



Department
for Environment
Food & Rural Affairs

The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018

Post Implementation Review 2024



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Sign-off for Post Implementation Review: Economist and responsible Senior Civil Servant

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: Peter Jinks - Deputy Director, Animal Welfare

Date: 19 December 2024

Signed: Clare Kendall - Economist

Date: 19 December 2024

Executive summary

The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 (“the Regulations”) introduced an updated licensing system in England. They cover the following activities involving animals:

- selling animals as pets
- providing for, or arranging for, the provision of boarding for cats or dogs
- hiring out horses
- dog breeding
- keeping or training animals for exhibition.

In line with its statutory obligation, Defra has conducted a Post Implementation Review (PIR) of the Regulations. With reference to the Regulations’ original objectives and impact assessment, we conducted a backward-looking review and considered evidence on the effectiveness of the Regulations, its application and enforcement by local authorities, and its economic costs and benefits. The Regulations replaced previous regulations to govern a diverse and increasingly innovative range of businesses, and this is the first PIR since they were enacted in 2018. The PIR was informed by extensive engagement with licensable and non-licensable operators and businesses, local authorities and animal welfare groups.

The Regulations will be retained.

The review found that the Regulations are broadly considered to be an improvement on the assorted, often outdated legislation that they replaced. The requirements are clearer, more consistently applied and informed by more up-to-date evidence on the welfare needs of animals. The review also found that local authorities have developed their expertise and capacity to promote animal welfare as a result of the Regulations.

The review also noted significant new developments in regulated sectors since 2018. For example, the growth in commercial activities related to dog breeding. The importance of pet boarding services has also grown in recent years, reflecting changing patterns in pet ownership and lifestyles, as well as increased use of animals for ‘exhibition’ purposes, such as mobile demonstrations and filming. The review finds significant progress in raising standards in these areas.

Areas for improvement were also identified. Key areas included assessing the administrative burden on licensees and inspectors, further support to local authorities to share information and expertise, potential to integrate duties of local authorities e.g. in assessing a licence applicants’ broader record on animal welfare, or considering the safety of children, when issuing licences, and updates to the guidance.

We are grateful to the large number of individuals, organisations and local authorities who took part in the evidence gathering process for this review. We will consider the findings of this report and we look forward to further engagement with these groups as we take forward work on further improvements to the licensing system and enforceability of the Regulations.

Signed:

A handwritten signature in black ink, reading "Suet Hayman". The signature is written in a cursive style with a large initial 'S' and a long, sweeping tail on the 'n'.

BARONESS HAYMAN OF ULLOCK

Parliamentary Under Secretary of State

Date: 19 December 2024

Introduction and policy objectives

Commercial activities involving companion animals are part of a large and growing sector, serving the owners of the 11 million cats and 11 million dogs¹ resident in the UK, and the 3.2 million people riding horses in the past year, in addition to those seeking new pets. It is estimated that 32% of dogs are bought from commercial breeders, representing hundreds of millions of pounds of sales each year.

The licensing system is essential to public confidence in these activities and those who provide them. It is enforced by local authorities to ensure, at a minimum, that the standards required by the Regulations are met. These obligations apply in addition to those on all keepers of animals under the Animal Welfare Act 2006. Licences are issued and the Regulations are enforced by 296 lower tier local authorities in England (i.e. those at district or borough level, or unitary authorities). Over 15,000 licences are issued per year, in the following areas:

Activity	Number of licences issued 2022-23 ²
Dog Boarding (Kennels)	1319
Dog Boarding (Home)	5439
Dog Daycare	841
Dog Breeding	2296
Cat Boarding	1634
Selling Animals as Pets	2169
Hiring out Horses	1345
Keeping or Training Animals for Exhibition	894

¹ PDSA Animal Wellbeing Report 2023 - <https://www.pdsa.org.uk/media/13976/pdsa-paw-report-2023.pdf>

² Based on responses from 266 local authorities. Actual figures will be higher- see 'Licensable Activities (Schedule 1): Review and provision of information to the Secretary of State (Part 7)' below.

The Regulations replaced most of the provisions of four Acts which governed licensable activities involving companion animals: the Pet Animals Act 1951; the Animal Boarding Establishments Act 1963; the Riding Establishments Act 1964; and the Breeding of Dogs Act 1973. It also replaced the Performing Animals (Regulation) Act 1925, which required individuals who want to exhibit or train any performing animals to register for this purpose.

In introducing the Regulations, Defra intended to establish a regulatory framework to support an efficient market of high-quality commercial pet service providers. The Regulations were designed to be proportionate, efficient, and well targeted, enabling providers to meet demand whilst providing for the welfare needs of animals to a high standard. The Regulations also aimed to find the right balance between regulating commercial activities to high welfare standards and ensuring that there is a sufficient licensed provision. Government also wished to ensure that consumers have confidence in the market and that the Regulations provide assurance that commercial operators are caring for their pets appropriately.

Some licensed activities, most notably those involving the exhibition of animals or the hiring of horses, do not directly relate to the breeding or care of pets. However, the public expect similarly robust welfare standards to be met in the care of the animals involved.

The Regulations require that all businesses undertaking licensed activities meet the same, up-to-date, minimum welfare standards. Businesses must be licensed by the relevant local authority and must meet minimum standards to hold and retain a licence. The Regulations make provision for Defra to issue statutory guidance, to which local authorities must have regard, to promote consistent interpretation and application.

This review has been conducted in line with the statutory requirement to conduct a post-implementation review at least once every five years.

Scope of the review, approach, and evidence

This PIR assesses the effectiveness of the Regulations and the extent to which its policy objectives have been achieved. This is to ensure the welfare of animals used for commercial activities are protected in line with the Animal Welfare Act 2006 without creating unnecessary burden. It covered:

- The extent to which the Regulations have achieved their objectives, as set out in the Impact Assessment;
- Whether the objectives are still appropriate and/or they could be achieved in a less burdensome way;
- Whether the types, and scale, of costs and benefits associated with the Regulations were largely as expected and, if not, how they diverged from the estimates in the original Impact Assessment;
- Any significant unexpected consequences, positive or negative;
- Refinements and improvements that could be made to enhance the benefits of licensing to improve animal welfare, increase positive societal impacts, reduce burdens on business, reduce other costs, and improve compliance.

