

**WELSH ASSEMBLY GOVERNMENT'S RESPONSE TO THE AUDIT COMMITTEE'  
REPORT ON:****Compensating Farmers for Bovines Tuberculosis in Wales: Committee Report (2) 01-04****Recommendations:**

- i. the Assembly and State Veterinary Service continue their efforts to eradicate the backlog of overdue tests;**

Agreed. The Assembly Government and the State Veterinary Service (SVS) aim to eradicate overdue tests. Taking into account seasonal factors, the SVS are confident that there is a downward trend in the backlog. Responses to the consultation paper "Preparing for a GB strategy on bovine tuberculosis" will be considered by the Assembly Government before deciding what additional measures might be appropriate to help tackle this issue. We will inform the Committee of decisions reached.

- ii. the Assembly develops links with key stakeholders, such as the main breeding societies, in order to deliver sustainable improvements in its control and understanding of the valuation process;**

Agreed. The Assembly Government has appointed an Independent Liaison Valuer, who is Secretary of the Central Association of Agricultural Valuers (CAAV) Wales, to act as a point of contact between the Assembly Government, CAAV, the Royal Institution of Chartered Surveyors (RICS) and the major pedigree cattle societies. In addition, Assembly officials have met and are developing a closer working relationship with the main Pedigree and Cattle Societies with the aim of sharing relevant information and best practice. These actions, coupled with the measures implemented to improve monitoring of valuations, better communication and interaction with both valuers and breed societies, has resulted in an improved understanding of and greater control over the valuation process.

- iii. the Assembly works more closely in the future with those valuing animals to ensure that the Assembly's requirements are clear;**

Agreed. It is the role of the Liaison Valuer to maintain and develop the relationship with valuers and their representatives. Regular meetings are held between Assembly officials, the State Veterinary Service and valuers with the aim of sharing relevant information and best practice. Part of the Liaison Valuer's responsibilities include the provision of detailed and explicit instructions about the Assembly Government's requirements of valuers and highlighting the responsibility to obtain value for money for the tax payer.

**iv. the Assembly establishes clear procedures to monitor levels of compensation paid;**

Agreed. The Assembly has set up a system to monitor, evaluate and make recommendations on all valuations including pedigree and high value animals. The Liaison Valuer is required to seek explanations from valuers when valuations are out of line with current market and dispersal sale prices. In consultation with valuers, officials have agreed a process for scrutinising a proportion of all valuations. The process is being closely monitored to assess its effectiveness, before considering whether further measures need to be introduced.

**v. State Veterinary Service and the Assembly take early action to review the administrative systems for compensating farmers to ensure that they are consistent and fit for purpose;**

Agreed. The Liaison Valuer has been working to formalise Assembly Government communications with the State Veterinary Service at all levels and improve the information systems used to administer and record compensation payments. In addition to a pilot to collect additional information, the Assembly has also been reviewing the current forms completed by valuers with the aiming of seeking further information such as ‘weight class,’ ‘milk production,’ ‘pedigree assessment’ and ‘type.’ There is a need to seek Defra’s agreement for the introduction of this more detailed recording.

The Assembly Government has also updated and issued instructions to valuers. It will continue to stress the importance of accurate valuations and ensure the recording of more detailed information about the stock being valued.

A replacement IT system is planned for the State Veterinary Service aimed at improving and assisting with the operation of all aspects of SVS service delivery, including reporting and monitoring capabilities. This is estimated to be completed within around 12 months.

**vi. The Assembly establishes a robust framework to monitor and manage the performance of valuers, including a procedure for preventing valuers from carrying out valuations when their performance has been proved defective;**

Agreed. The Assembly has now put in place a robust framework for monitoring and managing the performance of valuers. For example, systems have been introduced for the monthly collection of market prices that are sent to valuers prior to them carrying out valuations. It is also made clear in valuers’ appointment letters that all valuations must be realistic and fair to both the farmer and taxpayer. Improved data collection and monitoring systems have been established and arrangements have been made to look in detail at a percentage of valuations and follow up those of concern. When there is concern about over valuations, steps are taken to rectify the matter, including considering the possibility of not continuing to use that Valuer’s services.

**vii. The Assembly introduces thresholds, above which valuers are routinely required to provide a more detailed justification of the valuations given;**

Agreed. A system has been introduced to query 10% of all valuations with in depth follow up as necessary as well as querying any overtly high valuations. The introduction of thresholds will be considered in the light of data obtained from the 10% checks, the pilot scheme (see Rec v) and the monitoring system (see Rec iv).

**viii The Assembly, having considered carefully any responses to the consultation, ensures that the revised arrangements are consistent with the recommendations made in the Auditor General's report, and reports back to this committee on the outcome of this process.**

Agreed. The responses are currently under consideration and officials will be ensuring that future policy in Wales is consistent with the recommendations of the Auditor General's report. An undertaking is given to report back to the committee on the outcome before the end of the year.