

# **The rationalisation of the Animal Health and Veterinary Laboratories Agency (AHVLA) (28th February 2012)**

**Written evidence submitted by the Department for Environment, Food and Rural Affairs (Defra) (AHVLA 05)**

**Summary of Memorandum by the Department for Environment, Food and Rural Affairs (Defra)**

- AHVLA came into existence on 1 April 2011, facing a requirement to make reductions in expenditure of c £8.5m per annum for 4 years (cumulative £34m) while safeguarding animal and public health.
- AHVLA delivers veterinary surveillance and laboratory diagnostic services through a network of sites known as "Regional Laboratories" (RLs). The delivery of field services is facilitated through a different set of sites known as "Animal Health Offices" (AHOs).
- The large majority of AHVLA's expenditure is on staff (43%), estates (20%) and payments to private veterinarians (10%).
- On 1 September 2011, AHVLA announced plans to reorganise the delivery of laboratory testing to enable savings of approximately £2.4m per annum.
- This reorganisation does not close any sites because surveillance and post mortems will continue at all sites at present, but does involve the rationalisation of laboratory services work from sixteen laboratories currently to eight by 2013;
- The Agency has also established an independently chaired Advisory Group of veterinary and farming stakeholders to consider whether there are changes to the surveillance delivery model which would enable better value for money through either reducing costs and/or increasing its effectiveness (Remit and Membership at Annex A). The outcomes of the Advisory Group's deliberations will not be known until March 2012, after which the Agency will use them to inform proposals on any changes to the estate network of RLs and AHOs and ways of working for staff.
- The Agency is also in the process of seeking to improve the value for money and sustainability of their procurement arrangements with private veterinarians (acting as Official Veterinarians), who they currently pay approximately £21m per annum to carry out work on behalf of government across GB.

## **Introduction**

1. This Memorandum sets out Defra's response to the issues identified by the Committee for its evidence session to investigate the rationalisation of AHVLA Regional Laboratories in England and the proposals for competitive tendering for Official Veterinarians (OV) services. This memorandum focuses on: why the

decision was made to rationalise laboratory services; the process by which the decision was made; the impact the decision might have on the monitoring and detection of animal disease; and the impact of changes in AHVLA on staff numbers. On the proposals for competitive tendering, it focuses on: quality and value for money; consultation with Vets and Farmers; and the procurement of Veterinary Reserve Personnel.

## **Rationalisation of AHVLA Laboratory Services in England**

Why was the decision made to rationalise laboratory services?

2. AHVLA has to make about £8.5m of cash releasing savings each year for the next 4 years to meet Spending Review allocations (cumulative £34m). All areas of operation are under examination. Over the 6 years 2006-2012 there will have been a 75% fall in demand for testing by AHVLA and a 6% increase in staff costs so in order to deliver an efficient service it is essential to reduce the costs of under occupied staff and facilities in a way which is sustainable.
3. The 2010 Defra led GB wide review of surveillance including laboratory testing identified that savings needed to be made in this area by thinking about changing models of delivery.
4. Given this, before the new Agency was created, the Shadow Executive Team initiated a review of surveillance including laboratory testing to identify what a new more cost effective model for England and Wales might look like. The review, the AHVLA Sustainable Surveillance Project (ASSP), was led by Defra's senior epidemiologist and took account of the views of Chief Veterinary Officers (CVOs) in England and Wales.
5. In April 2011, the ASSP report identified the need for a continued quality-assured surveillance network in England and Wales. The report recommended that the post mortem examination of carcasses, which makes up a critical aspect of surveillance work, be 'de-coupled' from the provision of laboratory services functions. The review recommended that laboratory testing could be carried out in locations other than those used to carry out post mortems – a conclusion also independently arrived at by the recent Scottish review of surveillance.
6. The majority of tests have been carried out at sites other than the post mortem site for several years and the model of totally de-coupling laboratory services and post mortem work has been used successfully at the university veterinary school surveillance centres in Liverpool and London and since October 2010, at the Newcastle AHVLA laboratory site.
7. The effect of this decision – to decouple lab testing from post mortem work more widely – was to enable a review of laboratory testing to identify opportunities to materially reduce the costs and increase the efficiency of the function as quickly as possible.
8. Much of the work of the RLs is focused on providing bacteriology and parasitology testing for AHVLAs Emerging Diseases and Welfare (EDW) programme. This is the main surveillance activity for this purpose undertaken by the agency for Defra and the Welsh Government. In addition, most of the larger sites have an area of specialisation, e.g. histopathology processing, clinical chemistry, Tb culture, etc. which have been

developed through a process of rationalisation over some years to increase efficiency and cost effectiveness.

