



House of Commons

Committee of Public Accounts

Foot and Mouth Disease: applying the lessons

**Ninth Report of
Session 2005–06**



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Session 2005–06**

*Report, together with formal minutes,
oral and written evidence*

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The Committee of Public Accounts

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Nick Wright (Clerk), Christine Randall (Committee Assistant), Emma Sawyer (Committee Assistant), Ronnie Jefferson (Secretary), and Luke Robinson (Media Officer).

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Summary

Implementation of previous recommendations

The net cost of the 2001 Foot and Mouth epidemic to the taxpayer was approximately £2.7 billion (gross cost £3 billion). The epidemic was one of the largest and most costly animal disease outbreaks ever recorded, with at least six million animals slaughtered. The European Commission disallowed £610 million of the UK's claim of £960 million for reimbursement of the costs of the outbreak. Our predecessors reported on the Department for Environment, Food and Rural Affairs' ("the Department") handling of the 2001 outbreak in its Report published in March 2003.¹

The Department has made good progress in implementing most of our predecessors' recommendations. In particular, the Department has:

- improved its animal health policies to reduce the risk of a further outbreak.
- strengthened its preparedness through enhanced contingency planning, by increasing the number of veterinarians and other resources needed to handle an outbreak, and by banning some animal feeds and limiting animal movements to prevent rapid spread of the disease.
- clarified its approach to the use of vaccinations in any future outbreak.
- tightened its procedures for valuing commercial animals.

Further action is required, however, in two key areas:

a) Controlling the cost of a future outbreak

Procedures for valuing pedigree and high value stock continue to rely solely on valuer judgement. The reasonableness of completed assessments should be validated by comparison to other relevant documentation such as original purchase price, and valuations should be benchmarked for consistency and fairness.

The Department has yet to complete discussions with the industry about a proposed animal disease levy through which parties would share the cost and responsibility for dealing with future outbreaks. A levy system which linked contributions to standards of biosecurity could benefit the sector as well as the taxpayer. Additionally, the Department has yet to resolve whether the cost of disinfection and cleaning should be funded by the taxpayer, by the industry or be shared.

1 5th Report from the Committee of Public Accounts, *The 2001 outbreak of Foot and Mouth Disease*, (HC 487, Session 2002–03)

b) Managing Future Outbreaks

The Department's and other parties' contingency plans, such as those of local authorities, need to be current and consistent to facilitate co-ordination and co-operation in a future outbreak. To reduce the risk of future outbreaks, farmers' compliance with animal health standards should be subject to enhanced scrutiny on a risk assessment basis. The Department should establish adequate Information Technology systems to assist in the management of future disease outbreaks.

On the basis of a further Report by the Comptroller and Auditor General,² our predecessors took evidence from the Department on its progress in controlling and sharing the costs of a further outbreak, preparedness for a future epidemic, and disease control options such as vaccination and culling.

² C&AG's Report, *Foot and Mouth: applying the lessons* (HC 184, Session 2004–05)

