



Scottish Government  
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# Partial Business & Regulatory Impact Assessment

## PURPOSE AND INTENDED EFFECT

### Background

Under current legislation, Scotland is obliged to implement seed regulations which comply with the marketing of certain species of seeds. Seed lots can only be marketed following analysis (official or under official supervision by licensed individuals), and certification that the seed meets the specific minimum seed quality standards for growers. This process ensures that farmers and growers receive seed of a minimum known quality.

### Objective

In their role as an official service provider / supervisor for seeds marketing, Scottish Government has an obligation to ensure full cost recovery for all the services it provides, which includes field inspection of crops, testing of seed and the training and examination of people who undertake these activities. Within the Scottish Government, the Certification Authority part of SASA, take lead responsible for the technical and administrative work associated with seed certification.

### Rationale for Government intervention

This work contributes to the Scottish Government's Wealthier and Fairer strategic objective by creating a high quality public service. Essentially, failing to make full cost recovery means, the Scottish tax payers subsidising services that should be covered by the industry using it. Currently we review fees for seed testing, seed certification and associated functions annually, this allows fees to be met by those businesses which benefit from them directly and not the taxpayer.

## CONSULTATION

### Within Government

Scottish Government's policy team have consulted with the Certifying Authority, who working closely with RPID and the Official Seed Testing Station (OSTS) for Scotland, have reviewed the processes and procedures to provide the information contained within this Partial BRIA. The Certifying Authority have provided the costings for undertaking this work, and predicted the fees associated with seed testing, seed certification and other associated functions required to make full cost recovery in 2020/2021.

### Public Consultation

This partial BRIA will accompany the 12 week consultation which will be issued on the 12 February 2020. The consultation documents will be sent electronically and by post to all interested parties registered with Scottish Government (~100 businesses /individuals). An electronic copy will also be placed on the Scottish Government and SASA websites. No informal consultation has taken place.

## Business

In addition to this, in line with Scottish Government's Better Regulation practices, around 10 to 12 individuals / companies will be interviewed, in order for Scottish Government to establish what these proposed changes will mean to their business.

## FEE STRUCTURE OPTIONS

To accomplish the stated aim of introducing a full cost recovery regime for the seed certification, seed testing and associated functions, we have considered the following options:

**1. Maintain the status quo, no increases in fees.**

No change, will not achieve full cost recovery and any deficits will continue to rise. To avoid unnecessary public expenditure it is Scottish Government policy to set fees for these services that should meet full cost recover.

**2. Increase fees to achieve full cost recovery in financial year 2020.**

This option would achieve the Scottish Government's objectives to recover the full cost of the service. Fees would increase so that those who benefit from the service would be required to meet the true costs of providing a Scottish seed certification scheme.

The OSTs, RPID and the Seed Certification branch at SASA have conducted their annual review of the services they provide and have identified that costs are not being fully recovered in some areas. Seed testing fees vary due to staff costs, seed quality, and the seed testing season. In a wet harvest such as 2019, seed quality can be lowered (e.g. poor germination). These samples are more difficult to assess and take longer for seed analysts to complete, therefore, increasing the amount of staff time taken to conclude these tests. To take account of the rise in costs for seed testing, it is necessary to increase seed testing fees by 8%.

The fee charged to licence a Seed Testing Station (LSTS) covers the cost of the official supervision provided by the OSTs, which includes a check of their premises, stores, records and equipment. A new method of supervision for checking the samples tested by the LSTS was introduced in 2018, with only one visit now taking place instead of two. Reserve portions (check samples) are now requested fortnightly by the OSTs. These efficiencies still allow for effective monitoring at a reduced cost. As a result of the savings being made by the OSTs, it is recommended these savings are passed on to the LSTS, and the fee is proposed to be reduced by 9%.

Fees for certification, the training and examining licensed persons from the seed industry require to be increased by 5% to maintain full cost recover. The use of the online application system continues to increase with over 90% of the seed industry now using it.

## Preferred Option

Option 2 is preferred by the Scottish Government.

To be in line with Scottish Governments policy of meeting full cost recover, the following changes would need to be made to the fees associated with seed testing, seed certification and other associated functions to meet this objective

- An increase for seed certification and associated licensed activities fees by 5%;
- An increase all seed testing fees by 8%;
- A reduction of Licensed Seed Testing Stations fee by 9%;
- To maintain all cost associated with Seed Testing Course at present level.

## Sectors and groups affected

- Professional Seed Operators
  - Seed Merchants
  - Seed Processors
  - Seed Packers
- Licensed Seed Testing Stations (LSTS)
- Licensed Seed Samplers
- Licensed Crop inspectors
- Farmers

Based on the information we hold, we have provided an estimate of costs that an 8% increase in seed testing fees and 5% increase for all other seed certification service will have on a 30 tonne seed lot of cereal and a 10 tonne seed lot of Timothy online application is attached in **(Annex A)**

## SCOTTISH FIRMS IMPACT TEST

To obtain a better understanding of what these proposed increases will mean for Scottish individuals / companies, Scottish Government will need to speak to a cross section of the seed industry. Interviews will take place during March/April, and our findings will be summarised in the Final BRIA, which will be published along with a summary of the responses we receive.

Competition Assessment: We do not anticipate any impact on competition. However we will update this section after interviews with industry.