This review draws on several sources of evidence. The main approaches to our stakeholder engagement were included through online surveys, the receipt of written submissions and in depth 'deep-dive' discussions. The scope of stakeholders engaged included animal welfare organisations, local authority inspectors, zoos, licence holders, and operators who carry out one of the licensable activities but do not meet the licensing threshold. Stakeholders were invited to submit responses to a Qualtrics survey. This survey asked questions about the Regulations and their application to gauge stakeholder opinion and identify themes for discussion. Surveys were split into one survey for local authorities, and separate surveys for each regulated activity with an interest in the Regulations. Other stakeholders opted to submit their views separately, and their submissions were considered together with the stakeholder results. Following this consideration, deep dive sessions were held, to discuss all aspects of the Regulations and their application.

There was a significant level of evidence gathering and analysis. This allowed Defra to draw informed conclusions regarding the effectiveness of these Regulations. Any recommended regulatory changes arising from this review will be subject to further engagement and, where appropriate, consultation.

The licensing regime

Parts 1 to 7 of the Regulations explain the licensing regime's operation, including who is required to administer the regime, who should apply for a licence, enforcement matters, and appeals.

Parts 1, 5 and 6, and schedules 8, 9 and 10 of the Regulations are technical measures relating to the workings of the legislation.

Part 2 makes provision for disqualification of certain persons from holding a licence, with the detail of this outlined in Schedule 8 to the Regulations (see below).

Schedule 1 to the Regulations sets out the activities that are licensable, and Schedule 2 outlines the general conditions applicable to all such activities.

We consider the key themes applicable to the licensing regime below. Licensing conditions for each activity (Schedules 3-7 to the Regulations) are considered in subsequent sections of this review.

Grant, renewal, and variation [with consent of a licence], and inspection of premises (Part 2)

Background

The Regulations introduced a significant update to England's animal activity licensing regime and to the welfare provisions afforded to the animals affected by those activities. With such a significant change, it was to be expected that the Regulations' first review would reveal aspects where some revision could be beneficial.

It is worth noting the significant work undertaken to date to implement the new licensing regime. This includes work by local authorities, sector bodies such as the Canine and Feline Sector Group and the Local Government Animal Welfare Group. Continued engagement from animal welfare organisations, businesses, and others who share the public's high regard for animal welfare and who correspond with us about the Regulations on that basis has also been crucial.

Discussion

The Regulations have been broadly welcomed as providing an improved regime. Our review finds that the licensing regime has delivered numerous benefits for business and for animal welfare outcomes.

Local authority inspectors have confirmed that the type of resource costs which arose were in line with those anticipated at the outset. These included the time taken to administer the licensing scheme, the time spent preparing for and undertaking visits and inspections (which are more comprehensive under the new regime), the time taken to complete enforcement activity, and the time and costs associated with the training of authority staff. Broadly speaking, costs should be recovered from operators by means of licence fees, so the

increase in the number and frequency of licences should serve to mitigate an increase in resource costs to local authorities.

There have been some challenges in relation to the increased workload of licensing officials, the time required to administer the regime, and the undertaking of enforcement activity. Businesses and animal welfare sector organisations have shared information about the inconsistent application of the regime; the resourcing of local authorities (which is in part thought to drive the time taken in responding to licensing requests or in the completion of inspections); and the time required to administer required policies, procedures, and recordkeeping.

Feedback from local authorities suggests that overall increase in the *number* of licences being issued may be explained by the inclusion of activities that were not previously subject to their own licensing requirements; home boarding and the day care of dogs, for instance. The increased *frequency* is thought to be the result of several causes, including reports of licence holders developing a greater understanding of the Regulations over time, improving their premises or other provisions to the animals' benefit, and subsequently requesting re-inspection to achieve a higher star rating. This all indicates that the new system is meeting its intended objective of supporting operators to meet higher standards of animal health and welfare.

Period of licence

Background

The introduction of licence terms of between one and three years – related to the local authority's assessment of the risk of the business' likely failure to comply with a licence condition, and the risk of any such failure impacting animal welfare – is one of the key innovations introduced by the Regulations. The ability for businesses to be assessed as low risk, and subsequently secure a longer licence term, is intended to: (i) minimise the burden on both businesses and local authorities, and (ii) minimise the overall licensing costs for businesses and resource impacts to local authorities.

Discussion

The introduction of risk-based licence terms has been welcomed across the sector. In terms of the application of the risk-based system itself, local authority inspectors praised it for its ease of application.

Some potential improvements were identified in relation to ensuring that the higher standards are available to all and to provide local authorities with some flexibility in the risk-based system.

Feedback also suggests that further improvements may assist in delivering the benefits of a risk-based system to a wider selection of licence holders. For example, taking account of any existing compliance history and pre-existing standards in the licensing of new branches of multi-location businesses. Secondly, businesses report instances where the fee for a three-year licence offers no saving over the combined fees for three one-year licences,

meaning that some local authority fee structures offer no incentive for licence holders to meet the higher standards. Lastly, there was support for the publication by local authorities of a list of licensed businesses along with their licence length and/or star rating. Businesses thought that this would reward high-achieving establishments and incentivise improvement across businesses.

Persons who may not apply for a licence

Background

Part 2 of the Regulations also provide that individuals subject to deprivation or disqualification orders, or prohibited from holding a licence under the Regulations or other animal-focussed licensing schemes, are prohibited from applying for a licence under the Regulations. Technical detail on the categories of person excluded is set out in Schedule 8 to the Regulations.

Discussion

Some local authorities and organisations have sought improvements to assist them in ensuring unfit individuals are unable to secure a licence. Relatedly, other organisations have raised safeguarding concerns in relation to activities where there is the potential for unsupervised access to vulnerable clients, in licensed establishments that offer riding lessons for young or vulnerable people, for example. Feedback suggested that local authorities could use decision points in the licensing process to consider their responsibilities under other legislation, such as those connected to child protection.