9. The RLs also provide significant support to other AHVLA science programmes, mainly through the provision of specialist testing distributed around the network of laboratories, e.g. statutory testing for salmonella, gamma interferon testing for bovine Tb, Transmissible Spongiform Encephalopathy (TSE) rapid testing.

10. In 2006/07, the Laboratory Services Department (LSD) as a whole delivered 2.8 million tests of all types. By 2010/11, this number had fallen to less than a million, a reduction of 65% in test throughput. This was mainly due to reductions in the funding of some of the agency's science programmes, particularly risk-based reductions in surveillance for Statutory and Exotic Bacteria and TSE.

11. In light of the CSR 2010 and the need to make further savings, a further 175,000 TSE rapid tests will be outsourced from 1 April 2012, which means that for 2012/13, the expected total volume throughput of tests in LSD will be approximately 725,000 - around 25% of the total number of tests being carried out 6 years earlier.

12. During the same period, the number of staff in LSD has fallen from 310 on 1 April 2006 to 295 on 1 April 2011, a reduction of 5%. The pay cost for LSD has risen from £8.4m in 2006/07 to £8.9m in 2010/11, an increase of 6%.

13. Following the AHVLA Executive Team approval of the recommendations of the surveillance ASSP report, a review was established of the organisation of the LSD to develop proposals to re-organise the delivery of laboratory testing in accordance with the principle of de-coupling, such that a significant improvement in the efficiency of the department could be obtained as soon as practically possible.

14. The Laboratory Services review recommended that work be rationalised into the following sites:

· Newcastle upon Tyne, Penrith, Shrewsbury, Sutton Bonington, Starcross (Exeter), Bury St Edmunds, Weybridge and Lasswade;

With the cessation of laboratory services work in:

Truro, Thirsk and Langford by 31 March 2012; and Winchester, Aberystwyth, Carmarthen, Preston, and Luddington by 31 March 2013

15. These changes will enable approximately £2.4m per annum of savings with negligible impacts on published service levels or the effectiveness of surveillance.

16. This rationalisation is based on current levels of testing after the changes outlined above. There may be scope for further reduction in laboratory capacity if demand continues to fall.

Criteria for selection

17. The decision to retain Laboratory Services at the sites listed in paragraph 14 was based on a number of factors including:

- the need to retain the necessary capabilities within the workforce across the network, in particular specialist scientific and technical skills;
- the need to retain sufficient staff capacity nationally to deliver the volumes of work required;
- consideration of the facilities required to maintain services required, e.g. specialist laboratory infrastructure;
- the need to reduce the number of sites at which the department operates in order to increase efficiency and reduce management and other overhead (equipment replacement and maintenance, quality and health and safety audits etc);
- the need to retain resilience of service delivery, e.g. Containment Level 3 (CL3) laboratory capacity.

18. Details of the retained laboratories are at Annex B.

19. The new network ensures that the Agency will retain the necessary specialist skills and capabilities to deliver the whole range of testing currently required. Tests will continue to be performed to the necessary quality standard, as assured by the ISO17025 third party quality accreditation, independently assessed by the United Kingdom Accreditation Service (UKAS).

20. As well as cost savings of c£2.4m pa, there are potential operational advantages to delivering through a smaller network of the larger labs. It is easier to develop and transfer skills and expertise in larger teams doing higher volumes of a subset of tests. In addition, concentrating testing at fewer locations will allow us in some areas to speed up the process, because a 'critical mass' of samples will be achieved more quickly: for some testing, the process requires a certain volume of samples to be available before testing can proceed; with samples spread more thinly over a wider network of labs, this can take a number of days to achieve, and thus delay the production of results. The rationalisation will also enable the reintroduction of some testing work on Saturdays which will improve the standard and timeliness of some tests carried out on samples.

