set out a recovery strategy which focused on tourism as a national industry and incoming tourism to Britain as a whole. DCMS gave the English Tourism Council £3.8m for immediate recovery work, including research, information and promotion, and gave the British Tourist Authority £14.2m for a publicity campaign to attract back overseas visitors. Regional Development Agencies could also use the Business Recovery Fund to support regional promotional campaigns, and several did so.

Publicity and information

2.5.46 The then Tourism Minister, Janet Anderson, visited New York with industry representatives from 20-22 March to try to counteract negative USA media coverage. The Prime Minister and other Ministers sought to convey the message, at home and abroad, that Britain was open for business.

2.5.47 A series of public information advertisements appeared in national and regional media from 22 March. DCMS issued guidance for people operating visitor attractions which played a part in ensuring that almost all the major attractions were open by Easter. A public information leaflet and poster was widely circulated to Post Offices, tourist offices, libraries and Citizens Advice Bureaux. The Deputy Prime Minister John Prescott, Michael Meacher and other Ministers undertook a series of visits to publicise openings of rights of way.

2.5.48 The English Tourism Council (ETC) set up an England visitor helpline on 22 March to reassure and direct callers to sources of the most up-to-date local information on where to visit and what to do; this received over 45,000 calls. The Countryside Agency, with the help of the ETC, established a weekly update service for Tourist Information Centres, circulating the current status of rights of way, National Parks and National Trails electronically via regional tourist boards. Tourist Information Centres were provided with detailed local information by local authorities. The Central Office of Information set up a website with information about visitor attractions: this received 6m "hits" from March to September. It was linked to the Countryside Agency's site which received 215,000 hits, and provided links to local authority sites giving details of open footpaths and other local attractions. The ETC also engaged in extensive PR activity including over 900 radio and TV interviews and 2000 press articles.

2.5.49 The British Tourist Authority (BTA) invited 60 of the world's tourism and travel leaders from the UK's nine most significant overseas markets to a special VIP programme in Britain in mid-April. This resulted in

foreign media coverage estimated to be worth over £47 million, including BTA press conferences jointly with UK embassies for the local media.

2.5.50 Public perceptions nevertheless remained a serious problem. In an English Tourism Council (ETC) survey in late August, 24% of those asked agreed that "most places in the countryside are closed"; 54% that "people should keep out of the countryside to avoid spreading FMD"; and 35% that "you couldn't enjoy going to the countryside because you would see the destruction and disposal of animals". This was even though almost all major visitor attractions were open by Easter, burning of animal carcases had ceased in May, and over 90% of footpaths were open.

FOOTPATHS AND COUNTRYSIDE ACCESS

2.5.51 There are 190,000 kilometres of public rights of way in England, many of them little-used field paths, but many critical to the attraction of rural areas - especially hill and coastal areas - to visitors.

2.5.52 At the start of the outbreak, its potential size was unknown. In consequence, it was decided on 27 February to give local authorities powers to close footpaths and bridleways not only in Infected Areas (as provided for in the pre-existing Foot-and-Mouth Disease Order 1983), but also outside them, subject in the latter case to clearance with MAFF. Many other countryside activities dependent on access to farmland, such as shooting and equestrian events, were prohibited or voluntarily suspended, and many visitor attractions - especially but not only where there was a risk of contact with livestock - were closed.

2.5.53 A strong message went out from central Government and farmers' organisations that footpaths generally should be closed. The NFU called on local authorities "to close off rural footpaths and rights of way to stop the spread of foot and mouth disease". NFU regional offices contacted authorities to urge them to use the powers. NFU President Ben Gill said: "It is imperative that every local council which has rural footpaths and rights of way within its boundaries closes them immediately. There must be a blanket ban across the country." The Prime Minister and the Minister of Agriculture also appealed to the public to stay off farmland to avoid contact with animals. In the House of Commons on 28 February, Nick Brown, Minister of Agriculture, said "I deliberately left the issue to the discretion of local authorities, on the understanding that they would know best the local circumstances. It is for them to make an assessment of risk. ... if they want advice from me, I suggest that they act on a precautionary basis." (Official Report col. 921).

2.5.54 Official advice from MAFF was more qualified. The first formal guidance from MAFF to local authorities, in a circular dated 6 March, said "[Power to restrict access outside Infected Areas] should only be used where there is evidence ... that to allow such unrestricted access would pose a potential risk of spreading the disease."

2.5.55 Given the power to close paths, and strong encouragement from Government and farmers to use it, almost all local authorities understandably adopted a precautionary approach and did so. Many used "blanket" powers, enabling them to close all paths without having to erect signs on individual paths. By early March, almost all paths were closed, including some even in towns and many in woodland and across arable land. The damaging impact on countryside tourism and the businesses that depend on it, especially in popular walking areas, rapidly became apparent. In some areas visitor numbers fell to nothing: few people stay in the remoter Lake District valleys except to walk in the hills.

2.5.56 From late March the Government moved to encourage reopening of footpaths in line with published guidance based on a veterinary risk assessment. On 28 March, following discussions with representatives of councils, countryside users and landowners, MAFF issued guidance to local authorities on public access to the countryside. This provided a framework, based on a veterinary risk assessment, for assessing which paths could be reopened. The approach recommended involved consultation with landowners and managers and detailed risk assessments by authorities, and use of mitigating measures such as fencing where appropriate. A code for walkers was distributed widely by the Countryside Agency.

2.5.57 Progress remained slow. By Easter (15 April) only 14% of the network was open. On 25 April the advice was amended and supplemented by a detailed matrix and procedure for local risk assessment. Beverley Hughes, Parliamentary Under-Secretary in DETR, met individual authorities to try to persuade them to reopen paths. Government Offices held seminars for local authorities, along with MAFF veterinarians and the Countryside Agency. Also on 25 April, the Government provided £3.8 million to the Countryside Agency to help local authorities and National Park authorities reopen rights of way, by providing 75% of the cost of work such as fencing to help reopen paths and access land, and better public information.

2.5.58 Throughout May more paths reopened, but there were still some areas with no cases of FMD but very few paths open. On 17 May only 26% of

paths were open. Meanwhile, the Veterinary Risk Assessment was revised in response to the sharp decline in the number of cases and the summer weather which reduces the survival rate of the virus. On 23 May, guidance was issued, based on the revised risk assessment, this time stating clearly that where there were no recent cases, local authorities should make rapid progress towards reopening all of their rights of way, outside 3km Protection Zones around Infected Premises. The proportion of paths open began to rise more rapidly, to 42% for the late May Bank Holiday and to 64% by 25 June.

2.5.59 Local authorities' response to the Government's pressure varied. Some were keen to encourage visitors back, and reopened promptly, prioritising popular paths, trails and public access areas. Many others acted with extreme caution, in line with the views of local farmers. Some counties had no cases of disease but were most reluctant to reopen footpaths, even on arable land. While NFU and CLA leaders nationally did not dissent from the Government's approach, many farmers retained an acute fear that walkers would transmit infection and were reluctant to allow anyone onto their land. Some confusion was caused by advice to farmers to keep visitors to a minimum as part of maintaining tight biosecurity precautions: this was directed at visitors to the farmstead who were likely to have direct contact with animals, but was easily misinterpreted as applying to walkers. There was some countervailing pressure from bodies representing ramblers and hoteliers, but it was much more muted, and threatened mass trespasses did not materialise.

2.5.60 Following the General Election, Alun Michael, Minister of State for Rural Affairs, and other ministers continued to stress that closures of footpaths or other land should not be out of proportion to the risk. With effect from 20 July the Government revoked blanket closures subject to exceptions in those counties most affected by the disease if authorities could show good reason, in terms of disease control or the logistics of re-signing. This resulted in the proportion of paths and access land open rising to 85%. This increased to 92% by early October and to 99.5% by mid-February as local authorities continued to respond, and infected area status was progressively lifted. Further revised guidance was issued in early February which will mean that only a very few paths will need to stay closed for up to 12 months after the farm was infected.

ANNEX A

Take-up and cost of measures to help business

1. This Annex summarises the information available on take-up and cost of measures to limit the effects of FMD on the rural economy, mainly through help to affected businesses. Table C1 provides a breakdown of the Business Recovery Fund by region; full information on the regional distribution of other measures is not available. Except where stated, information is correct to 25 September, and is the latest available at 5 October. Except for tax deferral and the grant to the BTA, the figures relate to England. No totals are shown since the various measures differ in type: some are grants, while others offer a cash-flow benefit by deferring payments otherwise due. Information on the working of the measures and commentary on their effectiveness can be found in the main text.

2. The Business Recovery Fund (see paragraph[ ]). The BRF amounts to £75m, consisting of £[39]m extra Government funding and £[12]m re-prioritised by the RDAs, including £8m EU Objective 2 funding. Nearly 4000 grant offers worth £27m have been made, with nearly £20m paid to businesses. RDAs have also committed £5.7m from the Fund to business advice, and £10.1m to other measures, mainly promotion of tourism. [update]

3. Deferral of tax, VAT and National Insurance contributions (see paragraph [ ]). [19,500] business have been helped through interest-free deferral of £220m of payments due. The cost to the Government consists of the financing cost in the interim pending eventual payment.

4. Extension of the Small Firms Loan Guarantee Scheme (see paragraphs [ ]). The scheme can now underwrite an extra £120m in additional loans. [18 new loans have been made in consequence of FMD, totalling £0.85m, with 6 of these, totalling £0.2m, under the extended criteria.] A further 64 loans have been rescheduled. The cost to Government depends on how far the guarantee is called on if firms fail to repay.

5. Increased contribution from central Government to the cost of hardship relief from business rates (see paragraphs[ ]). Full information is not yet available, but data from the LGA's latest survey (dated 8 October) shows that the 127 mostly rural authorities that responded had received applications from 6500 businesses, and had so far granted nearly 3000 of these, while rejecting only 366. A very rough estimate of the benefits to business (in the areas of the responding authorities only) is in excess of £20m. The cost to Government consists of the increased central

contribution (raised from 75% to 95% or 98%), or the full amount of relief granted if authorities would otherwise not have been prepared to grant it.

6. Deferred payment of rates (see paragraph [ ]). Local authorities have allowed deferred payment of rates for 6000 businesses (information from 127 local authorities at 8 October). There was a small cost to Government from allowing rural authorities to defer contributions to the national non-domestic rate pool.

7. Scope to apply for temporary reductions in rateable value, and three month extension of the deadline for appeals against business rate revaluation in rural areas (see paragraph[ ]). In England the Valuation Office have received 73,000 appeals relating to FMD (25 September) and are giving these priority. No estimate of the number of appeals allowed and therefore of the cost is yet available.

8. Bringing forward proposals in the Rural White Paper for extra mandatory rate relief for village shops, pubs and filling stations (see paragraph[ ]). The full year benefit from these measures, which were implemented ahead of schedule in 2001 in response to FMD, is estimated at £24m. The incidence of this cost as between central Government and local authorities collectively depends on decisions taken annually in the local government finance settlement.