We are aware that some local authorities have requested Disclosure and Barring Service checks as part of their licensing process, and this approach could be assisted with improved statutory guidance on the subject. Alternatively, local authority inspectors may wish to consult their authority's safeguarding experts, in place by virtue of local authorities' existing safeguarding responsibilities.

Fees

Background

The licensing system is intended to be broadly self-financing, with local authorities charging applicants and operators fees to recover the costs of administration. Regulations therefore allow local authorities to charge fees they consider necessary for:

- considering an application, including any inspections
- compliance checks on existing licence holders, this includes the costs of inspections
- enforcement costs against an unlicensed operator doing licensable activities
- compiling and submitting data needed by the Secretary of State

The Regulations require that these fees do not exceed the reasonable relevant costs anticipated by a local authority. Local authorities are encouraged to refer to separate, non-

statutory guidance available from the Local Government Animal Welfare Group (LGAWG) for practical detail on the formulation of fees.

Discussion

Aligned to the increase in the number and frequency of licences mentioned earlier, most local authorities who responded believed that the monetary costs to them of implementing the regime had increased. In part, these cost increases were explained by the need to outsource the licensing scheme requirements – to veterinary surgeons, or appropriately qualified inspectors from other local authorities – to address a shortfall (or absence) of qualified inspectors in the issuing local authority (see the cost benefit analysis below). As local authorities can recover reasonable costs associated with the consideration of an application, these impacts on local authorities may have been passed onto scheme applicants.

This may have contributed to different fees charged by local authorities. Local authority data confirms this variation in costs. For example, in the case of the hiring out of horses, in 2024, the minimum reported fee for the issuing of a three-year licence was £51, and the maximum was £2,775. The average fee across all the responding local authorities for a three-year licence under this schedule was £662. This type of variance is apparent across all the activities. Research by Battersea Dogs and Cats Home revealed that the licensing fee for cat boarding can range from below £100 to over £1,200, depending on the licensing authority.

It should be recognised that local authorities have different individual processes and approaches. For example, some may choose to employ their own full time animal activity licensing inspectors, whilst others may appoint veterinarians or subcontract the work to neighbouring local authorities. Local authorities may have a higher or lower number of licence holders within their boundaries and this, together with other local differences, suggests that some variance is to be expected.

Businesses also reported facing increased costs associated with meeting the licensing scheme's conditions. These reports have centred around the costs of complying with the administrative and record keeping requirements, discussed earlier, and the costs associated with training staff.

Guidance

Background

The Regulations include a provision allowing the Secretary of State for Environment, Food and Rural Affairs to publish statutory guidance. The publication of statutory guidance is undertaken to assist local authorities in their application of the licensing regime, and they must have regard to it when applying the regime. Alongside this statutory guidance, Defra issued an early additional note to local authorities on the application of the regime, which included information on the intersection between the licensing regime and planning

requirements, certification of operators by UKAS, as well as other matters, and non-statutory guidance to assist the licensing of franchise operations.

Discussion

The review found that there is potential for the guidance to be improved in terms of its usefulness to both local authorities and businesses. For example, authority inspectors felt that the statutory guidance could provide more answers to the specific circumstances they experience during an inspection, and they have requested the guidance is revised. Web-based franchise operators have also requested the revision of the existing non-statutory guidance for the licensing of franchise operations, and for the revised guidance to be placed on a statutory footing. Some businesses consider that the guidance could be more flexible in covering home-based settings or instances where businesses do not follow the licensable activity's typical business model.

We recognise a mix of views from stakeholders about the appropriate balance between providing certainty as to the application of the Regulations and allowing inspectors discretion to apply rules flexibly.

Enforcement and notices (Part 3)

Background

Part three of the Regulations details enforcement options available to local authorities dealing with licence holders and how they are to be applied. These include the grounds for suspending, varying or revoking a licence and the procedure which authorities must follow when suspending or varying a licence without consent. Part three also guides authorities' reinstatement of suspended licences and their use of revocation notices. Offences, associated penalties and post-conviction powers are outlined. Separate to part three, anyone carrying on a licensable activity without a licence commits an offence under section 12 of the Animal Welfare Act 2006.

Discussion

Across the sector, ensuring that activities and/or operators who ought to be licensed are indeed licensed was one of the largest areas of interest. Businesses, local authorities, and welfare organisations shared views about the rise in prevalence of unlicensed operators who offer services which in some ways are comparable to one or more of the licensable activities, which are presented as different types of activity – for example, dog walking or dog training businesses may also include an element of day care. Additionally, in relation to what constitutes commercial activity compared to non-commercial activity, views were shared by businesses and local authorities about commercial operators applying HMRC's Trading Allowance limit in such a way as to rule themselves out of scope instead of securing a licence. Local authorities also raised the difficulty in assessing franchise operations which typically operate home boarding or dog day care.

These issues may relate to the changing nature of commercial activities which are provided by the sector and to new operators entering the marketplace, for example in relation to how

people want their pets cared for them whilst at work. In some cases, the lack of a licence may be the result of a general lack of awareness of the Regulations; in others, a belief that the service they offer lies outside of the Regulations' scope. Some suggested this could be addressed by new and improved definitions in the Regulations for some of the activities (primarily home boarding or dog day care), which would make it easier for businesses or authorities to assess whether a licence is required.

This desire for these perimeter issues to be addressed more tightly in relation to operators who have not secured a licence was contrasted with suggestions by existing licence holders and licence applicants of *over-enforcement* across all of the licensable activities. This has often related to how the statutory guidance has been applied.

Some local authority inspectors considered that some licensed operators could adopt a mutually beneficial, more constructive, approach towards engaging with the local authority. Respondents believed that better training for local authorities and improved enforcement action against unlicensed operators – aligned to improvements to the statutory guidance to better account for differing business models – would improve welfare and assist in addressing the above types of issue.

Appeals (Part 4)

Background

Part 4 of the Regulations provides a mechanism by which operators who are aggrieved by a local authority's decision to refuse to grant or renew a licence, or to revoke or vary a licence to appeal to the First-Tier Tribunal.

Discussion

The First-Tier Tribunal heard 16 such cases in 2021/22, and 15 in 2022/23. The low level of uptake could indicate that decisions which are challenged by licensees are resolved at a local level rather than needing to be taken to the Tribunal.