The Process and timing of making the decision

21. After the formation of the Agency in April 2011 there was a high degree of urgency in identifying additional savings to ensure that Spending Review allocations could be met in coming years. The AHVLA Executive Management Team took decisive action to stop unnecessary expenditure taking into account scientific evidence and the need to be fair to employees. 43% of the Agency's cost base relates to staff costs and any reductions in staff costs take many months to put into effect.

22. A time line of the decision making process is attached at Annex C.

23. In mid July, the working group identified their proposals for rationalisation. On 2 August, the AHVLA executive team discussed and agreed the way forward.

24. The English Minister was briefed on 23 August 2011 and after discussion and consideration agreed the approach on 9 September 2011.

25. The business case to secure funding for releases was submitted to the Defra Local Approvals Panel (LAP) that had a scheduled meeting on 24 August 2011.

26. The LAP funding approval was conditional on Phase 1 staff releases taking place by the end of 2011/12 Financial Year. Consequently, there was a need to make announcements about the changes in the laboratory services model at the beginning of September 2011 to ensure there was enough time to complete the required HR processes. In addition, time to work on the logistics of moving work from Phase 1 sites before 31 March 2012 was of the essence.

#### Impact on Monitoring and Detection of animal disease

27. Arrangements for detecting notifiable diseases such as Foot and Mouth Disease are unchanged. Surveillance for new and emerging diseases will not be impacted and we will continue to meet existing published turnaround times for routine diagnostic tests. Veterinary Investigation Officers will continue to work with Private Vets to reach diagnosis as is current practice.

28. All 14 RLs continue to carry out post mortem surveillance activity unaffected by these proposals. A separate review of surveillance delivery options (the Surveillance Model Project outlined at Annex A), involving AHVLA stakeholders in England and Wales is underway to identify the most effective approach for the future, but this is not impacted by the current changes.

29. In post mortem locations from which laboratory services functions are withdrawn, AHVLA will continue to accept carcasses, as now. Such tests as require to be conducted alongside the post mortem will continue locally.

30. The changes proposed will have no impact on the Agency's ability to respond to a national exotic animal disease outbreak, as the laboratory testing surge capability for dealing with any response of this kind is based at the Weybridge laboratory and is not impacted by the changes to the RL network.

#### Impact of Changes in AHVLA on Staff numbers

31. Numbers of staff affected at each site where laboratory services are being withdrawn are:

☐ Thirsk 14

☐ Truro 4

- ☐ Langford 14
  
- ☐ Aberystwyth 4
  
- ☐ Carmarthen 10
  
- ☐ Luddington 18
  
- ☐ Preston 13
  
- ☐ Winchester 13

32. The rationalisation will enable the release of up to 81 AHVLA staff members, resulting in savings in staff and overheads costs of approximately £2.4 million per annum.

33. It has been agreed that there is a need to retain 1 or 2 support posts for post mortem work at all sites where laboratory services work is to cease and therefore the number of staff affected at each site will reduce slightly.

34. Opportunities to redeploy staff affected by the changes are being sought within AHVLA and the wider civil service, and if necessary voluntary departure terms will be used to minimise the need for compulsory redundancy.

35. AHVLA has introduced a development scheme for anyone wishing to make the transition to a field officer role. The field officer development scheme is a six month programme which includes formal training and a series of work-based placements, and suitable candidates whose posts are surplus will receive priority in accessing the scheme.

### **Proposals for competitive tendering for Official Veterinarians (OV) services**

Why do there need to be changes to the arrangements for procuring OV services?

36. There is no contract between AHVLA and the businesses which they pay £21M pa across GB to deliver work which is crucial to the control of bovine TB in cattle. The service to be delivered is therefore unclear and we cannot demonstrate that the fees paid are good value for money. There is no agreement on quality control and we have evidence that performance is variable and in some cases so inadequate that it prejudices disease control.

