

Identifying and Tracking Livestock in England



REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
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executive summary

- 1 Identifying the 25 million cattle, sheep and pigs in England and tracking their movements costs government and the livestock industry around £55 million a year - just over £2 an animal. Its purpose is to safeguard human and animal health, assist control of farming subsidies and improve the industry's commercial performance (Figure 1). Livestock identification and tracking will also contribute to the developing Animal Health and Welfare Strategy of the Department for Environment, Food and Rural Affairs (the Department) and the Devolved Administrations, which is a key part of the Government response to the independent inquiries into the foot and mouth disease outbreak in 2001. This Report examines the progress made by the Department in implementing livestock identification and tracking in England for the most commercially important livestock species - cattle, sheep and pigs.

1 Principal benefits of livestock identification and tracking

Livestock tracking provides a range of potential benefits to government and stakeholders



Improving administration of subsidy payments

Protecting human and animal health



Improving the industry's commercial performance

Source: National Audit Office

- 2 Differences between the species have led to development of two main systems of livestock identification and tracking in England:
 - All **cattle** must be individually identified and 'keepers' (owners and others responsible for livestock) must report each animal's birth, movements and death to the Department's British Cattle Movement Service (the Service) for recording on the **Cattle Tracing System** (the System), a computer system covering the whole of Great Britain. The Service also issues 'passports' for each animal.
 - **Sheep** born from 2003 must be individually identified but **pigs** need not. Most sheep and pig movements must be reported to local authorities for recording on the **Animal Movements Licensing System**, a computer system covering England and Wales set up by the Department after the 2001 outbreak of foot and mouth disease. Cattle movements are reported via a link with the Cattle Tracing System.
- 3 The Department and local authorities check compliance with these systems by, for example, inspecting farms and markets, and checks against farmers' subsidy claims. The Department's development of these systems, and its efforts to improve them with technology, have been carried out against the background of often poor infrastructure in rural areas, low farm incomes and computer usage, and a tradition in the industry of looking to government to provide and subsidise technological developments required by the demands of modern food, farming and animal welfare regulation.

The initial objectives of the Cattle Tracing System have been met and the identification and tracking of sheep and pigs has improved, but there is more that could be done

- 4 The Cattle Tracing System and associated cattle passports have played an important part in the measures taken since 1996 to protect the public from Bovine Spongiform Encephalopathy (BSE). Beef consumption has recovered to pre-1996 levels, the United Kingdom (UK) is permitted to export beef under the Date-based Export Scheme, and the number of BSE cases in Britain fell from nearly 37,000 in 1992 to around 1,000 in 2002. However, the Cattle Tracing System does not yet deliver all that it might in fighting other cattle diseases. In part, this has been because the System was developed separately from the Department's veterinary computer systems, and the Department plans to improve its information technology (IT) systems to make it easier for vets to use the System.
- 5 The Animal Movements Licensing System has not been tested by a serious disease outbreak, but the industry considers it robust, and to have improved the information available at markets to trace animal movements. However, information on both the Cattle Tracing System and the Animal Movements Licensing System is inevitably not fully up-to-date because of the time lag between a movement taking place and it being reported.
- 6 Keepers of cattle can apply to the Service for an official link to be created between parcels of land managed as a single unit. If this is agreed, they need not report cattle movements between these parcels to the Cattle Tracing System, although movements must still be recorded in farm records and in the event of an outbreak of a notifiable disease all of these 'linked holdings' would be subject to disease control restrictions. This system of 'linked holdings' reduces the reporting burden for keepers, but some 'linked holdings' involve land many miles apart. There are 7,000 such linked holdings, with 1.3 million cattle, and a similar concession is allowed within the Animal Movements Licensing System.





