



Environment and Rural Affairs Department

Pentland House
47 Robb's Loan
Edinburgh EH14 1TY

To organisations on the attached list

Telephone: 0131-244-6403
Fax: 0131-244-6950
e-mail: aileen.bearhop@scotland.gsi.gov.uk
<http://www.scotland.gov.uk>

Your ref:
Our ref:

4 October 2002

Dear Consultee

REVIEW OF THE MILK DEVELOPMENT COUNCIL

There is a statutory requirement for the Milk Development Council (MDC) to be reviewed on a regular basis. The first review of the organisation was carried out in 1997. A further review is now underway, led by the Department for Environment, Food and Rural Affairs (DEFRA) in London. We have been asked to consult Scottish interests.

The purpose of the review is to consider whether the MDC should continue in being and if so, whether its functions should change in any way. In line with reviews that have been carried out on other public bodies, the review will also consider any alternative options for the status of the MDC, which is currently a Non-Departmental Public Body (NDPB). If Ministers decide that the MDC should continue in being, a second stage of the review will look more closely at the value of the services MDC provides and at ways of improving performance, with options for any restructuring examined as part of that second stage. The Terms of Reference for the review are attached at Annex A. The first stage of the review should be completed by February 2003.

Consultation

Agriculture Ministers are required by legislation to consult organisations "appearing to them to be representative of substantial numbers of persons carrying on business in the industry and such organisations representative of persons employed in the industry". The purpose of this letter is, therefore, to invite you to contribute to the review on the future of the MDC. This stakeholder consultation is a key part of the review process and will inform both stage 1 and (if applicable) stage 2 of the review.

You are welcome to comment on any aspect of the MDC's functions and structure and how these might be changed in the future to benefit the British dairy industry. Whilst the review is mainly forward-looking, you may also wish to comment on MDC performance over the past five years, since the last regulatory review was carried out. You may find it helpful to address the following questions in structuring your response. It is unlikely, however, that they will *all* be applicable to the interests of your particular organisation. There may also be other areas upon which you will wish to comment.

Questions to Consider

- i. What is your perception of MDC's role and value to the British dairy industry?
- ii. Do you have views on the maximum levy rate (0.08 ppl) and current actual levy rate (0.04 ppl)?
- iii. What do you consider MDC's main strengths and weaknesses to be?
- iv. How effectively do you feel MDC engages with partner organisations in the industry, within its various areas of responsibility?
- v. How responsive are MDC to the regional needs of British dairy farmers?
- vi. Drawing on your own organisation's experience, what do you feel is the quality of the services that MDC provides to its customers and partner organisations?
- vii. To what extent do you consider MDC is transparent in the way it conducts its business and how responsive is it to the needs of levy payers?
- viii. How well do you consider MDC balances its various principal responsibilities - for R&D and technology transfer; promotional work and protecting the image of milk; and the gathering and dissemination of statistics and market information?
- ix. What views do you have regarding MDC R&D Objectives 2002-06?
- x. How successful is MDC in making a difference at the level of farm businesses, for example in transmitting and transferring the results of R&D work?
- xi. How do you rate the scope, quality and value of DATUM market information service?
- xii. What are your views concerning the effectiveness and value for money of work on the generic promotion of liquid milk and on protecting milk's image that is carried out by the Dairy Council, funded by MDC?
- xiii. Are there additional functions that MDC could usefully carry out for the benefit of dairy farmers?
- xiv. Would it be possible to discharge some or all of MDC's responsibilities through alternative means? If so, what organisations or new arrangement might take some or all of these on and how might they be funded?
- xv. How helpful do you consider DEFRA to be in assisting MDC achieve its aims and objectives?
- xvi. How responsive do you feel MDC is in adapting to the key DEFRA objectives focussing upon sustainability of agriculture, rural communities and the environment?

Having considered the above questions and other issues, on balance do you consider that the MDC is performing a useful function and should be retained?

Corporate Plan

The MDC will shortly have finalised their Corporate Plan 2002-2006. You may find it helpful to refer to it in addressing some of the issues. If you would like to see the plan, please contact:-

Jacqui Kirker
MDC
Stroud Road
Cirencester
G17 6JN
Tel. 01285 646500
E-mail: jacqui.kirker@mdc.org.uk.

Responses

In line with the Government's policy on openness, at the end of the exercise we intend to make the report(s) of the review and copies of the responses we receive to this formal consultation publicly available through the Scottish Executive Library at Saughton House, Broomhouse Drive, Edinburgh, EH11 3XD. A copy of the report(s) will be placed on the Scottish Executive website. It will be assumed that your response can be made publicly available unless you indicate clearly that you wish all or part of your response to be confidential.