37. Official Veterinarians (OVs) are appointed by AHVLA on behalf of Ministers in England, Scotland and Wales to perform statutory veterinary work, which may be paid for by government or directly by clients. UK Competent Authorities including Defra must ensure that all Official Controls are carried out to the standard required by EU law in order to protect consumers and the functioning of the single market.

38. For England, the expenditure for TB skin testing on farm is between £14m and £15m pa and 503 veterinary practices currently submit claims.

39. Private veterinarians carry out approximately 85% of TB testing. The consistent application of the correct testing protocols to the correct quality standard is absolutely critical to disease control and eradication.

40. Private vets are appointed and paid under the terms of a Memorandum of Conditions of Appointment (dated 1994) between the British Veterinary Association (BVA) and Defra. The Memorandum does not adequately specify the quality standards to be met and in the event of substandard performance, it provides limited sanctions against either the private practices that are paid to do the work or the individual vets who undertake the tests. In addition, there is no guarantee that the vets we pay are members of the BVA. The 2010 RCVS Survey of the UK Veterinary and Veterinary Nursing Professions found that 25% of respondents were not currently a member of any veterinary organisations (apart from RCVS) and of the 75% who were members of an organisation, only half belonged to BVA.

41. Under the Memorandum of Conditions of Appointment, AHVLA maintains a scale of fees which has historically been revised upwards on annual basis, in consultation with the BVA. The basis for setting fees for TB testing has been considered unsatisfactory by both parties for several years. There have been several unsuccessful attempts to find a revised basis for fees. The rates were last revised in April 2009.

42. In 2009, facing increasing pressure to make savings and identify efficiencies, AH indicated to the BVA that they would be unable to continue to increase fees each year and that it was now a matter of urgency to agree quality standards and fees for the future.

43. Procurement advice is clear that the correct way to set fees and manage the procurement of services to a consistent quality standard is through a public procurement exercise. Therefore in May 2010 AHVLA announced its intention to procure veterinary services through open and competitive tendering, in accordance with EU regulations and national procurement law.

44. There is evidence that the quality of TB testing is currently variable and may in some cases be so inadequate that it jeopardises disease control by leaving infected cattle on farms. A critical objective of the current changes is to agree a clear and specific, enforceable quality assurance framework with all those undertaking work on behalf of government as Official Veterinarians. As well as safeguarding value for money this would also help to protect trade and financing by demonstrating that we meet EU standards.

#### Consultation with vets and farmers

45. A programme of stakeholder engagement was conducted during September and October 2011; this included three open meetings and a web-based survey, it also made use of the regular liaison meetings held between AHVLA and OV practices. The collated feedback from this exercise was published on the AHVLA website in November 2011 and appears at Annex D.

46. We explained the needs of AHVLA to assure the quality of testing, demonstrate value for money and fair

pricing and reduce our administrative costs. We acknowledged that TB testing by the farm vet can have advantages for the control of bTB and that it is an important component of the relationship between AHVLA vet and farmer which we would prefer not to disrupt.

47. However, it is clear that we cannot legally do what stakeholders prefer – to simply issue a standard contract at a price they find acceptable to businesses currently undertaking the work. Our proposal to legally achieve an acceptable outcome was therefore to tender for ‘delivery partners’ who would take responsibility for organising and assuring testing throughout a region and subcontract local practices to do most of the work. There was a mixed reaction to this. Suitable organisations of a veterinary co-operative or commercial nature have been set up in many parts of the country and recruited a good proportion of practices but many practices remain concerned about the implications of this model.

48. We continue to explore whether there are other legally acceptable approaches which assure quality and value for money in light of the stakeholder feedback we have had, and our wish to build strong collaborative relationships with veterinary practices as part of our ongoing efforts to improve surveillance, in which they also play an important role.

49. Meanwhile we have identified some changes which will help OV practices carry out TB testing more effectively and efficiently. These have been developed with the co-operation of veterinary organisations and are being implemented without delay, and will support development of sound commercial arrangements:

*a. A more streamlined process for appointing OVs which can reduce waiting time by 3 months*

*b. Consistent high quality training for new OVs*

*c. A pilot risk-based procedure for audit by AHVLA*

#### Procurement of Veterinary Reserve Personnel

50. The other major activity where AHVLA needs to deploy large numbers of private veterinarians is in the event of a material outbreak of exotic disease. The Anderson Report after the 2007 outbreak recommended that more robust and scalable arrangements for this eventuality be put in place.