9. Matching public donations to voluntary organisations providing hardship relief (see paragraph[ ]). The scheme, run via the Countryside Agency, operated until the end of December, and matched £13m of donations in England), giving a total benefit to recipients of £26m (not all of it yet distributed).

10. An extra £18m was provided for tourism promotion (£3.8m to the English Tourism Council and £14.2 million to the British Tourist Authority) - see paragraph [ ].

11. £3.8m was provided in grants via the Countryside Agency to local authorities to help with the cost of measures to re-open public rights of way and access land - see paragraph [ ].

12. The cost of Rural Skills Action - see paragraph[ ] - has been absorbed by DfEE/DWP.

SECTION 7

KEY QUESTION 7: WHAT COULD HAVE BEEN DONE DIFFERENTLY TO ALLEVIATE THE ECONOMIC, SOCIAL AND ANIMAL WELFARE IMPACT OF THE UNPRECEDENTED LEVEL OF CULLING AND DISPOSAL?

Introduction

2.7.1 This section sets out the policies that were developed and followed in order to eradicate the disease. The size of the epidemic meant that the logistics of the culling and disposal operation were on a very much larger scale than ever undertaken before and as a result required different approaches to be developed, particularly in the disposal operation.

2.7.2 The slaughter policy developed as the scientific advice based on the epidemiological models confirmed the importance of culling infected animals as quickly as possible, with a target of 24 hours from report. However, even within this framework the statutory requirement for humane slaughter remained and was emphasised in instructions to veterinary staff during the outbreak. The location of some culling operations made these instructions particularly important. As the disease spread and controls needed to be tightened there was great pressure to address obstacles to rapid slaughter. In some places these included issues around valuation and these are therefore also set out in this section.

2.7.3 The nationwide movement restrictions introduced once the extent of the disease was discovered prevented animals going for slaughter for the first week of the epidemic. These were relaxed as veterinary risk assessments indicated that the disease risk from such movements could be managed if appropriate precautions were taken. However, other restrictions remained in place throughout the epidemic and are set out in this section. They were progressively relaxed as the disease reduced through the summer. However, the movement controls caused welfare problems. These were alleviated by the introduction of movement licences and by the introduction of the Livestock Welfare Disposal Scheme.

2.7.4 At the start of the outbreak the disposal operations developed during the 1967/68 outbreak were employed. However, the scale of the outbreak and the need to protect the environment and public health, constrained these options and different options were developed. The whole story of the disposal operation is set out in this section.

Slaughter Policy

2.7.5 Throughout the outbreak, the Government pursued a 'stamping out' or slaughter policy as the primary method of combating FMD. However, the changing nature of the disease and the availability of resources led to certain modifications to this policy during the course of the outbreak.

2.7.6 The core of the slaughter policy at the beginning of the outbreak was the slaughter of animals on Infected Premises (IPs) and the tracing and slaughter of susceptible animals with very recent direct or indirect contact with affected animals. Within the scope of this policy there were four main phases of policy development: -

(a) Phase One of the Slaughter Policy – 20 February 2001 – 15 March 2001

2.7.7 From 20 February, when the slaughter of the infected pigs at Cheale Abattoir was carried out, the slaughter policy was to investigate all reported cases, confirm disease and destroy all clinically infected animals and susceptible animals on the premises within 24 hours of disease being confirmed. An extensive programme of tracing all dangerous contacts (DCs) to an infected premises was immediately put in operation. Potential dangerous contact premises were neighbouring premises to IPs and other premises where there had been movement of livestock, personnel or equipment from, or to the infected premises. Therefore from the start a large number of animals on contiguous premises were taken out as dangerous contacts. Standing instructions set out that such animals were to be slaughtered if, because of their close proximity to the IP, it was considered that they had been exposed to the disease. Livestock premises within a 3 -km area of IPs were also visited by veterinary officers to check for signs of infection.

(2) Phase Two – 15 March 2001 – 26 April 2001

2.7.8 By 15 March, increased epidemiological evidence was available, giving a more detailed picture of how the disease was spreading in different areas. Veterinary advice on the basis of this information led to a modification of the original slaughter policy. Nick Brown, then Minister of Agriculture, Fisheries and Food, identified to the House of Commons a five point control plan to combat the disease, which can be summarised as follows: -

- To keep disease out of those areas of the country still free of FMD.
- To halt the spread of disease in Devon by intensifying surveillance patrols to all farms within 3 -km of infected premises.
- To stop the spread of disease in the north of England and south-west Scotland through the slaughter of sheep in Cumbria and

Dumfries and Galloway within 3 -km of an IP on the grounds that they will have been exposed to infection, due to the density of disease in that area.

- Minimise the spread of the disease from Longtown, Welshpool and Northampton markets by slaughtering flocks that received sheep from these markets as dangerous contacts.
- To eliminate infection in flocks that have passed through dealers known to have handled infected flocks by slaughtering flocks that received sheep from these dealers.

The Minister added that this strategy would be kept under constant review.

2.7.9 During the next few days there were small adjustments and additions to the slaughter policy. In Cumbria the introduction of the 3 -km cull was delayed to allow progress to be made in dealing with the backlog of carcasses awaiting disposal and to deal with the very dramatic escalation of new cases. A cordon sanitaire policy was proposed in the affected area of south Cumbria. Animals in this area could be culled under the Animal Health Act 1981 if vets were confident that the animals were exposed to the disease.

2.7.10 On 21 March the Minister set out to the House actions taken by MAFF to speed up the response to the increased number of confirmed cases. These included allowing vets on the ground to slaughter on suspicion, without needing to wait for a decision from a vet in the DECC at Page Street which until then had been necessary before any slaughter took place; allowing for a reduction in the turn-around time for 'dirty vets' (vets who had been on infected premises) from 5 to3 days and introducing a standard valuation tariff, to reduce delays to slaughter whilst valuation took place.

2.7.11 On 23 March the first epidemiological studies were published by teams from Imperial College, Edinburgh University. These models confirmed that the single most important intervention that could be made against the disease was to bring the report-to-slaughter time for infected farms down to 24 hours. The second priority was to cull contiguous premises within 48 hours of report of the infected premises. This formally confirmed views on the importance of rapid report to slaughter that had been held since the beginning of the outbreak, but placed specific figures on these targets for the first time. Professor King confirmed the Prime Minister's support for these targets at a Press Conference on 23 March and on 27 March the Minister, in the House of Commons, confirmed the Government's policy as follows: -

- Culling all susceptible animals on infected farms within 24 hours of the initial report of suspicion of infection;
- Culling all susceptible animals on contiguous farms within 48 hours;
- Concentrating efforts in northern Cumbria for clearing all animals identified for slaughter and on creating a firebreak south of the worst affected area.

2.7.12 On 6 April, instructions were issued to the field confirming the detail of these requirements. The procedures to follow in the event of a refusal from the farmer to allow the slaughter of his/her stock were as follows: -

'A rapid assessment should be carried out by a veterinarian in order to: -

(a) confirm whether or not the premises is in fact contiguous. There are geographical issues (such as a significant area of woodland being in the way) which may affect this judgement; and

(b) confirm the veterinary assessment that the livestock on the contiguous farm concerned appear in any way to have been exposed to infection. The fact that animals have been housed does not in itself mean that they have not been exposed to infection.

This is against the background of the general judgement, in all the circumstances of this epidemic, that susceptible animals on contiguous premises will have been exposed to infection.'

Phase Three - 26 April 2001 – 21 May 2001

2.7.13 By early April the daily number of cases had peaked and had started to decline. On 19 April, the day that the first Order shrinking infected areas was made, COBR noted that there was growing concern and opposition in the regions focussing on the proportionality of the policy of slaughtering all cattle on contiguous premises. New modelling suggested that the relative importance of the 24-hour cull over the 48-hour cull was greater than had previously been thought. It was agreed to consider whether it was appropriate to change the slaughter policy.

2.7.14 Also on 19 April, Professor King announced at a press briefing that there was increasing evidence that the disease was under control. He explained that the declining numbers of new cases could potentially release veterinary resources for surveillance patrols and inspections. This, in combination with the modelling results indicating that it was the 24 hour target for infected premises that was most important.

2.7.15 Following a decision in the evening of 9 April COBR discussed the implementation of a possible change for housed cattle in the emphasis of the contiguous premises policy. It was proposed that cattle housed in sheds more than 100 metres away from an infected premises boundary

could be considered by local veterinary staff as not having been exposed to disease, if there had been no animal movements on or off the premises and if it could be demonstrated that the farmer had operated strict biosecurity measures. It was noted that this would gain support from farmers but would require close veterinary surveillance.

2.7.16 On 23 April a minute was sent to all RODs and DVMs asking for their comments on the proposed amendment to the contiguous cull policy. The main feedback from this consultation exercise was the view that housed cattle were at a lower risk of contracting FMD and they should be exempted from the CP cull. It was felt that the high level of opposition of cattle farmers to the CP cull, particularly in Cumbria, which in some cases was leading to the critical situation in which MAFF officials were denied access to farms to check for disease, would be reduced by this proposed amendment.

2.7.17 On 26 April the Minister announced to the House of Commons the refinement of the CP culling policy. The revised approach was explained in an instruction to DVMs and RODs as follows: -

- On confirmation of disease (clinically or through a positive test result) all dangerous contacts and contiguous premises to the IP should continue to be identified.
- Dangerous contacts (via known movements of animals, personnel, vehicles, equipment etc or potential airborne spread) should be culled as previously instructed. This covered a number of contiguous premises.
- On other contiguous premises, susceptible animals should continue to be culled, subject only to the following limited exceptions, based on local veterinary judgement:
- Cattle may be spared if there is adequate biosecurity. This was a matter for local veterinary judgement taking into account advice issued jointly by MAFF and farming organisations. Cattle should not be regarded as meeting this criterion if they had since 1 February grazed within 50 metres of the boundary of the infected premises.
- A strictly limited exception for rare breeds of sheep of particular genetic merit provided that they can be isolated from other susceptible livestock and managed in compliance with tight biosecurity.
- A continued exemption, in accordance with the Animal Health Act, of animals where there is insufficient reason to consider that they have been exposed to disease.
- In accordance with EU requirements, where cattle on contiguous premises are not killed, they should be subject to regular

veterinary inspections every 48 hours for the first eight days after confirmation of the infection of the IP and thereafter once a week until three weeks after the preliminary cleansing & disinfection of the infected premises.

b) Phase Four – 21 May onwards

2.7.18 By 21 May, the daily decline in the number of new cases of FMD in Cumbria suggested that the worst of the epidemic was over and that veterinary and other resources would now be more readily available to carry out serological testing where necessary. As a result it was possible further to refine the culling policy in the light of the availability of these additional resources.

2.7.19 By this stage, the 3-km culling policy announced by the Minister on 15 March in Cumbria, Dumfries and Galloway had been effectively completed in Scotland. However in Cumbria it had not been completed, although substantial numbers of animals had been removed as part of the cull in the confluent areas formed by the coalescence of the 3-km protection zones around IPs. All the indications by 21 May were that the epidemic was declining in Cumbria. Given the removal of a substantial weight of infection in sheep, it was decided that it would be possible for the remaining flocks in this area to be serologically tested before reaching a decision on whether or not to cull. Evidence of seropositive animals in the flock would mean that the flock had been exposed to infection and the flock would be slaughtered out as dangerous contacts. At slaughter an investigation would be carried out for evidence of disease. If disease was confirmed, the procedures for confirmed cases would be followed. In the remainder of Cumbria (outside 3-km zones) the national culling policies were applied.