Review and provision of information to the Secretary of State (Part 7)

Background

The annual provision of information by local authorities to the Secretary of State on the number of licences in force and the average level of fees charged for each licensable activity provides important context and information for reviewing the Regulations.

Discussion

The percentage of local authorities providing this information to the Secretary of State was low in the first year, although it has steadily increased since then to over 85%.

Summary

In summary, the introduction of licence terms and the risk-based star rating system was welcomed and there were benefits in animal welfare and for businesses. The risk-based system was found to continue to incentivise higher welfare standards.

There may be scope to make operational improvements to improve consistency and ease of application, as well as to ensure consistency of enforcement so those who should be licensed are, whilst balancing the demands between flexibility and consistency of application of the Regulations. Improvements to the guidance could also help both businesses and local authorities.

Licensable activities (Schedule 1)

Background

Schedule 1 to the Regulations is composed of several parts. Part 1 applies to all eight of the licensable activities. It includes the circumstances which a local authority must take into account in determining whether a licensable activity is being undertaken in the course of a business, such as whether sales are made, or the activity is undertaken with a view to making a profit, or with a view to earning any commission or fee – otherwise known as the “business test”. Parts 2-6 outline the eight activities that the Regulations apply to, the definitions of each activity and outline any related activities that are exempt from the Regulations³.

Discussion

Operation of the business test

This guidance (which relates to the use of HMRCs Badges of Trade⁴ and Trading Allowance⁵) is intended to assist local authorities in determining whether a business activity is being undertaken. If an individual makes less than the £1,000 per year Trading Allowance from the activity no tax is levied by HMRC, and statutory guidance states that a licence is not required (note that turnover above this threshold does not automatically qualify an operation as a business). Similarly, in considering Badges of Trade, inspectors are expected to consider technical guidance from HMRC in identifying evidence of commercial activity such as a profit-seeking motive or the frequency and volume of transactions.

Overall, the review found that the business test remains a useful mechanism for setting the boundary of the Regulations, as it avoids bringing into scope large numbers of people who offer pet care services on a genuinely non-commercial basis.

A variety of views have been shared by stakeholders about the success of the business test. Where the activity is clearly commercial in nature – such as selling animals as pets in pet shops – operators have been content with the way the business test has applied, and operators have readily applied for a licence. In other areas – such as dog breeding and home boarding – the application of the business test has been less straightforward.

³ Examples include the boarding of a cat or dog as a result of the Animal Health Act 1981.

⁴ HMRC Badges of Trade [BIM20205 - Meaning of trade: badges of trade: summary - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)

⁵ HMRC Guidance - [Tax-free allowances on property and trading income](#)

Many local authorities and some animal welfare organisations wished the application of HMRCs guidance in the animal activity setting to be simpler. This was because, in cases where it is not immediately clear that commercial activity is being undertaken, HMRC's guidance relies on the individual providing details about their activities, including any relevant financial details which local authorities do not have the power to demand.

This has arisen particularly in the following areas: dog breeding, where the breeding of dogs is not always a licensable activity; and home boarding, where some individuals who offer home boarding on classified websites may consider that they do not meet the trading income allowance threshold. The local authority may wish to determine whether this is the case.

Summary

In summary, the review found the business test remains helpful but there are circumstances where the application could be simpler, particularly in relation to dog breeding and home boarding. The statutory guidance could be revised to improve clarity and assist local authority and individual's understanding.

Cross cutting conditions (Schedule 2)

Background

Schedule 2 to the Regulations details the general conditions which a licensee must meet to secure and retain their licence to operate. The Schedule includes details of practical aspects and minimum welfare conditions that apply in addition to the detailed requirements found in each licensable activity's specific Schedule. The general conditions are applicable to all operators who hold a licence under the subsequent schedules to the Regulations.

Practical aspects include, amongst other things, the displaying of the licence, record-keeping requirements, and staffing levels. Minimum welfare conditions include the provision of a suitable environment and the protection from pain, suffering, injury, and disease, amongst others. The Schedule requires licensees to make adequate provision for cleaning, isolation of animals suspected of having contagious diseases, and plans for emergencies such as fire or ventilation breakdown.

Discussion

The general conditions had broad support across the sector for ensuring that animals used for licensable activities had their welfare needs met in line with those established in the Animal Welfare Act 2006. Feedback received from local authorities and businesses indicated that the requirements are balanced and proportionate, serving to promote public confidence that animal health and welfare is adequately provided for by operators.

Stakeholders proposed changes about two aspects of the Schedule's practical conditions, relating to the licence itself. Firstly, the inclusion of a dog's identifying details on the licence. Schedule 2 currently allows licensed pet sellers to rotate their breeding stock, and only requires breeding dogs to be housed in the licensed location when pregnant and giving birth until their litter is sold. The breeding dog may then be housed elsewhere for the remainder of their lives.

Secondly, views were shared about the reasonable maximum number of animals that can be kept in relation to each licensable activity, and the Regulations do not include a condition specifying a limit or allowing a limit to be set.

Summary

In summary, positive views were expressed about these general principles. Areas for consideration related to rotation of breeding stock and how best to allow for local authorities to assess appropriate maxima to be reflected in licence conditions.

Specific Conditions: selling animals as pets (Schedule 3)

Background

All selling animals as pets activities need a licence if they're carried out as a commercial business. A range of different businesses fall under the scope of Schedule 3. These include: businesses that import or breed pet animals and supply them to other businesses; pet shops and garden centres that sell pets in store; businesses that only sell animals as pets online through their websites and deliver them to the purchaser, including specialist aquatic shops; and businesses that sell animals as pets through online sales platforms from domestic premises.

Schedule 3 to the Regulations replaced the Pet Animals Act 1951, which previously regulated the keeping of animals in pet shops.

The Schedule modernised the licensing system for pet sales in England and brought into scope the commercial sale of pets online and suppliers to pet shops which do not sell directly to the public. Other intended impacts were to simplify the licensing process, improve enforcement and the consistency of standards throughout the country, and encourage compliance with the Regulations through earned recognition.