## **ANNEX A**

### Surveillance Review Terms of Reference and Membership

#### Review of UK Veterinary Surveillance Strategy (VSS) 2003:

When the Veterinary Surveillance Strategy (VSS) was launched in 2003, it was envisaged that it would take ten years to put in place the fundamental procedures and ways of working which would enable robust and affordable surveillance. The purpose of the Defra led 2010 VSS review, was to ‘take stock’ in relation to what had been achieved, to consider what had changed since 2003, whether there were changed requirements, and what that meant for future approaches to Veterinary Surveillance in the next five years



or so.

The review was also an opportunity for further engagement with key players across the United Kingdom to assess their current perspectives and future priorities for veterinary surveillance.

The review was led by Ruth Lysons, Deputy Director for the Veterinary Science Evidence Base; contributions were received from Defra's surveillance Veterinary Advisers. The draft report was commented on by CVO UK, Nigel Gibbens, Peter Borriello, Alick Simmons, Roger Hancock, Richard Drummond and Jane Gibbens. In May 2010, a Strategic Surveillance Workshop was held involving a wide range of stakeholders including, Devolved Administrations, Veterinary Profession, Farming Industry Groups and Other Government Departments.

The objectives of this workshop were to share progress of the UK VSS and to explore the way forward.

#### AHVLA Sustainable Surveillance Project (ASSP)

The ASSP was created to design a cost-effective approach to scanning surveillance in light of changing circumstances. The model proposed by the project seeks to mitigate at least part of the risk created by a significant reduction in Defra's budget, and responds to recommendations made in the review of progress with the UK Veterinary Surveillance Strategy. It suggests ways of taking advantage of the opportunities presented in the changing animal health landscape.

The ASSP was led by Jane Gibbens, Head of Epidemiology; other members of the project team were Christianne Glossop (CVO Wales), Alex Cook, Kate Sharpe, Kath Webster, Joey Ellis-Iversen and Adrian Colloff.

#### Review of Veterinary Surveillance (Scotland)

This review was published in November 2011. It was chaired by John Kinnaird, past President of NFUS. One of its recommendations was that laboratory services should be centralised at a single location.

#### Surveillance Model Project

The project is seeking to identify ways to undertake veterinary surveillance both more effectively and at an affordable cost to the taxpayer.

An Advisory Group (AG) will be established under an independent chair in order to give stakeholders a clear voice in shaping a model for the future. Professor Dirk Pfeiffer, Professor of Veterinary Epidemiology and Head of the Veterinary Epidemiology and Public Health Group in the Department of Veterinary Clinical Sciences at the Royal Veterinary College, University of London, will chair the Advisory Group.

The Group will consist of representatives from government, the veterinary profession and the livestock farming and private laboratory industries will be created to ensure all aspects are thoroughly considered.

## **ANNEX B**

Specifically, with respect to each of the retained sites, the major factors influencing the final choice were:

### **Bury St Edmunds**

- specialist scientific and technical skills, i.e. determinative bacteriology; CEMO OIE reference laboratory;
- specialist laboratory infrastructure, specifically CL3 laboratories;
- estate rationalisation considerations; co-location of AHVLA laboratory and field operations in Bury St Edmunds.

### **Newcastle (Longbenton)**

- retention of staff capacity; 22 FTE staff; maintaining a larger Work Group reduces management overhead versus several smaller sites;
- specialist laboratory infrastructure, specifically CL3 laboratories;
- specialist scientific and technical skills, i.e. TSE expertise;
- impact of the outsourcing of TSE rapid testing releases existing staff to take on additional work without the need for further recruitment;
- estate rationalisation considerations i.e. the centralisation of other AHVLA sites in Newcastle to the Longbenton laboratory.

### **Penrith**

- specialist scientific and technical skills, i.e. molecular testing;
- specialist laboratory infrastructure, specifically CL3 laboratories.

### **Shrewsbury**

- retention of staff capacity; 27.5 FTE staff; maintaining a larger WG reduces management overhead versus several smaller sites;
- enabling reduction in number of sites;

- specialist scientific and technical skills, i.e. clinical chemistry.