2.7.20 On 24 May, an Emergency Instruction was sent to the Cumbria DCC and to all RODs and DVMs, informing them of this refinement.

2.7.21 On 10 October, in response to the number of Slaughter on Suspicion [SOS] cases that were not being confirmed on laboratory examination, procedures for dealing with these cases were changed. Before a decision was reached on whether to reject the possibility of FMD, confirm or slaughter a herd as an SOS, veterinary staff in the field were required to obtain a second opinion, obtain a detailed clinical history and carry out a comprehensive clinical examination of a sizeable number of animals on the holding. This reflected the fact that there was less chance of suspicion being realised because of the decreasing number of cases.

2.7.22 On 12 November this procedure was further amended to the effect that a Senior Vet in Head Office had to be consulted before report cases were confirmed as FMD on clinical grounds or treated as an SOS case.

2.7.23 On 18 December the "Testing on Suspicion" policy was introduced. This provides that holdings which cannot positively be excluded as FMD cases or which cannot reasonably be taken as SOS, should be placed under movement restrictions while the individual affected animals are killed and samples submitted for laboratory examination. This is intended to provide greater confidence that negatives are truly negative without the need to kill the entire herd/flock to prove the case. Where there is genuine suspicion of disease, but where the signs presented are not sufficient to allow confirmation on clinical grounds alone, the whole herd/flock will continue to be dealt with as an SOS case.

2.7.24 These changes reflect the fact that at this time of year animals are more likely to exhibit signs of oral trauma because of the type of feed they have access to and animals might have lesions that could be mistaken for FMD, and that with no cases since 30 September there might be a reluctance to report suspicion of FMD because of concerns that the current policy would lead to the slaughter of the whole flock and this possible risk of allowing disease to spread needed to be addressed.

Valuation and Compensation of Livestock

2.7.25 The legal basis for the payment of compensation is set out in Schedule 3, paragraph 3(2) of the Animal Health Act 1981. This states that "The Minister shall for animals slaughtered under this paragraph pay compensation as follows:-

(a) where the animal slaughtered was affected with foot-and-mouth disease the compensation shall be the value of the animal immediately before it became so affected;
(b) in every other case the compensation shall be the value of the animal immediately before it was slaughtered".

'Value' is not defined but is interpreted as the market price.

2.7.26 The original 'Diseases of Animals (Ascertainment of Compensation) Order dated from 1959 and during the outbreak five different Statutory Instruments amended the valuation policy. The most significant of these SIs was the 'Foot and Mouth Disease Ascertainment of Value Order 2001' which came into force on 22 March, at a time when cases were averaging 40 a day. This introduced a table of standard values for various categories of animals which could be used as an alternative to having animals individually valued by a valuer.

2.7.27 This was required because of the time taken to carry out and agree a valuation for stock, which had to be done prior to slaughter and had been identified as one potential bottleneck, which was contributing to failures to meet the slaughter targets. The standard rates for animals were therefore intended to speed up the valuation and thus the slaughter process. They were set on the basis of pre-FMD average market price for quality stock. Trade bodies for breeding stock were consulted where no published market price was available.

2.7.28 Although farmers still had the option of using a valuer instead of the standard value card, it was intended that around 70% of farmers would opt for using the standard values. This expectation was not fulfilled.

2.7.29 The second SI came into force on 23 March to correct an omission in the listed categories of animals to which standard value had been accorded. The third SI came into force on 25 March and included a procedure for disputing valuations if the farmer did not agree with the valuer's assessment. The fourth SI came into force on 28 March and included additional categories of animals for inclusion in the schedule of standard values.

2.7.30 Finally, Order No. 5 on 30 July revoked standard values. In the event only 4% of valuations used Standard Values in whole or in part. The card appears to have had the effect of putting a floor to valuations, because farmers retained the option of having a separate valuation done and could choose the most favourable of the two.

2.7.31 Compensation paid for animals culled has cost £1,047 million.

Disposal Policy

Background

2.7.32 Over 6.5 million animals were slaughtered and disposed of during the 2001 FMD outbreak, around 4 million as part of disease eradication, 2 million under the Livestock Welfare Disposal Scheme and half a million under the Light Lambs Scheme.

Disposal Hierarchy

2.7.33 The methods of disposal needed to reflect a number of different requirements. The prime veterinary concern with FMD carcases is for rapid disposal to eliminate virus load. Movement of carcases increases the risk of spreading infection. At the beginning of the outbreak the veterinary preference was therefore for disposal on-farm either by burial or burning. Both these methods were used extensively in the 1967-8

outbreak; on-farm burial is highlighted in the Northumberland Report and detailed instructions for pyre construction were included in the veterinary instructions for dealing with FMD.

2.7.34 However, in this outbreak, the importance of protecting the environment and concerns about the public health impact of disposal methods meant that other methods had to be brought into use. The Environment Agency issued a hierarchy, agreed with MAFF, of disposal options on 6 March which placed rendering and incineration first, followed by licensed commercial landfill and mass burial. Burial and burning came low on the hierarchy because of the risks to the environment. All on-farm burn and burial sites needed ground water authorisations from the EA to comply with the Ground water Regulations 1998 and needed also to comply with Article 3(2) of the Animal Waste Directive.

2.7.35 Moving the carcases off site was not always easy. The location of rendering plants was not always suitable and bringing them into use required contractual arrangements and assurance that the methods used did not introduce risks of spreading the virus together with clear procedures and operational guidance to effect this.

2.7.36 As the epidemic grew, the perceived risks to human health from the disposal methods also developed. Smoke from pyres caused immediate nuisance to local people and raised worries over its effect on the old and asthma sufferers; carcases left in rotting piles on farms because disposal was not keeping up with slaughter raised concerns over contamination of public and private water supplies. During April the Department of Health led work to review the disposal hierarchy further to reflect both environmental and public health concerns, encompassing also advice from the Spongiform Encephalopathies Advisory Committee (SEAC) on the way in which cattle over 5 years old should be disposed of to prevent any risk of BSE infection. The resulting hierarchy was published on 24 April 2001 and is, in summary, as follows:-

Rendering
↓
Incineration
↓
Licensed landfill
↓
Pyre burning
↓
Mass burial or on-farm burial

In all cases FMD carcases were given priority for rendering and over 5 year old cattle had priority for rendering or commercial incineration over sheep or pigs. These could also be buried or landfilled. This hierarchy remained in place for the remainder of the outbreak. The Guidance from the Department of Health also set guidelines in relation to the distance that pyres should be from habitation.

Phases of Disposal Policy

20 February - 20 March 2001

2.7.37 Disposal of carcases after 20 February was carried out in accordance with the existing veterinary guidance i.e. by cremation on open pyres or by on-farm burial provided that ground water authorisations had been given by the Environment Agency. This took into account the risk assessment of BSE risks from older cattle although only smaller pyres were envisaged.

2.7.38 However, the environmental considerations emphasised the importance of finding off-farm disposal and meant that rendering plants were contracted as fast as could be achieved, taking into account the need to ensure biosecurity at the plants and to establish effective haulage arrangements with vehicles that were suitable for the purpose. Plant was available from 9 March 2001 and by 29 March 6 rendering plants were in operation giving a potential weekly disposal capacity of 15,000 tonnes. Incineration plants were fully committed to the disposal of BSE infected cattle, Specified Risk Material or cattle destroyed under the Over Thirty Months Scheme.

2.7.39 However, from the beginning of March as the outbreak increased it became clear that the capacity for farm burial and burning, constrained by environmental regulation and supplemented by the increasing rendering supply was still failing to match numbers slaughtered. Mass burn sites, where carcases from more than one farm were brought together for burning were established, but the smoke and smell made these very unpopular with local communities and attracted adverse publicity nationally and internationally.

2.7.40 This prompted action to identify mass burial sites and by early April, 7 sites had been identified across the country:- Ash Moor in Devon, Great Orton in Cumbria, Birkshaw Forest in Dumfries, Throckmorton in Worcester, Eppynt in Sennybridge, Wales, Widdrington in Northumberland, and Tow Law in Durham. The aim was to procure large sites at which multiple pits capable of holding between 10,000 and 60,000 carcases could be engineered. All sites were granted ground water authorisations by the Environment Agency; discussions on

planning consents and other environmental matters have been held retrospectively.

20 March - 20 April - Peak of the Outbreak

2.7.41 During this period the number of infected premises per day accelerated from around 20 to a peak of 50 and then declined. Culling contiguous premises and following the 24/48 hour slaughter policy generated a huge number of carcases - during April up to 500,000 carcases were being disposed of weekly. The need for the mass burial sites was demonstrated and the pressure to advance their development and use was great.

2.7.42 At the same time the Environment Agency identified possible licensed commercial landfill sites in England and Wales which were suitable for the disposal of carcases. In theory, landfill capacity could have absorbed comfortably all stock slaughtered both in the FMD outbreak and from the subsequent Livestock Welfare Disposal Scheme. However, few licensed landfill operators were prepared to accept FMD carcases, and then, because of the potential BSE risk, only sheep and pigs. In addition, there was opposition from the local public, local authorities, MPs, pressure groups and farmers near the sites. DETR consulted on draft regulations, subsequently introduced for 6 months, to enable the Secretary of State to direct licensed landfill site operators to accept and dispose of carcases. These powers were then extended for a further 6 months. However, worries over the local reaction to making such a direction, and the increasing availability of the mass burial sites meant that no directions were made. There are, in addition risks associated with issuing directions, for example, directions provide the landfill operator with a defence against the contravention of planning controls and this entails the risk of challenge under the Human Rights Act.

2.7.43 The carcases from the Livestock Welfare Disposal Scheme, and later the Light Lambs Scheme did, however, go to licensed landfill under the existing strict controls within which the sites are operated, and with the agreement of the licence holders.

2.7.44 During this period the pressure on disposals was most acute. Great Orton in Cumbria began operating at the end of March and was functioning effectively so that carcases were being removed from farm premises. The need separately to identify cattle over 5 years for rendering, following SEAC's advice was being managed, although it made the logistics of farm collection difficult. The co-operation of the Freight Trade Association in providing vehicles for carcase transport was valuable. In Devon, the contiguous cull policy caused an upsurge in the number of carcases, public reaction to large pyres increased and

there were major disposal problems. Work was pushed ahead on preparing and engineering the site at Ash Moor and holding sites were explored so that carcases could be moved from farms to prevent any possible contamination of the water supplies and reduce the nuisance and stress caused to the local residents.

2.7.45 High ground water levels in Devon made on-farm burn and burial difficult and the use of air curtain incinerators was explored. These were brought from the United States, where they are used to burn waste wood, and pressed into service. Although they cannot handle great volumes, they appeared to provide a "cleaner burn" than pyres and could be used where environmental considerations meant that ordinary on-farm disposal methods could not.