Conclusions and recommendations

- 1. The Department has tightened controls over the payment of compensation to farmers for slaughtered animals** through appointing an approved list of valuers, remunerating valuers on an hourly basis rather than a percentage of the valuation, and using average price data from the Meat and Livestock Commission to inform valuations.
- 2. For non-standard and pedigree animals, however, the Department still relies on professional valuations, even though experience from 2001 suggests some valuations were two to three times the underlying worth of the animal.** The Department should seek to substantiate such valuations by reference to other relevant data, for example original purchase price or values for similar animals in different parts of the country. It should challenge, and expect the farmer or valuer to justify, any unusual movements.
- 3. Implementation of a levy scheme could transfer part or all of the cost of future disease outbreaks from the taxpayer to farmers,** as is the case already for arable farmers. A levy scheme could also provide incentives to improve farm biosecurity, for example by linking the amount of levy contribution to standards of biosecurity maintained on a farm. The Department should make quick progress on consultation on such a scheme, and should resolve quickly the question of transferring to the industry the costs of secondary disinfection of farms.
- 4. Weak financial controls operated by the Department during the 2001 outbreak have made it difficult for the Department to substantiate and settle contractors' invoices, some of which are now four years old.** The Department should set a deadline for completion of its detailed forensic audit work and for settling all outstanding claims.
- 5. Targeting inspections increasingly on a risk assessment basis would reduce risks of a future disease outbreak.** Inspectors having and applying a comprehensive and clear understanding of all relevant legislation and regulations is also essential. The Department should enhance the effectiveness of its inspection regime by greater co-ordination, co-operation and information sharing with local authority staff and through use of peer-review, quality checks, and training to encourage strict application of animal health regulations.
- 6. Good biosecurity should be encouraged through effective deterrents for those farmers who fail to meet minimum standards thereby putting at risk their own and others' livelihoods.** The Department has limited data on the outcome of local authority prosecutions, or the size of fines imposed by courts. The Department should identify and collect the necessary data and consider whether it would be appropriate to ask the Sentencing Advisory Council to frame a sentencing guideline on breaches of farm biosecurity.
- 7. The Department will need first class project management skills to control a future outbreak effectively, ultimate success being dependent on effective co-ordination with local authorities, emergency services and other stakeholders.** The

Department has put in place an enhanced contingency plan with clear management responsibilities allocated for operations and finance. The Department should establish a timetable for relevant local bodies to produce contingency plans, and for testing such plans alongside its central plan, in scenarios ranging from accidental to deliberate introduction of diseases.

8. **The Department has now clarified its policy and approach to the use of vaccination and/or a contiguous cull to eradicate future disease outbreaks.** This approach is being underpinned by a cost benefit analysis of the effectiveness of different disease control options. The Department should meet its commitment to put the report in the public domain quickly.

1 Controlling and sharing the costs of a further epidemic

1. Compensation for slaughtered animals accounted for £1.4 billion of the cost of the 2001 outbreak. The European Commission disallowed some 60% of the UK's claim for reimbursement of compensation costs, agreeing to pay only £254 million of the £652 million claimed.³ The Commission considered that there had been poor control over compensation arrangements and it estimated that payments to UK farmers were around two to three times the true value of the animals slaughtered. The Department's approach in 2001 had been based on controlling overall costs by rapid eradication of the disease.

2. For the future, the Department intended to appoint livestock valuers from an approved national list, paid by the hour rather than as a percentage of the valuations, with four "monitor" valuers to quality assure the valuers' work. The Department had also issued detailed instructions on how valuations should be undertaken. The Department was introducing standard valuations and compensation for animals (including cattle) slaughtered for other types of animal disease, but would need new primary legislation to do so for Foot and Mouth. The Meat and Livestock Commission would, however, disseminate market information to valuers to inform the valuation of standard animals. The difficulties of validating the reasonableness of valuations placed on pedigree and other valuable animals remained.⁴

3. The Department no longer planned to pay compensation for animals slaughtered on welfare grounds although it would pay for the cost of disposal. It considered farmers to be responsible for their animals, and for feeding them, and its current contingency plan made provision for licensed movements to ease welfare problems.⁵

4. The European Commission had disallowed 80% of UK expenditure on the cleansing and disinfection of farms affected by the outbreak. In dealing with the 2001 outbreak the Department could have required farmers to meet the cost of cleaning and disinfecting farms. Instead, the Department reimbursed farmers at an average cost of £30,000 a farm. This approach had led, in the Department's view, to a thorough and consistent process, reducing the likelihood of re-infection, and it remained current policy. Whether the cost should be passed on to farmers would be part of its consultation exercise on an animal disease levy.⁶

5. Four years after the end of the 2001 Foot and Mouth epidemic, the Department had still not settled extended contractual disputes with 76 contractors who had claimed some £40 million. The poor financial controls over expenditure, highlighted in our

3 The UK's claim of £960 million comprised £652 million in respect of compensation for slaughtered animals and £308 million for other costs.