#### Starcross

- specialist scientific and technical skills, i.e. bTb culture; molecular testing capability;
- specialist laboratory infrastructure, specifically CL3 laboratories.

#### Sutton Bonington

- specialist scientific and technical skills, i.e. bTb culture, gamma testing;
- specialist laboratory infrastructure, specifically CL3 laboratories;
- Location of the Quality Assurance unit (ISO 9001);

### **ANNEX C**

#### Timeline for decision making for Rationalisation of Laboratory Services

April 2011 – Review of AHVLA Laboratory Services commenced;

July 2011 – Draft Report and Recommendations completed;

17 July 2011 – Draft Report circulated to AHVLA Executive Team in preparation for discussion;

2 August 2011 – Report and Recommendations discussed and support given by AHVLA Executive Team;

17 August 2011 – Laboratory Services Report circulated to CVO UK, CVO, Wales and CVO Scotland for comment (deadline for comment 22/8);

23 August 2011 – Submission for approval sent to English MoS;

1 September 2011 – Announcement on proposed changes made to affected staff and AHVLA staff in general subject to further consideration;

9 September 2011 – Submission cleared by English MoS;

13 September 2011 – Confirmation of proposed changes made to AHVLA staff;

## **Annex D**

### Stakeholder Engagement on Proposed Approach to Procurement of TB Testing in England – Sep/Oct 2011

#### AHVLA OBJECTIVE SUMMARY AND ACTUAL ACCOUNT /FEEDBACK OF STAKEHOLDER ENGAGEMENT.

1.1 This stakeholder engagement has been focussed on practical considerations concerned with procurement and how any new arrangements might be operated. All agreed that control for the disease and support for affected cattle keepers is of paramount importance and that TB testing must be considered in the wider context of TB control measures and other work done by OVs.

1.2 Some stakeholders believe that they can only comment on proposals once all the details have been made available. We have explained that full details can only be made available in the specification which would form part of the formal procurement process and once issued this specification is not negotiable, however potential bidders can seek formal clarification of anything that is unclear.

1.3 This stakeholder engagement also included some initial discussion of areas of work that could form the basis of greater partnership working between Private Veterinary Practices and AHVLA. This aspect of the engagement will be covered in a separate paper.

#### **INTRODUCTION**

2.1 During September and October 2011, AHVLA conducted some stakeholder engagement on our proposed approach to the procurement of TB testing services in England. This engagement was conducted via our website and supported by three open meetings in Worcester, Exeter and York (50 places at each location).

2.2 The meeting at Worcester was slightly oversubscribed but unsuccessful applicants were offered places at the other venues. There were a few unclaimed places at both Exeter and York. The majority of attendees (approx 75%) were from Private Veterinary Practices that currently undertake TB testing on behalf of AHVLA. Potential (new) suppliers constituted about 10% of attendees with the remaining 15% being comprised of other interested parties. There were representatives of BVA/BCVA and the NFU at each of the meetings. We also had a representative from the Welsh Government at Worcester, the Scottish Government at York and the RCVS at Worcester.

2.3 The website engagement provided a short presentation on our proposed approach to procurement together with a facility to provide feedback structured around the three questions below. Overall we received 165 responses through the web-survey, which could have included some from people who also attended the meetings. Respondents did not necessarily answer every question and the numbers of responses for the individual questions are given below.

***1. Do you consider the general approach to the TB tendering exercise to be workable? If not please explain your reasons***

*ii. Is the indicative example of 35 lots a practical option? If not please explain your reasons*

*iii. Do you consider the following aspects of the approach to be workable? If not please explain your reasons*

*(a) Quality assurance*

*(b) Training*

*(c) Pricing structure*

*(d) Procurement timetable*

2.4 At the meetings the same presentation was delivered, followed by an opportunity to clarify any points. The questions were then discussed in syndicates and plenary sessions. The feedback captured is collated below.

2.5 In each meeting a number of questions were raised by stakeholders, these have been collated and together with our answers and these will be posted as an update to the FAQ section of the procurement section of the OV pages on the AHVLA web-site.