2.7.46 In the middle of April the use of all methods, including on-farm burning cleared the backlog and as the epidemic and had not spread across Dartmoor, as had been feared, Ash Moor, which was not completed until early May, was not needed.

20 April - 30 September 2001

2.7.47 From 20 April the disposal operation was effectively keeping pace with the slaughtering. The pictures of burning carcases however, had made a major impact on tourists at home and abroad and, following the Department of Health's guidance on pyres issued on 24 April, the concerns about health risks, and an intervention from the Prime Minister their use ended in England and Wales on 7 May. At the same time, Great Orton was closed for carcases with work there then focusing on the continuing task of leachate removal and environmental restoration. Mass burial sites work most effectively when they can be rapidly filled and the pits capped off. With warmer weather and fewer carcases the nuisance caused to local people from the sites grew and there was increasing pressure to limit their use. Rendering therefore became the main disposal route for the remaining months of the outbreak. Occasionally geographical position and small peaks of disease meant that the overspill from rendering went to mass burial or the northern licensed landfill sites. However, local opposition and the view that site should only accept "local" carcases from the surrounding counties made this disposal route very difficult to sustain.

2.7.48 The mass burial sites also attracted challenge in relation to UK environmental law and EC Directives. Throughout the summer and autumn it was necessary to balance supply and demand, stopping the use of mass burial sites, to avoid nuisance, although retaining their possible use in case of recrudescence and eventually returning rendering plants to normal use.

Imposition of Infected Areas and Movement Controls

2.7.49 A ban on livestock movements in an 8km radius around the first suspect premises had been put in place on 19 February by the issuing of a Form C. FMD was confirmed on the evening of 20 February, and a formal Infected Area was put in place on 21 February. This covered an area of over 10km radius around the Infected Premises. On 23 February, as soon as it had become apparent that disease had probably been spread by the movement of sheep across a sizeable part of the country, the whole of Great Britain was designated a Controlled Area. This effectively banned all movements of farmed livestock throughout Great Britain.

2.7.50 These Controlled Area movement controls were additional to those imposed in Infected Area Orders in accordance with the provisions of Directive 85/511/EEC. Where any outbreak of FMD was confirmed, an Infected Area with a radius of at least 10-km was established around the infected holding. All holdings within 3-km of an infected holding were placed under official (Form D) movement restrictions thereby creating the Protection Zone within the meaning of this Directive.

2.7.51 At a later stage in the epidemic, stricter biosecurity controls were introduced in certain areas, the Penrith Spur around Thirsk in North Yorkshire and around Hexham in Northumberland, in a major increase of effort to control disease and prevent spread because of particular concerns about possible disease spread in these areas. Within these Restricted Infected Areas (RIAs), there was:

- a general ban on the movement of animals onto and off farms except under licence to slaughter for human consumption or to the Livestock Welfare Disposal Scheme;
- a requirement to cleanse and disinfect all vehicles before entering and when leaving farms;
- a requirement to license all movements of feed and milk and silage vehicles onto and off farms;
- a requirement that all milk tankers operating the RIAs be dedicated for use in that area and accompanied by an official to ensure that cleansing and disinfection requirements were met;
- the establishment of official cleansing and disinfection stations within the area;
- a requirement for all livestock farms to maintain footbaths at every exit to their premises;
- a requirement that all people moving onto and off farms leave clothing and footwear used when handling FMD susceptible livestock on the premises;

There were regular patrols by local authority officials and the police to ensure that the above requirements were being complied with.

2.7.52 Animal movements were allowed generally subject to licence and in accordance with the terms and conditions of such licences. These were issued subject to veterinary risk assessments, location and the changing disease situation.

Movement to slaughter

2.7.53 An early priority was to allow movement for slaughter for human consumption. The risk of such movements from holdings in the Controlled Area outside Infected Areas was deemed to be small as long as the following conditions applied:

- Movements had to be from a holding to a slaughterhouse with no multiple pick-ups; all animals that were sent to slaughter had to be slaughtered within 24 hours of arrival at the slaughterhouse and could not be returned to the holding of origin;
- Vehicles carrying stock had to be fully cleansed and disinfected before leaving the slaughterhouse;
- Only slaughterhouses which were approved by the Meat Hygiene Service acting on behalf of MAFF/DEFRA could be used;
- Movements had to be under licence from the local authority for the holding of origin and were subject to conditions (e.g. journeys to be direct).

2.7.54 Movements were accordingly allowed from holdings in the Controlled Area from 2 March. As the understanding of the epidemiology of the outbreak grew, it was possible gradually to allow more and different types of movements to slaughter to take place under licence. From 21 June animals in farms in an Infected Area were able to move outside this area for slaughter as long as their farms of origin were not within 10Km of an Infected Area.

Welfare movements

2.7.55 Additionally movements of animals under licence other than to slaughter for human consumption have been allowed as follows:

- On 9 March, movements of animals under licence on welfare grounds were permitted across roads on the same holding and between local holdings under the same ownership. Initially these were for welfare reasons only but from the end of April, such movements could be for general husbandry and management purposes.

- On 19 March, movements of animals under licence over longer distances were permitted, subject in particular to prior official veterinary inspection, cleansing, disinfection and sealing of vehicles and official supervision of the journey.
- From 11 May, licensed movements of sheep to common grazings were allowed.
- From 23 May, movements of animals from premises under Form D restrictions were allowed.
- From 5 July, animals could be moved under licence from grazings used by several stock keepers to a suitable location to carry out essential husbandry procedures.
- From 1 August, the Over Thirty Months Scheme has been re-opened for cattle.

2.7.56 In addition to the above, movements under the Livestock Welfare Disposal Scheme, a scheme set up to permit animals to be sent for disposal on the grounds of welfare, were also allowed, subject to prior official veterinary inspection

2.7.57 A new system of licensing movements by local authorities was introduced from 17 September for FMD free counties; 24 September for animals other than sheep in at risk or higher risk counties and on 1 October for sheep in at risk and higher risk counties. Movement restrictions have been further relaxed following the revocation of the Controlled Area on 11 February.

Categorisation of the country into 3 FMD risk areas

2.7.58 In permitting movements of animals for welfare reasons, , the over-riding need to control disease had to be respected and for this purpose, the country was administratively divided into three types of area:

- Provisionally free areas (PFAs) where there had never been an outbreak of FMD

- At risk areas (ARAs) where there had been FMD outbreaks which had been stamped out and around which Infected Area restrictions had been lifted

- Infected areas (IAs) where there had been FMD outbreaks and where Infected Area movement restrictions continued to apply pending completion of serological surveillance around outbreaks.

2.7.59 Movements under official control were permitted from PFAs to ARAs to IAs, i.e. from areas of low to high FMD risk. Movements in the reverse

direction were not permitted until 21 June 2001 when limited movements of cattle and pigs were allowed from ARAs to PFAs on condition that the animals being moved were subject to prior official veterinary examination and that they were quarantined on the holding of destination for 21 days.

2.7.60 When the revised animal movement licensing system came into effect in September, categorisation of FMD status was based on local authority areas. Classification of counties (including unitary authorities and metropolitan districts) was based on the following:

FMD Free Counties

- No outbreaks of FMD for 3 months, and serological surveillance in 3km zone and 3-10km zone around individual outbreaks complete and seropositive sheep/flocks destroyed, and all at risk flocks (farms under Form D investigations and farms known to have received sheep between 1 - 23 February 2001) resolved, i.e. dead or tested negative.

FMD At Risk Counties

- No outbreaks in the county for the past 30 days and entirely outside an existing Infected Area/Restricted Infected Area, and serological surveillance in 3 km zone completed, and serological surveillance in 3-10km zone around outbreaks not complete or at risk flocks (farms under Form D investigations and farms known to have received sheep between 1-23 February 2001) still to be resolved, i.e. dead or tested negative.

FMD High Risk Counties

- Outbreaks of FMD in the past 30 days, or surveillance in 3 km zone around outbreaks not completed, and surveillance in the 3-10 km zone not completed, and flocks at risk of FMD (Form D/received sheep 1-23 Feb 2001) not resolved.

2.7.61 In allocating areas to any of the above categories, the Chief Veterinary Officer took into account the number of sheep in the county concerned, the previous weight of FMD infection, and the amount of serological surveillance completed. Additional surveillance over and above that carried out in the 3-10 km zones around outbreaks was undertaken in areas with high sheep populations and a history of heavy infection in order to be confident about the disease status of flocks in those areas.

2.7.62 Classification status was reviewed on a weekly basis until all counties obtained free status. The last county to be classified as free was Northumberland, from 15 January.

2.7.63 A total of 251,901 veterinary inspections of stock were made in association with movements for welfare purposes, in addition to those which were made within infected areas. No cases of FMD were identified as a result of these official pre-movement inspections.

Livestock Welfare Disposal Scheme [LWDS]

2.7.64 The LWDS was set up to provide an outlet for animals suffering welfare problems as a result of being unable to move because of FMD restrictions. Such problems were most often due to lack of food where land was grazed out and/or overstocked, or, in the case of pigs, due to overcrowding. Livestock farmers were offered a payment for their animals that was below the estimated market rate of the animals, to reinforce the status of this route as a last resort. It was not intended as a compensation scheme for farmers suffering hardship as a consequence of the FMD outbreak. Neither was it intended as an alternative market. To this end, a veterinary certificate was required before animals could be entered into the scheme, to certify the existence of an immediate or imminent welfare problem. A fast-track system was made available for the most pressing welfare cases through the RSPCA or local veterinary surgeons.

2.7.65 The scheme was set up in March and was operated on behalf of DEFRA and the Devolved Administrations by the Intervention Board. The sheer volume of applications at the beginning of the scheme was overwhelming, but this pressure was eased by moves to reduce Infected Areas and changes to movement licensing systems.

2.7.66 On 3 September, the Light Lambs Scheme was introduced to cover 'light' lambs, traditionally exported to Mediterranean countries, which could not be marketed due to the export ban and continuing movement restrictions. Its premise was that such lambs would, by definition, face a welfare problem during the winter because farmers would have no facilities to keep and feed them, and so no special certification was required.

2.7.67 Payment rates to farmers under the LWDS were revised three times on 30 April, 30 July and 29 October and the scheme was closed on 31 December. In total about 2 million animals were slaughtered and under the LWDS and another 500,000 lambs under the Light Lamb Scheme. The total claims paid under the LWDS is about £206m and under the Light Lambs Scheme is about £5m.

Lifting Infected Areas

2.7.68 EU rules require intensive surveillance of all susceptible livestock in the 3km Protection Zone around infected premises, before the 10km Surveillance Zone can be lifted. This has to include serological testing of all sheep and goat flocks/herds in the 3km zone, which cannot begin until 21 days after animals are slaughtered. The IA cannot be lifted for at least 30 days after slaughter of the infected animals.

(i) Cleansing and Disinfection

2.7.69 Preliminary cleansing and disinfection is carried out immediately after slaughter and disposal on all premises known, or believed to be contaminated with the FMD virus in order to minimise the risk of spread of the virus to neighbouring farms. This work is carried out by the farmer, by contractors or by MAFF/DEFRA staff. The average cost per farm is about £700.