4 Qq 2–3, 50–52, 66–68

5 Qq 39–40

6 Qq 57–60, 108–109

predecessors' Report, contributed to the Department's difficulties in verifying sums claimed. The Department has put in place new contracting arrangements for future outbreaks, including contingency contracts and prearranged prices to reduce the scope for contractual disputes.⁷

6. The Department confirmed its intention to bring forward proposals for sharing the cost of outbreaks in its Animal Health and Welfare Strategy published in 2004. It intended to consider the issue as part of a more general review of the regulation of charging in the farming sector more generally. Consultation on the broader agenda would take place later in 2005. The Department had been unsuccessful in its initial plans to link the amount of compensation payable to the standards of biosecurity maintained by the farmer. In the Department's view, biosecurity could not be assessed objectively. The Department was, however, considering proposals for an animal disease levy to share the future costs of disease outbreaks with the industry. Standards of poor biosecurity might be taken into account in such a scheme, for example through lower charges for those farmers with better biosecurity.

7 Qq 13, 48, 62-65

2 Preparations for a future epidemic

7. In the Department's view an outbreak of foot and mouth disease could not be entirely prevented as the risk of diseased meat getting into the country could not be eliminated. Robust animal health inspection regimes were critical to reducing the risk of future outbreaks of serious contagious diseases and to raising animal husbandry standards. Departmental inspectors require a sound understanding of the technical and legislative environment to underpin their risk assessments of farms and to adopt a more rigorous approach to maintaining standards of public and animal health. The Department was undertaking targeted inspections co-ordinated between local government and the State Veterinary Service. The risk based approach took account of the nature and scale of businesses, local knowledge, animal density levels, and the number of animal movements.⁸

8. The maximum penalty for breaches of biosecurity is imprisonment for up to 2 years and/or an unlimited fine.⁹ Responsibility for prosecuting breaches of biosecurity lies with local authorities. The Department did not routinely collect data on the number of prosecutions or their outcomes. Outcomes for two local authority areas, North Yorkshire (12 cases) and Cumbria (3 cases), indicated, however, that the Courts had imposed modest penalties (**Figure 1**).¹⁰

Figure 1: Prosecutions for serious breaches of biosecurity procedures in North Yorkshire and Cumbria from September 2001 to May 2002

Outcome	Number of prosecutions
12 month conditional discharge	2
£100 fine plus costs	5 (6 offences)
£200 fine plus costs	2 (3 offences)
£225 fine plus costs	1 (2 offences)
£250 fine plus costs	2
£300 fine	1
£300 fine plus costs	2 (3 offences)

Source: National Audit Office analysis of supplementary written evidence (Ev 23)

9. Restrictions on sheep and cattle movements introduced after the 2001 outbreak had reduced the spread of disease. Spot checks on traffic to identify the illegal transportation of animals had also been effective. The State Veterinary Service had access to a web-

8 Qq 19–20, 29, 70–74

9 Animal Health Act 1981 and related legislation

10 Ev 23

based secure enforcement database used by trading standards staff in 170 local authorities in England and Wales to record enforcement action for breaches of livestock movements. The Department was, however, only aware of the outcome in 69 of the 191 prosecutions initiated in 2003, which comprised 58 convictions, 9 cases withdrawn and 2 subject to appeal. It had no specific information on the level of fines imposed by courts although it noted that the data should be held by the prosecuting local authority.¹¹

10. The Department considered that it was better prepared for a future outbreak. It had appointed six senior civil servants to take charge of the disease control operation as Regional Operations Directors. Eight further staff had been appointed as Divisional Operations Managers and a further seven as finance managers. Military liaison officers would be appointed to each National and Local disease control centre. The Department could however do more to encourage the preparation of linked local authority, emergency services, tourist industry and other rural stakeholder plans, and to conduct joint exercises. Linking and joint testing the contingency plans of all the parties involved in responding to an outbreak would help facilitate a more immediate national co-ordinated response.¹²