- 7 The Cattle Tracing System was not originally intended to be used to check claims for European Union Common Agricultural Policy subsidies, but since January 2000 the European Union has required Member States to use their national cattle databases for this purpose. The Cattle Tracing System has been used to cross-check cattle subsidy claims since 1999, but its use was initially limited because until January 2001 the System did not cover cattle born before 1996. As a result, the European Commission imposed a penalty of £14 million because its requirement could not be complied with fully for claims relating to 2000.
- 8 Checks on claims relating to 2001 initially identified discrepancies in 15 per cent of claims, many the result of incorrect information provided to and held on the System. Due to the time taken to resolve discrepancies, two-fifths of the 260,000 valid claims received for 2001 were not paid in full until after the original target date of 30 June 2002. The Department has agreed to pay farmers almost £0.4 million in compensation where it was responsible for late payments, and the European Commission may impose penalties for claims for 2001 that were not paid in full until after the Commission's extended deadline of 31 August 2002.
- 9 The contribution of the systems to achieving the full benefits of livestock identification and tracking is limited by several factors:
 - In England, most keepers report information by post, although e-mail and web-based alternatives are available. Cattle keepers are allowed three days to report a movement to the Service, which under European Union legislation is the shortest period the Department can stipulate, but a fifth of movements are still notified late. This limits the use that can be made of the Cattle Tracing System to control fast-moving diseases, like foot and mouth disease, for which real-time data is needed, although the System was of value during the 2001 outbreak to support logistics. Movements that are reported electronically are on the System within 24 hours of notification. Most English markets use electronic reporting, but in Northern Ireland and Scotland all do, ensuring that a greater proportion of movements are captured quickly.
 - Some information held on the Cattle Tracing System is inaccurate: movement records for one in eight animals are incomplete and the current location of two per cent of animals is uncertain. Key reasons for this inaccuracy are:
 - Information submitted by keepers by post and e-mail often contains errors. For example, a quarter of postal applications for cattle passports include an error or gap, compared to only one per cent of applications received through the Internet service (CTS Online), which automatically checks information at the time of submission so that incomplete or clearly erroneous information cannot be sent.
 - Notifications of movements are often incomplete. Keepers bringing cattle to their holding must report to the Service that the cattle have arrived, but need only record where the animal has come from in their farm records. For animals leaving their holding, they report the animals' departure, but not the destination. This has resulted in large numbers of incomplete histories (anomalies) for animals on the Cattle Tracing System, when one part of a movement is not reported by one of the keepers.

- Until 2003, the Service took the view that its top priority was to cleanse and process accurately and quickly birth and registration information submitted by keepers, which was critical to meeting the original animal health objectives of the System. Resolving errors in movement information was given lower priority, resulting in 1.7 million unresolved movement anomalies accumulating by the end of 2002. Following the establishment of special teams within the Service to give greater priority to resolving anomalies, this figure had been reduced by September 2003 to 1.2 million - some three per cent of the 44 million movements reported to date. The Service plans to introduce before the end of 2003 statements for keepers to make it easier for them to check the identification and location details recorded on the System for their animals.
- The inaccuracy of the information received by and held on the Cattle Tracing System increases costs. A review in 2000 estimated that two-thirds of staff time was employed in correcting errors. In 2003, staff numbers, at around 700, are more than 50 per cent above the level the Service estimated in 2000 it would require.
- The Cattle Tracing System was developed quickly with the primary objective of providing the database of cattle movements required by the European Union for controlling BSE. The Department did not consider it practicable in the time available to provide for other potential benefits, such as improved targeting of veterinary and welfare inspection visits, and control of live animal exports and imports. It was envisaged that other features, such as satisfying stakeholder aspirations for design features that would help the industry, would be added later. But the pressure of events, such as the 2001 outbreak of foot and mouth disease, and new requirements, such as the introduction of subsidy cross-checks, have limited the progress that could be made.



- 10** The Animal Movements Licensing System costs £4 million a year to operate. A large proportion of these costs are for data capture and validation by local authorities of data provided by keepers on paper movement notifications. Local authority staff also take the lead in enforcing identification and tracking regulations for sheep and pigs. In contrast, Scotland's equivalent to the Animal Movements Licensing System relies mainly on electronic data transfer for data capture and validation, to one small central unit, significantly reducing the time and effort required to get information onto the system. The Department plans to introduce a facility for electronic data transfer from markets and slaughterhouses in late 2003-04.