2.7.70 24 hours after this stage has been completed, secondary C&D can begin. Again its purpose is to reduce the risk of recrudescence. This work is undertaken either by farmers or commercial contractors. In general DEFRA pays the costs of secondary C&D, but this is dependent on farms being in a reasonable state of cleanliness and repair, there being no health and safety implications for those concerned, and the costs incurred being proportionate to the individual farm situation.

2.7.71 At the end of July, in order to ensure that the funding of C&D arrangements was giving the taxpayer value for money, DEFRA undertook a review of the cost of secondary C&D. This was instigated after initial bills received in England appeared to show the average cost per farm at about £100,000. Although the review showed that the average cost per farm was around £36,000, the opportunity was taken to tighten up the contractual procedures and introduce fixed price contracts in all cases. Some existing contracts were cancelled and others tightened; farmers were given the first opportunity to tender contracts to clean their own farms; guidance on standards of cleansing was re-assessed and minimum standards were set to avoid payment for 'betterment' of farm buildings. DEFRA reserved the right to withhold payment where biosecurity factors were shown to have led to disease entering the farm. C&D is now almost complete on all premises.

(ii) Serology Strategy

2.7.72 Serology is the process of examining blood samples for the presence of antibodies. For FMD, detectable levels of antibody may not occur for five to ten days after the appearance of clinical signs. Two types of serological tests were used in the FMD outbreak:-

- The ELISA test which gives rapid results; but these can be inconclusive in some cases; and
- a Virus Neutralisation Test (VNT) which takes more time but gives definitive results. This was used to confirm inconclusive ELISA tests results.

2.7.73 The main uses for serology were diagnosis of the disease, epidemiology, lifting of Protection Zone restrictions (3-km radius from an Infected Premises), Surveillance Zone testing (3-10 -km radius around an Infected Premises) and pre-movement testing for Autumn Movements in At Risk and High Risk counties. Other uses included testing rare breeds of sheep or hefted sheep to provide exemptions from contiguous culls and testing animals following re-stocking. In practice, use of serology focussed principally on the lifting of Protection Zones and the completion of testing in Surveillance Zones

2.7.74 By January 2002, by which stage all counties had been declared free, over 3 million blood samples had been taken. Some blood testing is still being carried out on farms that are re-stocking.

2.7.75 Laboratory capacity was a limiting factor at the outset of the FMD epidemic. Capacity stood at 400 tests a week and was gradually increased until it reached a peak in November of c.200,000 tests a week. The laboratory facilities needed to carry out the testing are highly specialised and a very high level of biosecurity is needed. IAH Pirbright is the national, European and OIE reference laboratory and is the only laboratory in the UK that has facilities for diseased stock. It took time to increase the testing capacity by bringing other laboratories to the required standard.

Lab	Capacity (per week)	Available from:
IAH, Pirbright	40,000 ELISA + VNTs	Originally 400/week but increased to 40,000/week by May/June
CAMR, Porton Down	20,000 (ELISA only)	Mid May
VLA, Penrith	40,000 (ELISA only)	July
VLA, Shrewsbury	40,000 (Elisa only)	August
VLA, Luddington	40,000 (Elisa only)	Sept
AHT, Newmarket	20,000 (ELISA only)	Mid November

Restocking

2.7.76 The restocking of herds and flocks affected by FMD and the replenishment of other herds needs to be carefully planned. Controlling

the risk of introducing disease is a top priority. To this end, certain rules are applied to the restocking process. They are as follows: -

- Full and final cleansing and disinfection of the farm must have taken place and a period of 21 days allowed to elapse.
- Movements of stock onto the farm are licensed by DEFRA or SEERAD.
- The numbers of livestock permitted for initial restocking must be set out in the premises restocking plan, which must be approved by the Divisional Veterinary Manager.
- Depending on the origin of sheep, testing of the flock of origin and all the sheep to be moved may be required. This gives valuable surveillance data on the prevalence of disease in the national flock.
- Animals are inspected regularly for four weeks. Sheep and goats are blood tested after 28 days. If all is clear, restrictions are lifted, following a final veterinary inspection.

2.7.77 Alternatively, if the farmer does not wish to restock at once, restrictions are lifted four months after the full and final C & D, subject to a final inspection.

2.7.78 Two booklets – Golden Rules for a Healthy Herd and Golden Rules for a Healthy Flock, both aimed at raising the awareness of the risk of re-introducing or spreading livestock diseases when restocking, were launched on 30 October 2001.

2.7.79 The issues around restocking go much wider than the rules designed to prevent a recrudescence of FMD on the holding. Other issues include how to ensure that the stock brought in is free from other diseases and that farm business and environmental advice is available so that farmers can consider the business options open to them

Welfare and Support of Farmers

2.7.80 DEFRA has worked with the Department of Health throughout the FMD outbreak on a range of initiatives offering practical and emotional support and guidance to help alleviate stress in rural areas. It has continued to provide financial backing for the Rural Stress Action Plan (RSAP) established during 2000 in response to concern about the consequences for the mental well being of farmers and their families of the severe economic downturn in agriculture. The RSAP Group is formed of a partnership between Government, the voluntary mental health sector (including the Samaritans) and national farming

organisations. It aims to deliver support to those in distress.

2.7.81 The Government has also continued to provide funding for the Rural Stress Information Network [RSIN] to establish a network of support available to people in rural communities who are suffering from stress. The RSIN was launched on 4 December 1996 and includes professional health care staff and voluntary organisations with relevant expertise (Samaritans, MIND etc) together with legal, financial and business support. The RSIN also assists in the development of local stress support groups, providing information about the causes and extent of rural stress and advice on measures available to help alleviate the problem.

2.7.82 The Government set up the 'Charity Match Funding Scheme', administered by the Countryside Agency March 2001 to implement its commitment to match, pound for pound, donations made by the public to voluntary organisations working to alleviate rural stress due to the FMD outbreak. [More details are given at paras 2.5.42-44].

SECTION 8

Q8. HOW EFFECTIVE WERE THE COMMUNICATIONS SYSTEMS FOR HANDLING AND RESPONDING TO THE OUTBREAK?

2.8.1 Communication has been of utmost importance in dealing with this epidemic, particularly because of the speed at which the disease developed and information had to be relayed both within DEFRA and to keep farmers, the public and the media informed. This section therefore deals both with external and internal communications.

Website

2.8.2 The most direct source of information on the outbreak for farmers, the public and the media has been the FMD pages on MAFF/DEFRA online. This was initially created on 20 February; the information carried developed over time to include:-

- News and information on the fight against FMD.
- A full list of confirmed cases of FMD, which was constantly up-dated in real time.
- Full details, including maps and an interactive mapping facility of Infected Areas.
- Full details of disease control measures and restrictions.
- Advice to farmers.
- Advice on rural activities.
- Links to relevant websites.

In its peak month of April, the FMD website received over 9 million hits of which 48% were outside normal work hours.

2.8.3 Other key websites for information on rural activities during the outbreak were:

- **Open Britain** (www.openbritain.gov.uk) which contained detailed tourist information on holiday locations and attractions, as well as the latest news on how Foot and Mouth restrictions are affecting countryside activities.
- The **Countryside Agency** (www.countryside.gov.uk) website which has excellent information on public access to rights of way, including details on the accessibility of country parks and national trails. It also contained links to local authorities' latest information on countryside access.
- The **Number Ten website** (www.pm.gov.uk) which had a straightforward list of county by county links which take you straight to local information on FMD restrictions.

- [Information on business help]

Media

2.8.4 In addition to the mass of information on the website, the media was kept informed of the progress of the epidemic by briefing. The MAFF Communications Directorate was strengthened. During the first month of the outbreak there were daily Ministerial press briefings by MAFF Ministers and frequent press briefings on particular topics such as the contiguous cull policy and vaccination by the CVO and CSA. Later in the outbreak, the News Co-ordination Centre in the Cabinet Office was also mobilised and provided daily briefing on all aspects of the epidemic which was used not only by the press, but as a very useful source of material for Embassies abroad. The Central Office of Information Regional staff were brought into the DCCs and contributed significantly to ensuring that local issues were fully addressed and explained to the media.

Helplines

2.8.5 Helplines were set up to provide information to the public and particularly those directly affected by FMD to cover not only the DEFRA licensing system, but also advice on local business support and the modifications in the tax system. All were well used: the national FMD helpline established by MAFF on 22 February, was rapidly expanded to cover 24 hours a day, 7 days a week and at the peak of the epidemic was taking 10,000 calls a day. Problems caused by delays in providing information to Helplines were addressed as quickly as possible. Specialised helplines, with, for example, information on licensing were established and local offices ran general enquiry points. Information on the possible impact of FMD on human health was available on NHS Direct.

Stakeholder meetings

2.8.6 Direct contact with stakeholders which ensured the two way flow of information was secured through a series of meetings held by a range of Ministers. On 23 February, the first national stakeholders meeting was held by MAFF in London for all those directly involved in the epidemic:- representatives from the farming and food industry; the veterinary organisations; hauliers and local authorities. These meetings were held weekly in the first months and were chaired by Ministers. Interested organisations attended and were able to be briefed on developments and to offer their views on issues as they arose. Regional stakeholders meetings were held by all RODs across their areas to ensure that those most affected could be kept informed.

2.8.7 The Rural Task Force, which also met weekly until Easter, brought together major non-farming rural stakeholders and acted as a channel of communication to the broader stakeholder community. In addition, and following the Annual Tourism Summit attended by Ministers from DCMS, MAFF, DETR and DCMS, four meetings of a tourism stakeholder group were held, chaired by DCMS Ministers.

Direct mailings to farmers

2.8.8 Important information for farmers was sent to them direct. During the epidemic MAFF/DEFRA made 16 direct mailings to farmers. The distribution was generally to all livestock farmers but some were more directly targeted (e.g. to sheep farmers or livestock farmers in Cumbria). They provided information on a range of subjects including fact sheets on recognition of the disease and welfare of animals to explanations of particular policy issues such as the refinements to the contiguous cull On 6 July, all livestock farmers were sent a video and leaflet on biosecurity.

Parliament

2.8.9 The Minister of Agriculture made regular statements to Parliament at the height of the epidemic. Ministers and officials appeared before Parliamentary Committees such as the Environment, Food and Rural Affairs Select Committee of the House of Commons. All MPs were told when FMD was confirmed on premises belonging to one of their constituents; over 1000 Parliamentary Questions were answered with much supporting information being placed in the House Libraries, and information was given directly to MPs by DCCs because of the need for speed. A dedicated helpline was set up for MPs to deal with constituency queries.

Communications within DEFRA

2.8.10 The quality of internal communication depends primarily upon the management and liaison structures, as well as the importance that is attached to ensuring that communication takes place. As resources were increased during the epidemic so co-ordination and communication improved.

2.8.11 The JCC, once established with responsibility for information flows, sought to enhance the communications between the centre and the DCCs by acting as a communication hub, by requiring daily sitreps on all issues from the DCCS and by organising daily responses from operations and policy HQ.