11. The Departments' contingency plan took account of the risk of deliberate introduction of the disease, including the risk that a number of different strains might be introduced. Early diagnosis, laboratory facilities and vaccination antigens would help tackle such a situation.¹³ Farm health plans were a major initiative in the Department's Animal Health and Welfare strategy, and a working party had been set up to look at sharing best practice. Poster and advertising campaigns had been used to address, for example, biosecurity in markets.¹⁴

12. The National Contingency plan included a communication strategy which required daily engagement with stakeholders at a local level. 24 hour phone numbers were in place, and senior staff were being trained to deal with media questions. Exercise Hornby had been carried out in the summer of 2004 to simulate an outbreak and test plans. The Department had improved its information systems since the outbreak of 2001. On the advice of its consultants, however, it had delayed the introduction of its enhanced web-based database system until underlying problems had been resolved. Work to integrate the new database and the State Veterinary Service Agency's information technology programme was continuing. In the meantime, the Department's existing system was to be upgraded to provide support.¹⁵

11 Qq 76, 82–85; Ev 22–23

12 C&AG's Report, para 3.4; Qq 9, 30–33

13 Q 79

14 Qq 10–11, 58, 61, 68, 186–187

15 Qq 34–35, 80, 136

3 Vaccination or cull

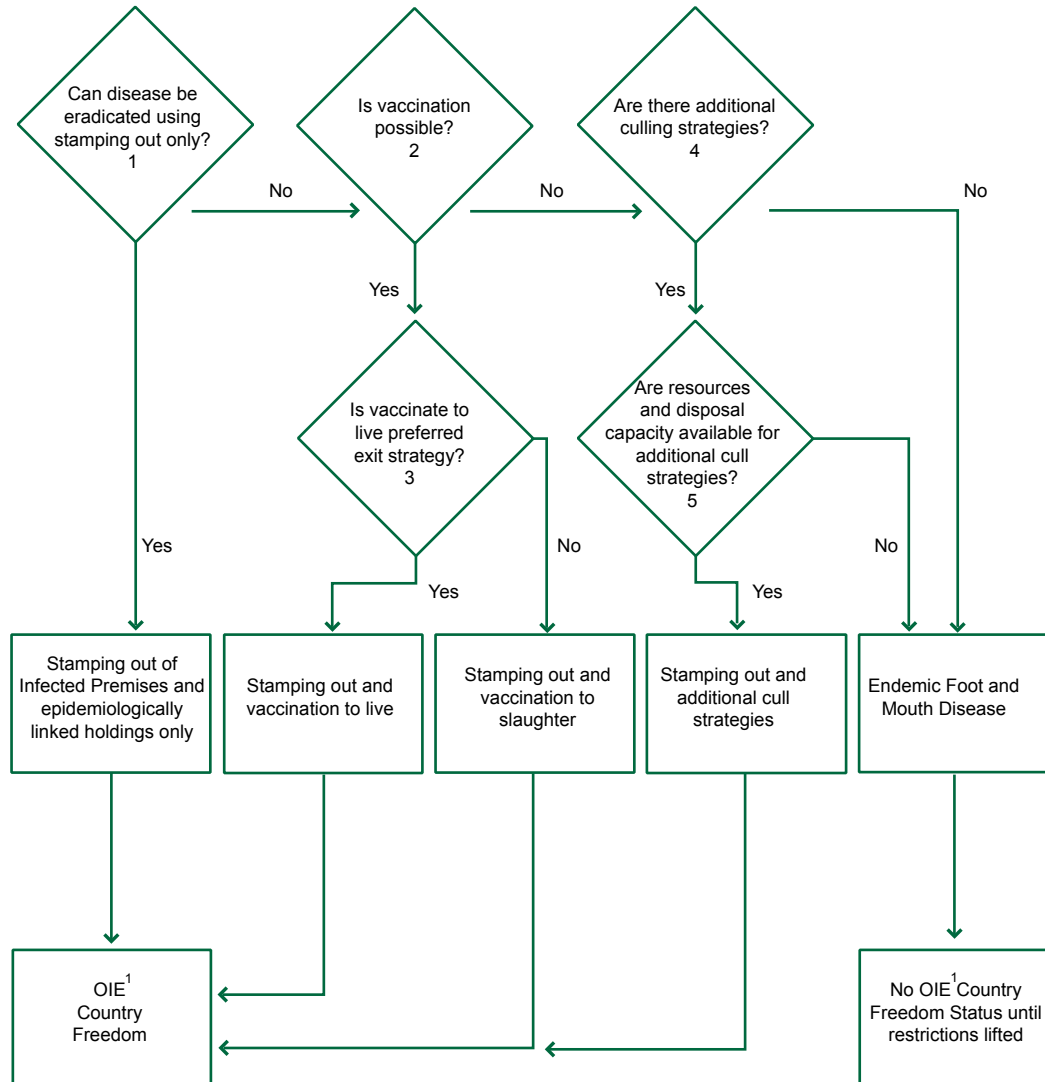
13. The contiguous cull of 2001 remains highly controversial as healthy animals may have been slaughtered. The Department had commissioned a major cost benefit analysis looking at four different disease control strategies, including a contiguous cull. The results were expected to be made publicly available but were currently waiting peer and other expert review.