2.6 In addition, a number of issues were raised and comments made. Most of the issues were concerned with the risks and potential impacts of pursuing procurement. Many of the comments questioned and challenged our objectives and reasons for pursuing this course of action. Those issues and comments related to the practicability of the proposed approach have also been collated below.

## SUMMARY OF FEEDBACK

### **Proposed Approach (Delivery Partner Model)**

3.1 Our proposals for procurement of TB testing were seen as conflicting with or being contradictory to our outline proposals for partnership working with practices. *The web survey feedback endorsed this concept, exemplifying that if TB work was lost from a practice with a consequential loss of staff, the ability to respond to endemic and exotic outbreak work would be hampered. There were also observations that the procurement concept may further alienate the profession and do nothing to improve the relationship with AHVLA.*

3.2 Potential difficulties were identified where practices might end up working for multiple Delivery Partners which could mean different fees and different QA regimes. There was a general preference for standard fees to be paid to subcontracted practices.

3.3 We were questioned on the extent to which we could specify or encourage the use of local suppliers. There was also concern that the balance could shift over time with the Delivery Partner taking more of the

work at the expense of subcontracted suppliers. *The web survey supported this though there appeared to be an assumption from a number of respondents that the subcontracting element would allow current providers to continue to test.*

3.4 We were asked to consider making provision for innovative bids rather than aiming to rigorously define a specification for the service to be met.

3.5 *The web survey provided an additional challenge with a robust view that it was difficult to see savings being made by this approach, although it was felt that this was a primary driver.*

## **Number of Lots**

4.1 The most common concern was the issue of boundaries between lots; if a subcontracting organisation was to be close to a boundary then it would probably need to work with more than one Delivery Partner. In general practices would prefer to be subcontracted to only one Delivery Partner. There was a consensus view that in order to minimise the difficulties boundaries would present, it would be better to have fewer lots. The Worcester and Exeter meetings both suggested <10 lots (perhaps using the old AH regional boundaries or RDPE boundaries). The York meeting could understand why larger lots might be preferred in high disease areas but thought those illustrated for North of England (which were already large) were workable.

4.2 Some farmers will have livestock/farms/holdings across boundaries.

4.3 We should take account of physical features and cities when drawing up boundaries.

4.4 It was suggested that we should consider using the boundaries between areas on different annual testing intervals.

4.5 If we continued with 35 lots, some Delivery Partners would presumably bid for multiple lots and then the outcome could be that fewer than 35 Delivery partners would actually be appointed.

4.6 In areas where the volumes of testing are low there may be little or no interest in delivering the work.

4.7 Potential bidders would need to know the breakdown of herds within a lot in order to understand exactly what work they would be bidding for.

4.8 Lots with low volumes of testing spread across large areas may not be viable; there may be no bids.

4.8 *The majority of web survey responses raised various concerns in relation to number and area of the lots. There was no general consensus on lot size, but a view that lots may not correspond to current practice boundaries with resulting perceived issues for QA and training*

## **Quality Assurance**

5.1 QA could be addressed and progressed independently of procurement.

5.2 Some practitioners see proposals for audit as an affront to their professional status.

5.3 QA has little or no value if it is simply a box ticking exercise.

5.4 If Delivery Partners were free to establish their own QA regimes there would be uneven standards across the country. There was a general preference for having a common standard that would be applied not only to contractors but also to non-contractors including OVs undertaking pre-movement testing and AHVLA staff.

5.5 Lack of QA is not the reason for the spread of TB.

5.6 The experience of the tester is an important attribute.

*5.7 From the web survey nearly half of responses consider this could be made to work.*

*5.8 There was concern that different regimes across lots/the country could make compliance difficult if the process wasn't uniform and standardised.*

*5.9 There were also concerns expressed that it would be difficult and costly to implement.*

*5.10 A proportion of respondents favoured this continuing with AHVLA as the QA provider.*

## **Training**

6.1 Alternatively, training could be delivered by third parties such as universities.

6.2 CPD need not be specified in terms of what needs to be done but could be specified in terms of outcomes which could be tested as part of QA. This would put the onus on Delivery Partner to ensure that vets are adequately trained and have appropriate and relevant CPD.