Discussion

A majority of stakeholders considered that Schedule 3 has led to higher welfare standards in the keeping of animals as pets for sale. In particular, it was felt that welfare standards in pet shops have significantly improved since the introduction of the Regulations, and that the Regulations have helped to standardise welfare conditions and improve consistency in the inspection process. Respondents noted that a number of pet shops (including major chain stores) have high welfare standards and have secured high star ratings, and that many pet shops that have ceased trading have been those with low standards. The inclusion in the scope of Schedule 3 of online pet sales and businesses that do not sell directly to the public was also widely considered to be a step forward.

Stakeholders have strongly welcomed the fact that the Regulations cover new activities such as online sales, reflecting changing consumer habits, and reflecting aspects of business-to-business pet sales. Licensing of these activities is helping to protect the welfare of animals sold through various channels and is providing a degree of fairness for pet shops which were previously undercut by unregulated commercial competitors.

Schedule 3 introduced additional requirements specific to the sale of animals as pets. Respondents thought that the introduction of these requirements has been another positive step forward for animal welfare. These include the requirement to provide detailed information on all advertisements of pets for sale, including placing the seller's licence number on their adverts, the requirement to provide prospective owners with information on the appropriate care of the animal, and the requirement for licence holders and staff to have adequate knowledge to be able to advise prospective owners about the animals being sold. Schedule 3 also introduced requirements for record-keeping and requirements relating to

the animals being sold, including a prohibition on the sale of puppies, cats, ferrets and rabbits under the age of 8 weeks.

Both local authority and business respondents were positive about the impact of the statutory guidance to Schedule 2. Business owners considered that the statutory guidance has had a positive impact on welfare, and local authority inspectors were satisfied that the guidance has provided clearly defined instructions on how to conduct inspections, and that it has improved inspectors' knowledge of the welfare needs of different animals. Respondents also considered that the Regulations have led to an improvement in the knowledge of business owners, particularly in the care of exotic species, which has led to improved buyer knowledge and buyer confidence.

Online selling is increasing, and this presents new challenges – particularly regarding the shift of sales from “traditional” classified advertisement platforms towards social media sales. Some adverts for pets which are being sold commercially online by licensed operators do not comply with all of the requirements under Schedule 3. Some adverts by unlicensed individuals have also sought to mislead buyers by including the licence number of a licensed seller, which they have copied and used without permission.

Defra has worked with the Pet Advertising Advisory Group (PAAG) to promote responsible practices in the online sale and advertising of pets. PAAG provides advisory materials for pet buyers and sets standards for advertising, which online marketplaces subscribe to on a voluntary basis. In May 2023, PAAG updated these standards⁶ to reflect changes in the online marketplace and to reflect the coming into force of cat microchipping regulations. Other provisions in the standards include banning advertisers where there is evidence that they are operating commercially without a local authority licence.

Stakeholders also highlighted the sale of exotic animals at markets – particularly small mammals and reptiles – which is not prohibited under the Regulations for hobby breeders and sellers. Some stakeholders considered that the trade in markets for exotic animals is commercially driven and should be licensed and there is scope to provide more clarity to local authorities about this.

Some operators felt that the record-keeping requirements could be rationalised. Some respondents believed that administrative burdens have been a factor for some smaller pet shops which have closed, and that some pet shops may have stopped selling animals that require more complex care.

⁶ Pet Advertising Advisory Group – Minimum Standards - <https://paag.org.uk/minimum-standards/>

Snake vivaria

The welfare of snakes kept in pet selling establishments has attracted specific interest. Defra commissioned the Animal Welfare Committee (AWC) to provide an Opinion on whether there is any evidence, on welfare grounds, to support a revised minimum standard for the length of vivaria applying to snakes housed in licensed commercial pet selling establishments in England and if so, what that revised minimum length should be. The AWC's Opinion was published in June 2023⁷.

Rabbits

Views have been shared about an increasing popularity of 'extreme breeding' in rabbits. In these cases, extreme breeding includes the selection of certain animals for breeding on account of particular aspects of their appearance, such as the length of their hair, even where the overall health of offspring would benefit from more diverse selection.

We note the efforts made by organisations such as British Rabbit Council to educate potential and existing pet owners on providing for the welfare needs of their rabbits, such as by publishing its Codes of Practice⁸ advice online. Similarly, we note work done by the All-Party Parliamentary Group on Animal Welfare Group in updating the Rabbit Good Practice Code⁹.

Third-party sale of puppies and kittens

The commercial third-party sale of puppies and kittens by licensed pet sellers had originally remained legal under the Regulations. In response to significant concerns raised about the welfare impact associated with the breeding of puppies and kittens for sale to commercial outlets, the Government conducted a Call for Evidence and a public consultation. The resultant evidence revealed that commercial third-party sales can contribute to a range of poor welfare practices.

Consequently, the Government introduced the Animal Welfare (Licensing of Activities Involving Animals) (England) (Amendment) Regulations 2019¹⁰, which came into force in April 2020. These Regulations prohibit the third-party sale of puppies and kittens by licensed pet sellers.

⁷ Animal Welfare Committee - AWC opinion on the space requirements for snakes in vivaria within pet selling establishments - [AWC opinion on the space requirements for snakes in vivaria within pet selling establishments](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114444/awc-opinion-on-the-space-requirements-for-snakes-in-vivaria-within-pet-selling-establishments) - GOV.UK (www.gov.uk)

⁸ British Rabbit Council - Codes of Practice <https://thebritishrabbitcouncil.org/codes-practice.php>

⁹ The Rabbit Good Practice Code <https://apgaw.org/wp-content/uploads/2021/06/Rabbit-CoP-2021-1.pdf>

¹⁰ <https://www.legislation.gov.uk/ukxi/2019/1093/contents/made>

Our engagement with the sector indicates that the amendment's prohibition has been successful. However, it remains legal for licensed pet sellers to breed their puppies and kittens at a remote location, sometimes outside of England. The welfare provisions where this breeding activity takes place outside of England may not be very clear, and may not always meet all of the conditions which apply in England. The puppy or kitten would also undertake a journey from their place of breeding to their place of sale.

The Schedule 3 specific conditions do not require a licensed pet seller to microchip puppies or kittens that they sell (although requirements in updated microchipping regulations¹¹ apply). Consistency between legislation and across the Regulations' activities - between pet selling and dog breeding in particular could be improved.