2.8.12 The need to ensure that a large regional organisation was kept fully briefed so that they could apply policies in a consistent fashion meant

that many instructions were sent out by email from headquarters in London. Recipients - DVMs and RODs - were responsible for ensuring that their staff understood the instructions and that TVIs and field teams were briefed when they came into the office. The size and complexity of some of the instructions, dealing as they did with important issues that needed to be passed on clearly to farmers or with complicated licensing arrangements which required new processing arrangements sometimes made this task very difficult and could leave the official dealing directly with the farmer feeling exposed.

2.8.13 The most important means of gathering, analysing and processing data was the dedicated FMD Disease Control System (DCS). This was rolled out on 6 March and replaced, for FMD purposes with the permanent Vetnet IT system which was then used only to provide a tracing facility throughout the outbreak. The DCS was intended to provide a simple and consistent way to record data from all Infected Premises and other premises involved in the outbreak for local Disease Control Centres. The DCS was available both locally and to the Departmental Emergency Control Centre in Page Street enabling data to be taken off the system centrally and used to produce all the management information and data on the disease that has been put on the DEFRA website and provided to the public. As with any system used by a great number of staff to deal with developing issues there have been problems in ensuring that all information is entered fully and in a timely fashion and that the system can provide the management information required. A major validation exercise is now under way.

2.8.14 The DCS was developed and enhanced during the epidemic and was eventually used to support the Animal Movement Licensing System used by local authorities for the autumn movements.

Jonathan Sharrock
European Secretariat

1 March 2002

Stephen Wall

Cc Martin Donnelly
Rachel Green
Kirstin Baker
John Bourne
Martin Hurst - No10

GMOs: letter to Tony Brenton

Tony Brenton's report on US views on GMOs provoked a lively debate between Departments. The consensus is agreement with his main argument that the current position on approvals is not sustainable; but to advocate a more cautious approach to positioning the UK.

2. Tony Brenton wrote to you on 5 February [**Annex A**], reporting on rising American expectations that the approvals process should be restarted in October and urging a proactive UK approach to delivering this.

3. Michael Arthur [**Annex B**], Bill Stowe [**Annex C**] and Henry Derwent [**Annex D**] have all replied. They have all advised more cautious handling; both to protect our position in ongoing EU negotiations and to avoid prejudicing future domestic discussions on field scale evaluations and a potential move to commercialisation. No10 hosted a short meeting last week with DEFRA, me and EDS to bottom out the political background on these points.

4. We have clear Ministerial agreement for the approvals process to be restarted. It seems helpful for your reply to Tony Brenton to set out in more detail how we proceed to begin to deliver this, drawing on the main tactical arguments raised in response to his letter. The key points are:

- To confirm that the implementation of the new authorisation regime in October will be a significant date in progressing EU-US relations on GMOs;

- To stress the need for low-key handling, to reduce expectations on all sides and to avoid political exposure for these sensitive issues in advance of the end of the UK field trials in Spring 2003;

- To be a supportive and pragmatic behind the scenes partner of the Commission over the next few months. We should make sure that Commissioners understand UK Ministers' support for restarting the process. We should be ready for an early test case, and encourage the Commission to propose a variety that the UK would be able to support.

5. Mrs Beckett will have a word with Margot Wallstrom in the margins of environment Council on Monday as a first step in all of this.

J. O. Sharrock

Jonathan Sharrock

Draft letter for Stephen Wall to send to Tony Brenton, British Embassy Washington.

GMOs – restarting the approvals process

Thank you for your letter of 5 February on the current state of trans-Atlantic relations on GMOs.

As you will have seen from the responses to your letter, you provoked a thoughtful debate here in London on the tactics and handling of restarting the approvals process. Contributions have been received from Michael Arthur, Bill Stowe and Henry Derwent. I am writing now to pull together their analysis of the points you made, and suggest a way forward on this important issue.

Colleagues were clear in accepting your analysis that the current EU/US position on GMOs is unsustainable. The UK seems relatively well-placed within the Council on this point. Ministers agree that we cannot support the current de facto moratorium on new approvals because of its illegality. They have shown support for the Commission in criticising this unacceptable situation; including in a public debate on the issue at Environment Council last October.

Departments also agreed with your feeling that October this year would be a key date in restarting the approvals process. The Commission certainly seems to have the political will to get the approvals scheme back on the road. And it is probably correct in its judgement that October is the right time to do this. The French and German elections will by then have taken place; removing some of the political dynamite from forcing the issue to a head either now or at Barcelona.

Most convincingly, the implementation of Directive 2001/18 in October should give a political and tactical fillip to the Commission's plans. Firstly because the new Directive has a higher policy legitimacy than its predecessor and should give the Commission a stronger base for forcing a decision. It was adopted recently by Counci and contains new safeguards to take account of the political sensitivity of biotech issues, such as stricter biosafety provisions. Secondly, because the new comitology structures in the Directive will, as Bill Stowe points out, set a higher barrier for the blocking states to cross. They will need a qualified majority formally to block applications in future. If the Commission has the political will, it could force a decision more easily under the new Directive than at present.

As you will have seen, the view in London is that we should proceed with some caution in taking this work forward. The political temperature on GMOs remains high. Domestically, the field scale evaluations of GM crops are coming to an end relatively soon, and Ministers are considering how to handle future work on this. As Michael Arthur notes, there is still some way to go before the debate on GMOs is fully normalised in this country, and in the rest of the EU; and we need to ensure that these political sensitivities are fully reflected in the position that we take with the US administration.

There was also some caution on your suggestion of inspiring a test case to facilitate the restarting of the process. But, generally speaking, this seems to be a good idea provided that we can identify a crop that will not disadvantage the UK in any way. I am attracted to Henry Derwent's suggestion that we should focus on applications which are for grain

import, rather than cultivation in the EU, which will be less controversial and should meet the US's main commercial concerns. Henry identifies a particular case outstanding where we have given a favourable opinion to the Commission but where the outstanding application now lies with Spain. I would have thought that it would be best quietly to encourage the Commission to focus on applications such as this as a way of illustrating their commitment to restarting the process.

In conclusion, it is clear that we should continue to support the Commission in their attempt to unblock the de facto moratorium on new approvals in the EU. With the US, we should make clear that we too would hope that this might take place in October. But we should also be careful to manage their expectations: many potential barriers remain and the Commission will need political conviction and a sure hand if it is to overturn the blocking minority and restart the process fully by then. Behind the scenes, we should continue to prepare for the process to restart, by identifying outstanding applications that we might wish to take first once the processes begin.

I am copying this to Dinah Nichols and Henry Derwent (DEFRA), Richard Carden (DTI), Michael Arthur, John Ashton and Simon Featherstone (FCO), Nigel Sheinwald and Bill Stow (UKRep), Neil McMillan (UKMis Geneva), Jeremy Heywood and Martin Hurst (No10) and DHMs in EU posts.

02/07/02 09:25 FAX

cc Sarah Thomas
Jo Dream-

A

From The Deputy Head of Mission
Tony Brenton CMG

NW Sharrock
cc JSS
MO
MR
RG
KB

British Embassy
Washington

3100 Massachusetts Ave. N.W.
Washington, D.C 20008-3600

Tel: (202) 588-6521
Fax: (202) 588-7859
E-mail: tony.brenton@fco.gov.uk

5 February 2002

NW Sharrock
cc s/shore + JH
MH

Sir Stephen Wall KCMG LVO
Head, European Secretariat
Cabinet Office

It would be useful to have an assessment of 2001/18, especially the issues explored in para 6 and the ideas in para 7. Lawrence was keen to treat the topic when I raised this with him a few weeks ago. AJ Wall 10/2

Dear Stephen

GMOs

Summary

1. The EU/US stalemate over GMOs is not sustainable. The US does not like the European Commission's traceability and labelling proposals, but the re-starting of the approvals process remains their immediate priority. Although they do not currently plan to take WTO action, the pressures on them to do so are increasing. Resolving the issue in March at Barcelona is not realistic but is October, when Council Directive 2001/18 comes into force, any more so? If we are to reduce the risk of the US taking the issue to the WTO we need to come up with a credible route forward.

Detail

2. When I saw Jeremy Heywood in London a few days ago he said that it would be useful to have an assessment of how the GMO issue now looks from this side of the Atlantic.

3. Unless there is activity in Brussels of which we are unaware the GMO issue looks stuck. The European Commission's Comprehensive Biotechnology Policy Paper for the Barcelona summit is a helpful signal that they see biotechnology as important but nothing more. There seems to be little movement on the traceability and labelling proposals which in any case will take a long time to become law. And the Commission seem to have effectively given up on re-starting the approvals process, at least for the time being.

4. The US Administration believe that the Commission's proposals on traceability and labelling are costly, unworkable and unlikely to achieve our stated objectives. They have repeatedly said to us that if implemented in their current form they will turn an $200 mn problem into a $4bn problem by extending EU controls to animal feeds. But they see as the crucial current test of the EU's professed wish to make progress on GMOs the resumption of the approval process, which they believe they

were promised would happen when the traceability and labelling proposal was tabled. They now attach importance to Lamy's statement, made when he met Zoellick last month, that the best opportunity for re-starting the approvals process would be after Directive 2001/18 comes into force in October.

5. The US say the moratorium clearly breaches WTO rules, but see the political downside of actually going to the WTO. Lamy warned that if they did so it would simply mean that there was no hope of restarting approvals while the case was heard. There are however, growing signs of US frustration at the lack of progress. Cloud (NEC) complained to us last week that the Commission seemed to be making little effort to press this issue and like Larson (State) called for those Member States blocking approvals to be taken to court for breaching community legislation. The US is asking itself what it would have to lose by taking WTO action. The moratorium has already been in place for over 3 years. Taking the issue to the WTO would also send a strong signal to other countries whose markets are important to the US. This is likely to be a factor of increasing concern to the US, in particular following China's announcement of new regulations on labelling GMOs. A US delegation is in Beijing this week to discuss this.

6. The Commission's reference to biotech competitiveness as an agenda item for the Barcelona summit led some in the US to believe the approvals would restart then. The Commission says Larson has read too much into this and has now made clear that the summit will not see decisions on approvals. But Lamy's remarks, and those of others in the Commission, are building up a degree of expectation that mid-October **will** see a change. It is not clear to us here how the Commission expects to achieve this other than through a complete change of heart amongst some Member States following their elections. Indeed, our understanding is that the comitology that applies once Directive 2001/18 comes into force shifts the balance of power to Member States by allowing them to block Commission proposals by a simple majority. It will certainly not improve EU credibility on this problem if after a further delay of 9 months we have to explain to the US that there is still no change.

7. We judge that if the US Administration are to continue to resist domestic pressure they need a plausible road map towards restarting the approvals process. One option suggested I understand by DEFRA is to get the US to initiate a new proposal on a product for marketing only, or one which has obvious consumer benefits. If the EU were to agree to bring the application to the front of the queue it might provide the right sort of test case to break the current logjam and demonstrate that the halt in approvals is not motivated by protectionism. Do we see any mileage in this idea - or if not - do we have any others?