*6.3 50% Respondents to the web survey indicated that they felt the approach as described was workable. A lesser percentage considered it would prove too difficult and costly. There was a wish to continue with the current process where AHVLA carry out the training.*

## **Pricing Structure**

7.1 Principal concern was about the suggestion that mileage expenses would be discontinued and the costs accounted for within a standard call-out fee. This was considered by some to be unfair and could provide another disincentive to supplying the service.

7.2 Having a standard call-out fee was largely welcomed and was seen by many as being essential if there were to be no mileage expenses.

7.3 A single headage rate does not adequately reflect that some jobs are less economic than others.

7.4 There is an argument for differentiating pricing on the basis of herd type and size.

7.5 There should be transparency to show the price for conducting the test and administrative overhead for the Delivery Partner.

7.6 *The web survey provided a wide breadth of responses with no real clear majority advocating one system over another.*

#### Procurement Timetable

8.1 Time was required to establish relationships between businesses and the minimum response times for PQQ and ITT are too short to allow this.

8.2 Good communications and good notice of intent are required.

8.3 *The web survey comments endorsed these views.*

#### Issues & Concerns

9.1 The current suppliers (Private Veterinary Practices) and representative organisations (BVA and BCVA) consider public procurement to be a high risk strategy which could have a number of unintended consequences for animal health and welfare. Potential risks and impacts include:

☐ **Financial.** Loss of TB testing could jeopardise the financial viability of some practices.

☐ **Staff Resources.** Loss of TB testing could lead to reductions in staffing with consequential impacts on rotas, some practices may be unable to sustain 24 hour cover. Once lost this resource may be difficult to replace. The web survey highlighted this as a concern in relation to the ability to respond to for example endemic and exotic outbreaks and any surveillance work

☐ **Relationship with government.** Practices no longer undertaking TB testing could become disconnected from AHVLA/Defra. They may be unable / unwilling to contribute in other areas such as surveillance.

☐ **Local veterinary provision.** Some areas of the country could be left without local veterinary provision.

☐ **Fewer practices involved in testing.** Small practices and those conducting little testing are likely to



give up testing. This could have implications for welfare and other aspects of animal health. Fewer practices will mean more travelling for those testing.

☒ **Competition could undermine quality.** There is a risk that future rounds of tendering will give increasing weight to price. Prices could be driven down to the detriment of the quality of the service provided.

☒ **Delivery Partner model could impact on financial viability and quality.** The balance of income could shift over time with the Delivery Partner taking an increasing share at the expense of subcontracted suppliers. *Comments from the web survey raised concerns that the changes did not appear to save money and that an additional tier of bureaucracy would result.*

☒ **Different vets on the same farm.** There is concern about vets other than the clients own vet being on farm giving rise to issues with supersession and the supply of medicines. As tuberculin is registered as a medicine this could mean that the vet undertaking TB testing could claim that the animals are under their care and therefore entitled to dispense medicines for the following year. *Also raised in web survey.*

☒ **Relationship between farmer and vet.** The interpersonal relationship between the vet and the client is seen as an important aspect of effectively delivering TB testing and control measures. Damaging or breaking the farmer vet relationship could have serious impacts on animal health and welfare. Dealing with the human side of TB breakdowns should not be underestimated. Farmers may not welcome vets other their own on their farm.

## **IS THE PROPOSED APPROACH WORKABLE?**

10.1 It is clear that public procurement will never be welcomed by current suppliers (Private Veterinary Practices) or representative organisations (BVA and BCVA). They maintain that this is largely due to the risks and potential impacts identified above. Nevertheless, in each of the meetings there was an acceptance that if we are determined to pursue this course of action then it could be made to work and a willingness from BVA and BCVA to work with us to try and get the best outcomes.

10.2 We know that some organisations are actively considering how they might respond to a tender. Some practices have already started to come together to consider how they might respond to a tender. However, it is difficult to judge the extent of such activities.

## **NEXT STEPS**

The feedback will allow us to objectively consider and reflect on the views and opinions registered. This will help inform and shape any recommendations made to the Minister on the procurement of TB services.

*December 2011*