Summary

In summary, the Schedule has helped cover new activities and reflected changing practices whilst providing fairness to pet shops. Stakeholders found the new requirements helpful and positive, and were positive about the impact and clear guidance for inspectors. Areas identified for consideration related to the administrative burden on businesses, challenges associated with growing online sales, particularly on social media platforms, and consistency across regulations.

¹¹ [The Microchipping of Cats and Dogs \(England\) Regulations 2023](#)

Specific Conditions: providing boarding for cats or dogs (Schedule 4)

Background

Schedule 4 to the Regulations sets out specific conditions for the provision of boarding for cats and dogs. It encompasses boarding in catteries for cats, boarding in kennels for dogs, home boarding and day care for dogs. The Regulations replaced the requirements relating to kennels and catteries in the Animal Boarding Establishments Act 1963 and introduced bespoke conditions for home boarding and dog day care.

The boarding sector includes a range of business types. Home boarders are typically sole traders or part of a franchise operation. Dog day care providers are typically either rurally based with plenty of outside space, urban based with limited outside space, or a mix. Kennels and catteries, however, typically vary in size rather than business type.

In terms of size, catteries typically board between 10 and 60 cats with kennels boarding between 5 and 100 dogs. Home boarders are thought to board 10 or fewer dogs, given they are operated in residential properties, with dog day care providers boarding between 5 and more than a 100 dogs in commercial premises.

Data from the most recent local authority return indicates the number of licensed operators for each of the sub activities in the below table.

Activity	Number of licences in force on 1 April 2024	Number of local authority responses (*)
Boarding of Cats	1610	261
Boarding in kennels of dogs	2142	262
Home boarding of dogs	6004	261
Dog day care	921	261

* 263 out of 296 local authorities (89%) provided information in line with their Part 7 Regulation 29 responsibilities in 2024.

Providing boarding for dogs and cats in kennels and catteries

Background

The Regulations require anyone in the business of boarding cats in catteries or dogs in kennels to hold a licence. Cats and dogs can only be boarded in purpose-built cat or kennel units which comprise a sleeping area and an exercise run.

Discussion

The review found that many catteries and kennels have been incentivised to implement the guidance's higher standards and to achieve a higher star rating which they are proud of. Compliance with the scheme's higher standards indicates that, for some operators, the right balance has been found between welfare requirements and associated costs.

The Regulations ensure that kennel and cat units are of a sufficient size and comprised of a sleeping area and an exercise run to ensure that dogs and cats can express their natural behaviours.

Feedback during the review included calls for improvement in relation to environmental enrichment, including elevated areas for cats, exercise requirements for dogs, and requirements for monitoring behaviour.

Some kennel and cattery operators report greater than expected costs associated with meeting the Regulations, including increased licence fees. A small number of operators of kennels built prior to the Regulations coming into force in 2018 report being held to the minimum size requirement for sleeping areas built after that date by their local authority.

Relatedly, in some cases changes to cattery units – to incorporate separate sleeping and exercise areas – are claimed to result from some local authorities taking a firmer stance than others in applying the guidance's requirements for catteries built prior to the Regulations coming into force. Several kennels also reported being required to make other renovations, such as replacing existing fencing, if they did not meet the new specifications defined in the statutory guidance.

Feedback reveals that a significant proportion of dogs subject to kennelling are being kept in kennels for longer than one month, and sometimes as long as a year. Some animal welfare organisations have claimed that dogs' welfare can be compromised because of long-term kennelling. There are also similar concerns where cats are boarded in catteries for protracted periods.

The need to take enforcement action in relation to unlicensed commercial businesses which ought to be licensed - unlicensed home boarders who advertise on classified websites for example - was a key concern for both businesses and local authorities and may be impacting the ability of licensed businesses to trade due to competitive pressures.

Providing home boarding and dog day care

Background

The Regulations require anyone in the business of boarding dogs in their residential dwelling or providing day care for dogs in commercial premises to hold a licence. Home boarded dogs must be accommodated within the home and not in external kennels, and dogs in day care premises may not be kept overnight.

Discussion

Positive aspects included the introduction of set minimum standards to previously unregulated areas, limiting the number of dogs that could be home boarded. There was also positive feedback on some of the specific requirements including record keeping and security requirements, the need for staff training and qualification requirements, and improved day care staff-to-dog ratios. In addition, local authorities also singled out the introduction of written policies and procedures and the Schedule 2 socialisation and enrichment requirements as particular benefits.

On the other hand, businesses and local authorities raised space as a significant issue. For example, for home boarders, the requirement to have a designated room for each dog. Where the residential property is, or is largely, open plan, the designated room requirement is thought to unnecessarily limit the number of dogs an operator can accommodate. The restriction on the use of crates was thought to put dogs at risk of injuring themselves by interacting with, or consuming, items from their designated room when they would be safer if housed in their crate overnight.

In dog day care, some thought that the guidance on space per dog as it applies to primarily *outdoor* operators might allow a business to secure a licence without providing adequate indoor space. Conversely, some thought the guidance might lead local authorities to require too much indoor space. Others thought that the guidance on space per dog as it applies to primarily *indoor* operators is too strict, limiting their ability to operate viably. In addition, some fed back that day care settings without outside space face increased staff costs associated with their requirement to walk dogs off-site.

Home boarding sole traders thought that the cost of licensing was relatively high for the small number of dogs they are licensed for. This is also an issue for home boarders who work under the umbrella of a franchise, and who often only board one dog at a time. Franchise operators raised the costs associated with the requirement to hold a licence for each local authority area they operate in, pointing out that by contrast, sole traders can board dogs from owners outside of their local authority area.

More than half of dog day care operators thought that costs had been higher than expected, with the majority of these believing that the costs should have been more proportionate to the animal welfare benefits. Increased costs were associated with meeting unnecessarily specific conditions, such as those for space or fencing. These costs can be significant for primarily outdoor day care providers whose operations may cover several acres.

Local authorities were concerned about the level of administration required, the need for a preventative health care plan, which is unnecessary given the temporary nature of these businesses, and the disparity between owners' own use of crates and home boarding conditions. And, last, the need to keep records even if there are no concerns – such as recording normal food and water consumption.