8. I am copying this letter to DEFRA (Dinah Nichols), DTI (Richard Carden), FCO (Michael Arthur, John Ashton and Simon Featherstone), UKREP (Sir Nigel Sheinwald), UKMis Geneva (Neil McMillan), Jeremy Heywood (No 10) and DHMs in EU posts.

Yours ever

Tony

A R Brenton

B

Foreign &
Commonwealth
Office
King Charles Street
London SW1A 2AH
Telephone: 020-7270-2207
Facsimile: 020-7270-2326
Michael.Arthur@fco.gov.uk
Economic Director

[redacted]

JSW
MD
MR
RG
KB

12 February 2002

Sir Stephen Wall KCMG LVO
No 10 Downing Street

SW

cc: JJ
MH
JS
MT

Dear Stephen

GMOs

1. I have seen Tony Brenton's letter to you of 5 February. This is a DEFRA lead. But let me offer an initial view here.

Where are we?

2. There will be a paper from the Commission on the table at Barcelona about the biotech industry in general. A short, non-operational passage on the approvals process is buried somewhere in the 35 pages. That is a deliberate Commission approach. As Zepter and Cary told me recently, the Commission are trying to get some normality into the whole debate on the biotech industry, and a sort of sitrep synthesis to Barcelona seemed to be a sensible way forward. I share that view. The Americans complicated handling by saying in public (Al Larson) that this would lead to decisions in Barcelona. On that, the Americans are wrong in substance, and wrong tactically.

3. The blocking minority against new approvals remains. Although technically speaking, under the current comitology arrangements, the Commission can push through a decision before a change in the regime in October, politically they are unlikely to do so.

4. The G8 have no high profile activity on this this year. We had the successful Edinburgh and then Bangkok conferences, whose primary aim was to help to stabilise public opinion, and get all sides of the debate – consumers, producers, scientists, civil society – to talk. My sense is that the mood in this country is still fragile, but much less emotive than two years ago. So, if true, we are making some progress in "normalising" discussion of GMOs.

5. Across Europe, the Government positions remain largely unchanged. So the blocking minority looks pretty strong (but see below). The Commission are treading cautiously – with reason. So, frustrating as it may be, the UK's primary aim ought to be a managed, but not very fast, process towards restarting decision making, in a way that will not re-exacerbate public opinion.

6. That timetable is too slow for the Americans. Each year we get new pressure. Each year we get new threats of WTO action (although, as the Americans recognise, any such action would be a Pyrrhic victory). We all noticed that the recent threats from the US side about trade damage from the GM traceability and labelling proposals happened to contain a figure on a par with the FSCs compensation. Coincidence no doubt, but perhaps not immaterial.

What can we do?

7. Against that background, I suggest UK interests and action as follows.

- We want to continue the process of stabilising public opinion here. Carrying forward the Bangkok Conference recommendations will help .

- We want the Commission to go for decision making as soon as they judge this can be done without successful challenge. Drawing a distinction between marketing foodstuffs/feed and products for growing in Europe may be a sensible next step. This might provide the sort of incremental progress needed to demonstrate to the US that there is real Commission commitment.

- We should work on our potential allies to develop a consensus in favour of that action, and to reduce the blocking minority; The Netherlands, Spain, some in Germany, Ireland, Finland and Portugal share some of our thinking. What prospect of weaning the Italians and Luxemborg off the French blocking minority? Further probing by our posts could reveal new opportunities.

- We should keep close to the Commission, who are now handling this sensibly. We should encourage them to discuss with the Americans a road map – as Tony suggests – even if it is slower than the Americans would like.

- We should continue to tell the Americans that prudence is the swiftest way to success. Threatening, or implementing, trade action would be counterproductive to all concerned, not least in setting back recent progress with public opinion in Europe.

- But we must also make clear to the Americans that we (UK) are doing what we can to move this forward, building up a sensible GMO alliance etc. However the UK must not become the victim of being the messenger. Beef hormones is the right precedent to have in the back of our mind.

8. In short, not huge comfort to the Americans. But I do not think that a result on the lines they want is realistically in the tea leaves for this year, however hard we try.

Yours ever

Michael Arthur

cc: A R Brenton, Washington
Dinah Nichols, DEFRA
Richard Carden, DTI
Sir Nigel Sheinwald, UKRep Brussels
Neil McMillan, UKMis Geneva
Jeremy Heywood, No 10
DHMs, EU Posts
John Ashton, EPD
Simon Featherstone, EUD(E)

→ JS

C

14 February 2002

United Kingdom
Permanent Representation
To the European Union

Avenue d'Auderghem 10
1040 Brussels
Telephone: (0032)(2) 287 8211
Telex: 24312
Facsimile: (0032)(2) 287 8392
Direct Line: (0032)(2) 287 8262
Email: bill.stow@fco.gov.uk

Sir Stephen Wall KCMG LVO
Head of European Secretariat
Cabinet Office

Dear Stephen,

GMOs

1. I have seen Tony Brenton's letter to you of 5 February, and Michael Arthur's response of 12 February. Let me offer a view from Brussels.

2. Seen from here, Michael's conclusions make a great deal of sense. At the October 2001 Environment Council, Commissioner Wallstrom made it clear that she shares our view that the current de facto moratorium puts the EU in a vulnerable position, and should be ended as soon as possible. Having made a strong pitch which had no impact on the moratorium group, the Commission is right to tread cautiously now. A Barcelona showdown on GMOs would have been a bad decision. Ahead of French (and German) presidential elections, in particular, only one result – the wrong one - could be envisaged. Indeed, a discussion might easily have shown that the moratorium group has grown not shrunk. It is pretty clear that Germany, for example, will not want to stir things up before their election. Better to use Barcelona as a showpiece for the biotechnology industry in general.

3. The Commission appears to consider that entry into force of Directive 2001/18 (20 October 2002) will create conditions suitable for bringing an approvals test case. But this may be rather hopeful. I think it will depend on the state of play with the Traceability and Labelling proposals.

4. The Spanish Presidency is not pushing for early agreement of these proposals. It has suggested a common position for the June Environment Council, but only "if delegations are ready". There is no indication that member states will be ready. If anything, attitudes have hardened. And, to date, the Presidency have held no preparatory working party discussions on traceability and labelling – just on the related food and feed proposal. We (and the US) should not hold our breath. Even the Danish Presidency will have an uphill task.

5. Nevertheless, we do endorse Tony's suggestion for an appropriate test case to be brought forward – at a gentle speed. It needs to be selected carefully. The DEFRA proposal of a US product for marketing only, or one with obvious consumer benefits, seems suitable. An alternative would be a non-food product (such as cotton) for import, but not growth. Such cases would meet the twin aims of minimising the risk of Member State challenge and visible movement towards the US.

6. The comitology situation is complex. Currently, for Directive 90/220, unanimity is required to amend a Commission proposal. The assumption is that the Council can also reject by unanimity but this has not been tested. Comitology Decision 1999/468 will apply to 2001/18, meaning that member states will need a qualified (not a simple) majority to overturn a Commission regulatory proposal. If the Council remained deadlocked after three months, the Commission decision would be adopted.

7. So Tony is right that from 20 October it will be easier for the moratorium group to block any Commission proposal. But it will not be that easy. The inner group's combined votes (39) are well short of a QM (62). The new arrangements will provide some *political* comfort to the Commission – as they are less likely to be accused of having driven the approvals process through without regard to member states' views. But I doubt if they will want to go ahead with an approval if it is opposed by a significant group of member states – even if, formally, they could do so. Entry into force of 2001/18 does change the atmospherics – but because it introduces up-to-date and tougher authorisation requirements, not because it changes the comitology. But there will still be a need, at the right time (ie after further progress has been made on Traceability and Labelling) to work to peel off at least some of the current members of the moratorium group.

8. Finally, UKRep will continue to keep close to the Commission. I am seeking an early meeting with Catherine Day, who becomes the new Director-General of DG ENV in early spring, to discuss the Commission's road map.

Yours,

Bill

Bill Stow

cc: Tony Brenton, WASHINGTON
Michael Arthur, FCO
Dinah Nichols, DEFRA
John Ashton, FCO
Richard Carden, DTI
Jeremy Heywood, No 10

DEFRA
Department for
Environment,
Food & Rural Affairs

Zone 4/F1, Ashdown House, 123 Victoria Street, London SW1E 6DE
Telephone: 020 7944 6210 GTN: 3533 6210
Direct line: 020 7944 6210 FAX: 020 7944 6209
E-mail: henry.derwent@DEFRA.gsi.gov.uk

Sir Stephen Wall KCMG LVO
Head
European Secretariat
Cabinet Office

Dear Sir Stephen Wall,

GMOs

Tony Brenton's letter of 5 February giving the view from Washington of the current EU/US stalemate over GMOs was copied to Dinah Nichols. I have also seen copies of Michael Arthur's and Bill Stow's responses.

We broadly agree with Michael's and Bill's rather lower key approach to proactive engagement in this issue than that suggested by Tony. The UK is not the leading Member State on any of the outstanding GM product applications. The power of initiative to force decisions on them rests with the Commission, as does the lead for defending the EU against any WTO action.

As Michael says, we should avoid the role of messenger when the consequences could damage our own interests. These are significant domestically as well as at the EU and international levels. In particular, a carefully managed and sensitive approach will be needed for dealing with decisions on the commercial cultivation of GM crops in the UK at the end of the farm-scale evaluations in 2003. We are considering fostering a UK public debate on this most politically charged of subjects, and we must avoid tipping it in unhelpful directions.

That said, we are sure we should continue to develop the generally helpful and sympathetic stance we have adopted towards the Commission on this issue to date. Margaret Beckett strongly supported Commissioner Wallstrom's position on the unacceptability of a "de facto moratorium" during the public debate on GMOs at last October's Environment Council. We are looking for further opportunities, perhaps at the 4th March Environment Council, to show open political support and encouragement.

Behind the scenes, we think the emphasis should be on helping the Commission prepare the way for the resumption of decision-making on GM products in October 2002, when the new GMO Directive comes into force. We have some specific ideas, but any approach on these lines should also include identifying and seeking help from EU allies who feel politically able to show some movement. As for the US, we tend to agree with Michael that our line should be to continue to emphasise the political reality of public opinion in Europe and to point out the likely counter-productive effect of threatening trade wars.

Timing here is all-important. We share Bill's rather than Tony's view that a crucial political change will be the switch to QMV rather than unanimity as regards the ability of Member States to overturn proposed Commission measures on applications. (The change in October is from unanimity to QMV not, as Tony inferred, to a simple majority.) Another significant factor is that all pending applications will automatically become subject to the criteria in the new Directive. Where justified by the evidence, or lack of it, this will enable pending applications to be brought up to modern biosafety standards.

As regards a possible "test case", we think we should look closely at the options but tread carefully. Any brand-new application, whatever the putative merits of the product, is unlikely to attract speedy treatment. Any crop for cultivation is likely to be problematic, in varying degrees depending on what it is, because of the need to address issues of biodiversity and agricultural co-existence in the EU environment. On the other hand, grains from plants grown elsewhere and for importation only (the focus of US concerns) are far less likely to raise significant environmental issues, and this is where we are preparing plans.