Test run of business forms: No new forms for business to fill in will be introduced as a result of our proposals.

## LEGAL AID IMPACT TEST

Having consulted with the Legal Aid Team, we do not anticipate that the contents of this BRIA will impact the Legal Aid Fund.

## **ENFORCEMENT, SANCTIONS AND MONITORING**

The Scottish Government Accounting System (SEAS) team, the Certifying Authority & the OSTs Scotland all work together to insure invoices are issued timeously. The normal action for non-paid invoices is used by the SEAS team for any statutory services not paid for by an individual or company after the time allotted.

Non-compliance result in companies or individuals being put on a client blacklist. Failure to pay for a service means no further work is carried out by the Certifying Authority or by the OSTs.

## **IMPLEMENTATION AND DELIVERY PLAN**

Any increase will be implemented by way of The Seed Fees (Scotland) Regulations 2020, with the exception of the seed testing fees, which uses Section 24(4) of the Plant Varieties and Seeds Act 1964, as it provides Scottish Ministers with powers to allow the Official Seed Testing Station for Scotland to make charges for services provided.

The proposed increases and reduction of fees would come into force on the 1 July 2020.

### **Post-implementation review**

Scottish Ministers have given their assurance to the Rural Economy and Connectivity Committee, that the statutory fees charged for seed testing, seed certification, and associated licensed activities should be reviewed on an annual basis.

## **SUMMARY AND RECOMMENDATION**

Scottish Government preferred option is Option 2 - A 5% increase to maintain full cost recovery for seed certification and associated fees and an 8% increase for seed testing fees, to reduce the deficit that the OSTs and the Certifying Authority currently have for providing seed certification / testing services. The proposed increases are anticipated to bring full cost recovery.

The reduction in the licence fee for official supervision of Licensed Seed Testing Stations would ensure that no inappropriate over recovery of fees for this function occurs.

### **Summary costs and benefits table**

This section will be updated at Final BRIA stage.

**DECLARATION AND PUBLICATION**

I have read the impact assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options. I am satisfied that business impact will be assessed with the support of businesses in Scotland.

<b>Signed:</b>	.....
<b>Date:</b>	.....
<b>Minister's name:</b>	.....
<b>Title:</b>	..... .....
<b>Scottish Government Contact point:</b>	
	Graham Hall (Ext: 45984)

**PARTIAL BUSINESS AND REGULATORY IMPACT ASSESSMENT**

This partial BRIA will accompany the 12 week consultation which will be issued on The 12 February 2020, and indicates the projected fee increase for 2020. The consultation documents will be sent electronically and by post to all interested parties registered with Scottish Government (~100 businesses/individuals). An electronic copy will also be placed on the Scottish Government and SASA websites.

## Partial Business and Regulatory Impact Assessment

**1. CEREAL ONLINE APPLICATION: EXAMPLE OF FINAL GENERATION**

<b>Statutory Service/Function</b>	<b>Fee- 2018 Fees</b>	<b>Cost per tonne of Seed (assuming 30 tonne lot)</b>		<b>Fee- 2020 Fees</b>	<b>Cost per tonne of Seed (assuming 30 tonne lot)</b>
Initial Fees (Online fee as > 90% apply online)	£4.05	£0.81		£3.85	£0.74
Crop Inspection Fee	£19.71	£3.94		£21.29	£4.24
Seed Lot Fee (Online fee as > 90% apply online)	£31.35	£1.05		£31.35	£1.05
Sampling Fee	£52.55	£1.75		£56.75	£1.89
Seed Testing – HVS test, 100 Seed STZ (90% of Cereal Seed tested is using 100 Seed STZ)	£81.00	£2.70		£87.48	£2.92
<b>Fee Cost per tonne</b>		<b>£10.25</b>			<b>£10.84</b>
Labels*		£1.00		£1.00	
Seals*		£1.00		£1.00	
Bags*		£8.00		£8.00	
<b>Total cost of Certification per tonne</b>		<b>£20.25</b>			<b>£20.84</b>

\* Labels, seals and bags are not part of the consultation process and are only present to demonstrate overall cost

**2. GRASSES COSTINGS EXAMPLE: FINAL GENERATION (ONLY SCOTS TIMOTHY GROWN AND CERTIFIED IN SCOTLAND)**

Statutory Service/Function	Fee- 2018 Fees	Fee (per tonne, assuming 10 tonne lot)		Fee- 2020 Fees	Cost per tonne of Seed (assuming 10 tonne lot)
Initial Fees (Other fee as all Timothy applicants use paper entries)	£4.46	£3.03		£4.46	£3.03
Crop Inspection Fee	£19.71	£1.97		£21.29	£2.13
Seed Lot Fee (Other fee as all Timothy applicants use paper entries)	£34.60	£3.46		£36.33	£3.63
Sampling Fee	£52.55	£5.26		£56.75	£5.68
Seed Testing	£83.00	£8.30		£89.64	£8.96
HVS verification	£7.34			£7.93	
<b>Fee Cost per tonne</b>		<b>£22.02</b>			<b>£23.43</b>
Labels*		£3.20		£3.20	
Seals*		£1.00		£1.00	
Bags*		£12.00		£12.00	
<b>Fee cost per tonne</b>		<b>£38.22</b>			<b>£39.63</b>

\* Labels, seals and bags are not part of the consultation process and are only present to demonstrate overall cost