Local authorities also shared views about the number of people appearing to offer unlicensed home boarding or dog day care under pseudonyms, for example grooming parlours which retain the dog for long periods of the day. Further, local authorities raised the difficulty of assessing home boarding franchise operations, and in particular assessing 'host' home boarders who are part of franchise operations.

Summary

In summary, the review found that the requirements have helped improve welfare. First, by incentivising the provision of higher welfare standards by kennel and cattery operators. Second, through the introduction of specific conditions for the home boarding of dogs and dog day care. Areas identified for consideration include the long term boarding of dogs and cats in kennels or catteries, the provision of clear guidance on space requirements, the administrative requirements and appropriate enforcement action for those avoiding the licensing scheme.

Specific Conditions: Hiring out horses (Schedule 5)

Background

Schedule 5 to the Regulations acts as a replacement to the Riding Establishments Act 1964 (as amended). It covers a range of activities including the operation of riding schools and trail trekking. For the purposes of the Regulations, the term 'horses' includes donkeys, hinnies and mules.

There are an estimated 847,000 horses in the UK, with approximately 3 million regular or occasional riders¹². The British Equestrian Trade Association estimates that 374,000 households own or accommodate horses. This means that most horse riders use horses they do not own for equestrian activities, and a significant proportion of these hire horses on a commercial basis. With over 1,300 licences issued by English local authorities, we recognise that this Schedule serves to regulate a large and diverse sector.

Discussion

The review found that Schedule 5 places a strong emphasis on equine welfare, introducing a codified set of standards for premises. For example, there are minimum and higher standards set for the size and layout of stables. Stakeholders agree that the provisions in the Regulations and statutory guidance have successfully improved animal welfare outcomes. There is also broad support for the robust safety provisions in the guidance.

The statutory guidance advises licence holders to establish safety policies and procedures. Several operators reported that the creation of these procedures has aided staff in identifying and managing risks to themselves, the public, and to the welfare of horses. Some operators noted that the formalised assessment of risks aided them in better understanding their insurance needs. There have also been significant improvements in the training and development of staff. In line with the statutory guidance, many operators now have staff development plans in place, including a focus on qualifications and continuous professional development (CPD).

We found that a significant proportion of stakeholders and operators believe that the *loaning* of horses is currently not in scope of the Regulations. This seems to be a widespread misinterpretation, as the guidance clarifies that loan horses are included in the scope of the Schedule, which covers any non-permanent exchange of horses made on a commercial basis.

¹² Statistics on equestrian access- British Horse Society - <https://www.bhs.org.uk/media/xsyooobu4/statistics-1122.pdf>

Licence holders and local authorities have welcomed the clarity provided by the Regulations, in contrast to previous legislation. They report having increased confidence as to what is expected of them.

It was recognised that some conditions set out in the statutory guidance are less relevant to particular business models. We received evidence from businesses and local authorities that licensing officers generally show good judgement in recognising what is appropriate for particular business models and situations, and apply the Regulations accordingly.

In terms of improvements, we noted that there is sometimes limited awareness among local authority inspectors of the species-specific needs of donkeys. We are also aware of the need for clarity on whether carriage driving (e.g. a horse pulling a carriage) is a licensable activity under the Regulations. Currently, some local authorities license these businesses under the Regulations, and others under taxi regulations. Views were also expressed about some commercial operators not securing a licence when they ought to have done, and about the need for enforcement action to be taken to address this.

The Regulations are designed to protect the welfare of animals first and foremost, and together with the Animal Welfare Act 2006 they equip local authorities with appropriate and proportionate powers for this. However, several stakeholders noted that a significant proportion of the customer base for riding schools are children, and have called for dedicated safeguarding provisions in the Regulations.

Summary

In summary, the review found that under this Schedule, animal welfare has improved and the Regulations have helped provide robust safety provisions via the guidance. Stakeholders felt that the Regulations provide better clarity on the expectation on licences. Areas for improvement included additional clarity in the guidance, consistent enforcement where activity should be licensed and consideration in relation to safety of children in discharging obligations under the Regulations.

Specific Conditions: Breeding dogs (Schedule 6)

Background

Since the introduction of the Regulations, anyone breeding and selling dogs as a business and/or those breeding three or more litters in any twelve-month period are required to hold a licence, subject to certain exemptions. There is an exemption for those who breed three or more litters in any twelve-month period but can document that none of the offspring have been sold as either puppies or adults. Anyone keeping a dog on any premises as a result of a requirement imposed under the Animal Health Act 1981, and the breeding of assistance dogs within the meaning of section 173 of the Equality Act 2010 are also exempt. Additionally, breeders of dogs operating under a licence under the Animals (Scientific Procedures) Act 1986 are not required to hold a licence under the Regulations.

Data from the latest local authority return reveals that, on 1 April 2024, there were 2224 licensed dog breeders in 261 local authority areas. The dog breeding sector is typically comprised of two clear business models – small scale, often home-based breeders of which a significant number are unlicensed breeders, and large-scale kennel-based commercial breeders.

The licensing of dog breeding is the only activity that has a two-part test; anyone either breeding dogs and advertising a business of selling dogs (the business test) or breeding three or more litters of puppies in any twelve-month period (the litter threshold), is required to hold a licence. This two-part test was intended to enable local authorities to differentiate between commercial dog breeders – the Regulations' focus – and small-scale breeders, who were not intended to be captured within the Regulations' scope.

This two-part test originated in the Breeding and Sale of Dogs (Welfare) Act 1999 where the litter threshold was five or more litters in any twelve-month period. Prior to 2018, few licences were issued as the result of the business test, with local authorities typically only requiring breeders who met the litter test to be licensed. However, concern about the ability for low-welfare commercial breeding (sometimes referred to as 'puppy farming') to exist outside of the licensing scheme continued. To combat this, the litter threshold was reduced to three litters in any twelve-month period in the Regulations.

Discussion

Across the sector the Regulations' conditions were thought to have improved welfare in high volume settings, which were a core concern when the Regulations were introduced. There was also broad support for the inclusion of socialisation and enrichment requirements, and for the minimum breeding age and other protections currently afforded to breeding females in the Regulations' specific conditions.