We used a cautious analysis of the chances of success of clear-cut decisions on the pending dossiers and for low-key contacts with the Commission and other Member States on how individual dossiers stuck in the logjam might be handled. For example, one application from a US company is for a maize variety for importation only and for use only as animal feed or for processing into products containing no viable GM material. It was originally sent to the UK, which gave a favourable opinion to the Commission. However, it was subsequently withdrawn but an advanced application for the same variety and uses now rests with Spain. Spain and the Commission might see an advantage in ensuring this application is updated and ready to go in October.

Finally, I note Michael's view that carrying forward the outcomes from the Bangkok Conference might help to stabilise UK public opinion. Whilst the conference was successful on its own terms, I do not think we should over-estimate its real-world impact. Ministers are committed to having some kind of public debate over the summer on the commercial

cultivation of GM crops in the UK. We think this is far more likely to provide an opportunity to get across the facts of life about GMOs.

I am copying this letter to Martin Hurst at Number 10, Michael Arthur of FCO, Bill Stow in UKREP, Jonathan Sharrock in Cabinet Office, and Tony Brenton in Washington, and Dinah Nichols, Linda Smith and David Steele in DEFRA.

HENRY DERWENT
Director, Environment: Risks and Atmosphere

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MEAT AND LIVESTOCK COMMISSION

MLC Response to Sir Donald Curry's Inquiry into Farming and Food

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MLC's Vision is that within 5 years the industry will be a world-class, trusted, efficient supply chain delivering a product preferred by consumers.

We believe that this can be brought about by:

- **An interpretation of what the consumer wants back to the supply chain**
- **A significant improvement in the eating quality of GB product compared with the competition**
- **A meat and livestock industry that meets the needs of modern consumers**
- **A step change in the integrity and competitiveness of the supply chain**
- **An equitable distribution of returns throughout the chain**

livestock farmers, auction market operators, abattoir and cutting plant owners, manufacturers, wholesalers, retailers, caterers and consumers. However, we recognise that the activities of the wider farming and food industries are interwoven and have commented, where appropriate, on the wider role of the red meat industry in the farming and food sectors.

The British Red Meat Sector

The MLC spends about £700,000 a year on finding out what consumers think about red meat and what sort of products they want to buy. This research shows that over 40% of the population now consider red meat to be an important part of a healthy balanced diet. This is an important statistic, particularly when compared to with the figure in 1992, which was only 25%. In total, 97% of British consumers eat meat, red meat is a popular choice among consumers and, contrary to belief in some quarters, evidence suggests that the number of vegetarians is static.

However, current trends in the global food sector present serious challenges for farmers and other stakeholders in the food supply chain. Convenience foods and snacks are becoming more and more popular. Expenditure on chilled ready meals grew by 21% between 2000 and 2001, and traditional meal times are being replaced with snacking and "grazing". The number of locations in which food is consumed is also increasing, with food consumed out of the home becoming increasingly important. Consumers are also becoming more demanding, asking for information about provenance, ingredients and manufacturing processes.

Red meat is already an important ingredient in convenience foods and snacks. However, MLC's objective is to assist the industry to compete in the global market place, to ensure that red meat is seen as a flexible ingredient and that meat products continue to satisfy consumer demand. Perhaps the single biggest challenge to the red meat industry for the future is to meet the consumer demand for safe, healthy, enjoyable foods that are appropriate for the changing lifestyles.

Changes in global and EU policy are also reflecting the fact that priorities for major industrialised countries are decreasingly concerned with conventional production of food – this trend is reflected by shifts in priorities for the subsidisation of primary production. There is also a widespread perception that the CAP is currently too costly, rewards the wrong producers and requires reform. There is a willingness to subsidise primary production so long as this results in goods and services that match the changing needs of society.

QUESTIONS ASKED BY THE POLICY COMMISSION

1. As citizens, consumers and tax payers, what should we expect of the Countryside, farming and the food sector?

In general terms, there is undoubtedly a different frame of reference for urban and rural dwellers. Both could reasonably expect a rural environment which is pleasant to live and work in, and to travel to and from. Both could also expect a rural economy that can support employment for those who wish to live and/or work in the countryside, although this is obviously more pronounced for those in the rural community. Increasingly, we are seeing a desire for an environment which supports biodiversity, although there is also growing awareness of global warming and other environmental issues.

The MLC consumer research shows that consumers expect the (livestock) farming sector to produce safe, nutritious, wholesome red meat; provide a diverse variety of acceptable livestock production systems (without a frame of reference on which to base these judgements); offer the choice between organic and traditional farming methods, and between free range and more intensive farming methods, both of which comply with minimum animal welfare standards.

Consumers expect a wide choice of food products offered in a variety of settings (i.e. retail, foodservice, catering etc), ranging in cost, ease of preparation and taste. They demand products that suit every budget as well as appropriate hygiene standards with as much transparency and traceability as is practical for the industry to supply as a means of adding value.

Citizens could also expect those involved to receive a return from farming and food production that reflects the investment of effort made, and the opportunity to compete on a level playing field within the European Union.

As far as taxpayers are concerned, they expect good value for money from the farming and food sectors. With the proposed enlargement of the EU and the next WTO round, this issue is likely to become more important and result in some further reform of CAP.

'Consumers shaken by the crisis demand higher standards from the livestock and meat industries'

2. What is good about farming (as land manager and food producer) and the food sector at present that we should try to preserve, and what are the problems?

As mentioned in our introductory remarks, red meat plays an important role in the diet of most British consumers. Although sales of beef this year are 3.6% lower than last year, they are 4.1% ahead of sales in 1999 and above pre-BSE levels. Red meat also provides a wide range of flavours, textures and formats. It plays a traditional part in meals, particularly family meals, as well as flexibility as an ingredient for other meals.

Farming continues to make a substantial contribution to the rural economy, in terms of employment and guardianship of the countryside, both in terms of revenue generation and employment.

'Farming is the English Countryside' is a quote from some recent consumer research. Farming plays a disproportionate role in some rural areas, and has an important social role to play in terms of bringing communities together and providing a social network.

It is estimated that overall, 600,000 people are employed directly to the livestock and meat sector in Great Britain; the farm gate value of livestock production amounts to about £4bn and total consumer purchases of British red meat are valued at over £11bn. The red meat industry is part of a food chain, which accounts in overall terms for almost 15% of GDP.

Regional products are becoming more and more popular as consumer demands for choice and traceability increase. Regional products can provide choice and added value for ever more demanding consumers.

Problems

Significant parts of the livestock industry are fragmented, traditional and sometimes slow to embrace change. They are vulnerable to disease (which may or may not be brought in from abroad) – for example, BSE, FMD, classical swine fever, PMWS & PDNS (pig diseases) and scrapie.

There are few strong brand marks in the red meat industry, necessitating MLC's consumer marketing of red meat as an essential part of the industry's strategy.

Another major problem facing the farming and food industry across the European Union is the fact that primary producers, particularly in the ruminant livestock sector, respond as strongly to the need to qualify for their subsidies, as to market signals.

The enlargement of the European Union will allow entry to countries in which agriculture often represents a substantial part of the economy, and which will employ a large proportion of the population. In the medium term these countries will provide exceptionally low cost competition.

The difficulty of introducing improved traceability and transparency into the fragmented red meat supply chain is well known. This is increasingly hindering food manufacturers and retailers from satisfying consumer demands in these areas. The recent Foot and Mouth outbreak has exacerbated the abattoir overcapacity situation in Great Britain, although there are significant regional variations.

Farmers and other stakeholders are often small businesses, or sole traders, and find it difficult to invest in modern administrative equipment (such as electronic record keeping and the Internet) and to cope with more and more paperwork regulations.

In addition, the farming and food industries are striving to attain ever-increasing standards with the attendant cost pressures, for example, from higher animal welfare requirements, waste disposal and environmental legislation. Increasing competition from the global marketplace (often from countries with lower cost structures and in some cases lower standards) is leading to higher import levels.

Despite the increasing perception of red meat as an important part of a balanced diet, some healthcare professionals and scientists still believe that red meat is unhealthy. The advice provided by these misinformed professionals can sometimes lead to reduced demand.

In terms of food preparation, fewer children are being taught how to cook in schools and this together with the fact the food technology is not a compulsory subject in the curriculum reduces awareness of basic food hygiene, safety and nutrition. The cumulative effect of these issues is a future problem for society.

3. What factors are driving these good and bad aspects, and how?

- positive drivers:-

  - growing household incomes linked to an enhanced desire for choice mean that industry has responded with more sophisticated and diverse products
  - increasing perception that red meat is nutritious and an important part of a healthy balanced diet
  - consumers enjoy eating meat – 97% of British consumers continue to do so
  - British livestock farm structures are generally larger and frequently technically more efficient than those in other EU countries (particularly for sheep)

- negative drivers:-

  - lack of profitability in most parts of livestock production and processing
  - successive crises have taken their toll on industry confidence and financial viability
  - a lack of a clear message on the future direction for livestock producers
  - poor co-operation up and down the supply chain
  - the weakness of the Euro against £ sterling

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'The Foot and Mouth crisis creates the opportunity for change for the better in an industry sometimes slow to adapt'

- Provide clear signals to the industry on future policy changes
- Support increased traceability right down the supply chain
- Ensuring that competition is as fair as far as possible throughout the EU, particularly in such areas as environmental and animal welfare legislation
- Incorporate £ sterling into the Euro at a competitive rate for the industry
- Make some use of EU support measures to encourage change in industry practice (eg to incentivise uptake of quality assurance schemes)
- Review and refocus on the educational needs of the younger generation in the areas of food technology, preparation, storage and safety.
- Seriously consider the merits of a licensing system for meat and livestock throughout the supply chain
- Ensure an effective import policy operates to enforce food safety and animal health standards

MLC will realise its vision:-

- **by integrating the product and process specification across the supply chain**

  - Enhancing product quality and consistency
  - Developing a culture of risk assessment, risk management and risk communication
  - Strengthening sustainability, consistency, traceability, welfare and disease control
  - Building assurance across all sectors

- **by improving competitiveness through use of best practice**

  - Supporting national, regional and local supply chains
  - Encouraging transparency and integrity in supply chain relationships
  - Encouraging co-operation and exchange of best practice
  - Delivering IT solutions to streamline paperwork and bureaucracy
  - Championing cutting edge technology and processes

- **by differentiating meat from Great Britain so that consumers can make appropriate choices**

  - Developing and vigorously promoting key attributes
  - Building brand values at home and abroad

- **by building business at home and abroad**

  - Keeping up the pressure to lift export bans
  - Providing support to exporters to rebuild businesses
  - Developing new markets for British exports
  - Business development in the food service and manufacturing sectors

In order for MLC to achieve its objectives, there will need to be supplementary Government funding on a decreasing scale to enable it to **facilitate change in the industry.**

Government funding of £50 million is required to supplement MLC's own funding of £92 million in the same period.

CONCLUSION

The future of the livestock sector is in the balance. MLC has the vision, the expertise and the radical new strategy to meet the changing need of the

consumer, the industry and Government. We wish to work with Government and our stakeholders to achieve our vision.