Plans for new systems are ambitious, but risks are being actively managed

- 11** The Department is in the process of updating the Cattle Tracing System because it has serious technical limitations and is increasingly unreliable. New and better systems are needed also to achieve planned economies in the administration of subsidies and support other key initiatives. Updating of the Animal Movements Licensing System may also be required as a result of a draft Regulation published in December 2002 by the European Commission to require the movements of individual sheep to be recorded.
- 12** The Department is implementing these changes under a 'Livestock Identification and Tracing Programme'. This will replace or improve the Department's existing livestock tracking computer systems, culminating in the bringing together into a single Livestock Register of information held currently in separate livestock tracking, veterinary and subsidy computer systems. The Programme would also provide scope to introduce electronic methods of identifying animals in due course, if this is justified by business benefits or required by the European Union. The Department's initial estimates are that, for sheep, electronic identification set-up costs for farmers, markets and slaughterhouses could be around £45 million, with a further £45 million a year in running costs for fitting electronic identifiers on lambs.
- 13** The Programme is recognised by the Department as a 'Mission Critical Programme' and its successful implementation presents significant challenges. The Programme is being delivered through a number of projects, each subject to separate scrutiny and approval. The first projects, to improve the Cattle Tracing System and Animal Movements Licensing System, have been approved, while only pilot work on electronic identification has been approved until agreement has been reached on the European Commission's proposals for the tracking of individual sheep.
- 14** The Department has set up a high-level design authority to coordinate strategic decisions upon which the Programme and other projects will depend. The Programme and its component projects are being managed through the Office of Government Commerce's Gateway process. This process ensures that risks to delivery are systematically considered and key causes of project failure are addressed. It is too early to assess the likely outcome of the Programme, but independent Gateway reviews of constituent projects have found them to be well managed. However, important technical issues remain to be resolved, the business case for electronic identification has yet to be fully developed, and both the Department and many in the farming industry do not see the European Commission's December 2002 proposals on sheep as practicable.



Recommendations

- 15 The level of inaccuracy and continued use of non-electronic methods of information transmission reduce the effectiveness of livestock tracking and have increased costs to government by at least £15 million a year, for example in staff time correcting errors, postage and European Commission penalties. There is substantial scope for the Department to reduce these costs and it should:

Pending the implementation of the Livestock Identification and Tracing Programme

- 1 Reduce postal notification to the Cattle Tracing System, as quickly as is practicable and consistent with securing delivery of the Livestock Register, by providing and promoting easy to use alternative methods of reporting - such as by telephone - and developing and implementing a strategy for supporting and encouraging keepers changing from postal notification, with the ultimate aim of eliminating postal notification.
- 2 Set targets for the level of errors and gaps in the information held on the Cattle Tracing System; set a timetable for 'cleansing' information held, so as to achieve these targets; and, consult with industry stakeholders to develop an action plan for reducing the level of anomalies and errors in information submitted by keepers.
- 3 Review the use currently made of the exemption from reporting for 'linked holdings'.
- 4 Provide farmers and other keepers with clear and up-to-date guidance on the current animal identification and recording requirements.
- 5 Provide for information submitted to the systems through its e-mail service to undergo automated online validation checks at the time it is submitted, rather than later.



In developing and implementing the Livestock Identification and Tracing Programme

- 6 Encourage markets and slaughterhouses to report (electronically) within 24 hours the sources and destination of all animal movements through them. For other movements, assess the costs and benefits of requiring cattle keepers to report both source and destination of movements.
- 7 Distinguish, in developing the business case for the Programme, between the costs and benefits of the work needed to meet minimum European Union requirements and those of the work needed to provide additional facilities, such as services to improve the industry's commercial performance.
- 8 Continue to involve industry stakeholders fully in its design and governance arrangements so that wider benefits for improving the industry's commercial performance and eliminating duplication of effort are achieved.
- 9 As data capture becomes increasingly electronic, review the need for local authorities to be involved in data entry for movements of sheep and pigs.
- 10 Review the role of the local authorities in enforcing movement and animal health regulations and consider the need for greater coordination or harmonisation of standards, as well as the scope for simplifying the range of enforcement bodies.

In implementing new European Union requirements for sheep

- 11 Coordinate the numbering methods used for livestock tracking with those used for the National Scrapie Plan.