14. The Department had set out its likely response to a future outbreak. The first line of disease control would still be the slaughter of susceptible animals on infected premises and dangerous contacts in line with European Union requirements. Depending on the circumstances, the Department would then consider using a policy of vaccination to live, making use of the Decision Tree (**Figure 2**) developed as part of its contingency plan. The Department had no plans for a repetition of the mass funeral pyres used to dispose of carcasses in the 2001 outbreak.¹⁶

16 Qq 14, 18, 123–124

Figure 2: The Decision Tree showing the factors influencing the decision of when to vaccinate animals

Factors influencing the decision of when to vaccinate animals have been set out by the Department in a Decision Tree included in the Foot and Mouth Disease contingency plan



Note:

1 The Office International des Epizooties (OIE) determines the disease status of countries for the purpose of international trade in animal products.

Source: Department for Environment, Food and Rural Affairs' Foot and Mouth Disease Contingency Plan, Annex D, December 2003

15. The Department needed to educate consumers about alternatives to culling, including vaccination to live and vaccination to die. Vaccination was not used in 2001 partly because of the actual and anticipated farmer and consumer resistance to meat from vaccinated animals. Too little information had been made available to the public, farmers and supermarkets about the effects of vaccination on public health, and about the impact of vaccination on the export status of UK beef. Meat from animals vaccinated against other diseases was already on sale in the UK. Individual farmers might still need to be persuaded, however, as might retailers and consumers. The Department confirmed that it had legal powers under a Statutory Instrument to vaccinate in a vaccination zone even if farmers objected. The National Farmers Union supported the use of vaccination.¹⁷

16. The Department had practical arrangements in place to enable it to vaccinate infected cattle within five days of disease confirmation. A range of vaccines covering nine different strains of the disease were available. As an outbreak could result from more than one virus strain, the Department also had access to vaccines covering other strains held elsewhere in the European Union.¹⁸

17 Qq 42–44, 93–104, 127–135

18 Q 42

Formal minutes

Monday 17 October 2005

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Jon Trickett

Mr Greg Clark

Kitty Ussher

Ms Diana R Johnson

Draft Report (Foot and Mouth Disease: applying the lessons), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Ninth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

[Adjourned until Wednesday 19 October at 3.30 pm]

Witnesses

Wednesday 23 February 2005

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Sir Brian Bender KCB, Dr Debby Reynolds, Ms Glenys Stacey, Mr Simon Hewitt, Mr David Rabey, Department for Environment, Food and Rural Affairs, and **Mr Barney Holbeche**, National Farmers' Union

Ev 1

List of written evidence

Department for Environment, Food and Rural Affairs

Ev 20

National Farmers' Union

Ev 24

Map of Burnside Farm, submitted by the Department for Environment, Food and Rural Affairs

Ev 26

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