A list of Scottish consultees is attached for your information at Annex B. If you are aware of any other organisation or individuals who would like to participate in this consultation please let us know so that a copy of these papers can be sent out in good time. This consultation letter and other material on the review will appear on the Scottish Executive Internet site at www.scotland.gov.uk, and on the MDC site at www.mdc.org.uk. If you require any further information contact either Aileen Bearhop (Tel:0131-244-6403), or Marie Coventry (Tel: 0131-244-6953). The deadline for responses to the review is **Friday 22nd November**.

You have some 8 weeks to respond. Whilst best practice advice is that 12 weeks be allowed for public consultations, experience of reviews of NDPBs of a similar size to MDC has shown shorter periods to be appropriate.

All MDC levy payers were made aware of the review and forthcoming formal consultations by means of a Levy Payer Feedback leaflet circulated with the MDC publication "Milk Developments" in early September. I attach a copy of the leaflet for information at Annex C.

It would be helpful if your contribution could be submitted electronically to the e-mail address below, though hard copy contributions sent to the following address will, of course, be accepted.

Marie Coventry
Scottish Executive Environment and Rural Affairs Department
Room 262
Pentland House
47 Robb's Loan
Edinburgh
EH14 1TY

Tel: 0131-244-6953
Fax: 0131-244-6950

E-mail: marie.coventry@scotland.gsi.gov.uk

All responses will be acknowledged within 7 days.

Thank you.

Yours sincerely

Aileen Bearhop
Head of Livestock and Livestock Products Branch

TERMS OF REFERENCE

The current remit of the Milk Development Council, a Defra-sponsored, levy-funded NDPB extends until February 2003. Before then it is necessary to complete a formal Quinquennial review, to be conducted concurrently with a Better Quality Services (BGS) review.

The first stage of the review will entail a detailed consideration of the MDC's operation and delivery of services and an evaluation of whether the functions undertaken by the MDC are still required. Options to be considered include whether an NDPB is the best option for service delivery, public/private partnership, market testing, merger or rationalisation, privatisation and strategic contracting out. The review is to include consultation with interested parties. The results of the first stage would be contained in a report to be submitted to Ministers.

If Ministers accepted a recommendation for MDC to continue, a forward-looking second stage of the review would look more closely at how services and functions might be delivered more effectively including, for example making better use of new technology. A report of the second stage of the review would be submitted to Ministers.

The independent reviewer will report on a day to day basis to the head of MPEP division. The two reports on the review will be made formally to the head of sustainable agriculture and livestock directorate.

SCOTTISH CONSULTATION LIST

INSTITUTE OF AUCTIONEERS & APPRAISERS (IN SCOTLAND)
NATIONAL FARMERS UNION OF SCOTLAND
NORTH OF SCOTLAND DAIRY TRADE FEDERATION
QUALITY MEAT SCOTLAND
SCOTTISH AGRICULTURAL COLLEGE
SCOTTISH AGRICULTURAL ORGANISATION SOCIETY
SCOTTISH ASSOCIATION OF YOUNG FARMERS CLUB
SCOTTISH CONSERVATIVE & UNIONIST PARTY
SCOTTISH DAIRY ASSOCIATION
SCOTTISH GREEN PARTY
SCOTTISH LABOUR PARTY
SCOTTISH LIBERAL DEMOCRATS
SCOTTISH NATIONAL PARTY
SCOTTISH PARLIAMENT, CONVENER RURAL DEVELOPMENT COMMITTEE
SMALL FARMERS ASSOCIATION
UNIVERSITY OF EDINBURGH

Milk Development Council Quinquennial Review

Levy Payer Feedback

Background

As with all Non-Departmental Public Bodies, the Milk Development Council (MDC) is subject to regular formal reviews of its operations by Ministers. The legislation under which the MDC was established required the first review to be carried out in 1997, and afterwards at five-yearly intervals.

Basically, the purpose of the first stage of the two-part review is to consider whether the MDC is fulfilling its responsibilities to the British dairy industry. If Ministers subsequently accept a Report recommendation that the MDC is fulfilling its responsibilities, the second stage would look more closely at the value of the services MDC provides and at any ways of improving performance.

The review is under way and the first stage must be concluded by February 2003 when the current remit of the MDC comes to an end.

As an MDC levy payer, your views will be central to the review, and your input would therefore be very much appreciated. You are invited to comment on any aspect of the MDC's functions and performance over the past five years and on its future plans (the MDC is due to finalise its Corporate Plan 2002/2004 shortly).

Feedback

If you would like to contribute to the review, please do so by contacting the DEFRA reviewer (Peter Purvis) in writing by 1 November 2002 at:

Email: mdc.review@defra.gsi.gov.uk

Post: MDC Quinquennial Reviewer
DEFRA
Area D, 5th Floor
9 Millbank C/O Nobel House
17 Smith Square
London SW1P 3JR

There will also be a consultation of the principal dairy industry organisations, including the farmers' unions. This is due to begin at the end of September and will provide another important route for levy payers to contribute their views.