

Reduction of purification times for shellfish purification cycles

Food Standards Agency (FSA)

RPC rating: validated

The assessment is now fit for purpose as a result of the regulator's response to the RPC's initial review notice. As first submitted, the assessment was not fit for purpose.

Description of the measure

Live bivalve molluscs (shellfish) need to be purified in tanks fed with clean seawater, for the time necessary to reduce contamination and make them fit for human consumption. The FSA has revised its policy on the minimum purification time, following a review of UK regulatory requirements. Before the policy change, the standard time required for purification was a minimum of 42 hours. Under the new policy, businesses wishing to apply a reduced purification period may do so in accordance with their own HACCP (Hazard Analysis Critical Control Points) food safety management systems.

Impacts of the measure

There are currently 50 purification centres operating in England, of which six have indicated that they will be taking advantage of the policy change. The FSA's central estimate is that the reduction in purification times will allow each of these centres to purify an additional 2.5 batches of shellfish per week. Based on this, the FSA estimates a net increase in revenue, i.e. after allowing for additional input costs, across the six centres of £2.8 million per year.

In addition, businesses will face some familiarisation and transition costs in gaining approval to reduce purification times. The FSA believes, supported by evidence from businesses, that these costs are negligible.

Quality of submission

The FSA has revised its assessment in response to issues raised by the RPC's initial review. The main issue was the use of wholesale prices to measure the benefit to business without any deduction for increased business costs necessary to realise the additional output. The revised assessment addresses this through two changes.

- i) Including the cost to purification plants of purchasing additional shellfish for purification. The FSA states that data on farm gate prices are not available but it is assumed that 35 per cent of the wholesale price is attributable to the cost of purchasing shellfish. This assumption is based on a study carried out by the Scottish Rural College looking at running costs and returns to shellfish harvesters.
- ii) Explaining that purification establishments typically operate continuously on a 24 hour basis throughout the year, as the purification process itself is generally low maintenance and requires very little activity beyond routine monitoring. On this basis, the assessment's implicit assumption that there are no significant additional fixed or operating costs associated with the increased throughput does not seem unreasonable.

The adjustments reduce the estimated benefits to business significantly. Although the FSA could have provided stronger evidence on these points, including potentially gathering data on farm gate prices, the adjustments mean that the overall analysis is now sufficient. The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£2.7 million. This is a qualifying regulatory provision that will score under the business impact target.

The FSA also explains that that many of the non-respondents (27 of the 50 businesses) to the consultation would not be able to take advantage of the benefits of the measure due to other short-run capacity constraints. The sector's trade association, the Shellfish Association of Great Britain (SAGB), supports this assumption. Finally, the FSA has provided detail of one-off familiarisation costs to those businesses that wish to take advantage of the measure. It is assumed that familiarisation and completion of the application form will take the businesses two hours and 10 minutes to undertake, at a total cost of only £393 for the six centres. These estimates are supported by the SAGB.

This policy is in line with EU Regulations, which do not prescribe any minimum purification time. As such, the measure represents the removal of existing higher domestic standards.

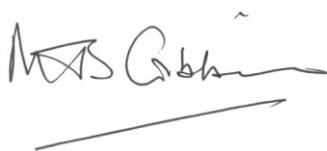
The assessment would benefit from further discussion of potential wider consumer and public impacts, in particular how food safety will be maintained through the purification establishments' management systems.

Regulator assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net direct cost to business (EANDCB)	-£4.0 million (initial estimate) -£2.7 million (final estimate)
Business net present value	£36.8 million (initial estimate) £24.4 million (final estimate)

RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANDCB – RPC validated ¹	-£2.7 million
Business Impact Target (BIT) Score ¹	-£13.5 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.