In terms of trends, the sector has seen the development of breeding-related business activities at the boundary of the Regulations' scope. These specialised breeding practices – such as stud-dog services, canine fertility clinics, and whelping services – are now widespread across England, and currently do not require a licence where they are

undertaken without the sale of any puppies. These are all breeding-related activities which have potential to compromise the welfare of the animals affected.

The use of fertility clinics is also linked to the breeding of dogs for extreme physical characteristics. Whilst some of the services offered by fertility clinics are regulated by other legislation, such as the Veterinary Surgeons Act 1966, and whilst fertility clinics must prevent animals in their care from suffering and provide for their welfare needs under the Animal Welfare Act 2006, respondents considered that fuller protections would apply if these activities were licensed under the Regulations.

During this review, many thought that the positive foundations in general should be expanded through further reforms. As part of the review, small scale breeders and local authorities commented that the business test can be difficult to apply to breeding that is not captured by the litter threshold – in particular, breeding one or two litters in any twelve-month period where it is not clear whether the puppies are being bred commercially. For example, some small-scale breeders who fall below the litter threshold consider that the business test has led to them being classed as commercial operators and unfairly brought into the licensing regime's scope. They claim that this can be the result of the advertisement for sale of a single litter, or single pup in extreme cases, being considered evidence of their advertising a commercial business of selling dogs.

Where small-scale home breeders have been assessed as needing a licence, there have been additional issues. Some have been required to submit planning applications to change the specified use of their residential property to include commercial use. This has led to significant additional costs relating to the planning process and relating to meeting subsequent commercial requirements such as commercial waste disposal. In some cases, planning departments have limited the number of dogs that can be kept on the premises.

These impacts were considered to compound the impact of the business test on small-scale home-based breeders, and to have contributed to some such breeders exiting the sector. Any significant reduction in legitimate domestic breeding capacity has the potential to adversely impact the marketplace – either driving up prices and inviting inexperienced breeders to enter the market who are attracted primarily by the potential for financial reward, incentivising illegal low-welfare high-volume 'puppy farming', or by driving the import of puppies to meet the domestic demand, which may be subject to lower welfare standards.

Local authorities report having to rely on licensing inquiries, on reports of illegal breeding from concerned members of the public, or on the interrogation of online sales platforms to identify small-scale but licensable commercial dog breeding activity, and this negatively impacts their resources. Consequently, local authorities may then directly challenge small-scale breeders who they believe should hold a licence. Amongst breeders there is a widespread belief that they do not require a licence unless they meet the litter threshold.

Many respondents thought that the two-part test for licensing could be simplified alongside the introduction of a registration scheme. Such a scheme, introduced using powers in the Animal Welfare Act 2006, has the potential to replace the business test with a registration scheme administered by local authorities. This would mean that the requirement to hold a

licence under the Regulations would be determined by the litter threshold alone, with all other dog breeding requiring registration.

Some have argued that this approach has the potential to resolve the situation applying to small-scale breeders and local authorities, would give local authorities awareness of the full spectrum of dog breeding activity within their local authority area, and would simplify requirements for advertising platforms by requiring all adverts for any puppies to include either a licence or registration number. Further, such a scheme could allow registered breeders to be provided with information regarding their responsibilities to their animals and how to protect them and their offspring from any potential health and welfare impacts of breeding.

Further ideas for reforms arising as part of the review include: the introduction of a maximum breeding age; reducing the permitted number of caesareans; the introduction of a fitness to breed certificate; and bolstering protections found in Schedule 6 Condition 6(5) against the breeding of dogs with extreme conformations. Whilst there is evidence of local authorities applying condition 6(5) to protect breeding dogs, some thought the condition should be broadened to include temperament, as is the case in Scotland, and for the condition to be more robustly linked to health testing or to the introduction of any fitness to breed certificate.

Others felt the statutory guidance published in support of dog breeding could be more effective at guiding local authorities' application of the licensing regime, or as a source of information for licensed and unlicensed dog breeders. Local authorities thought that the guidance could be clarified in places and could be shortened, that space requirements could be made easier to assess and to implement, and that the drafting of the higher standards should no longer preclude breeders of crossbreeds attaining a high star rating. Currently, because they are unable to register their crossbred animals with a breeding organisation that can provide records of lineage and coefficients of inbreeding, they are unable to meet the higher standard, even though they may do so in all other respects.

Views were expressed about the duplication between the Schedule 2 general conditions and the Schedule 6 specific conditions, and about the consistency between the two Schedules in the statutory guidance relating to the specific conditions having a commercial orientation that ideally should be easier to assess in relation to the home environment.

The most common issue raised about the scheme's administration related to the cost of licensing and the differences in licensing fees across different local authorities. Data¹³ indicates that, on 1st April 2022, the lowest cost for a dog breeding licence in England was £66 for a three-year licence, and the highest cost for a dog breeding licence was £1,564 for a one-year licence. Organisations with a robust understanding of the inspection requirements thought that a £66 fee was insufficient to recover the licensing costs in line

¹³ [Local Authority Licensing of Activities Involving Animals returns - data.gov.uk](https://data.gov.uk/dataset/local-authority-licensing-of-activities-involving-animals-returns)

with the published guidance. Equally, charging very high amounts was thought to exceed the recovery of reasonable costs associated with the licensing of dog breeding.

Last, the Schedule 6 specific condition requiring the microchipping of puppies by licence holders was considered to merit a more precise definition to ensure compliance with the updated microchipping regulations¹⁴. This could also improve consistency across dog breeding and pet selling in particular.

To understand the risks to breeding dogs and their offspring from these activities, Defra also commissioned the Animal Welfare Committee to provide an opinion on the welfare impacts from specialised canine reproductive practices. The project considered canine fertility businesses, whelping services, and the welfare of popular ‘designer’ or ‘status’ dogs that are often the focus of such businesses, amongst other issues.

Cat Breeding

Background

Under the Regulations, the commercial sale of cats and kittens as pets requires the holding of a pet selling licence. The welfare of cats under a pet selling licence is protected through the Regulations’ general licensing conditions, and the specific conditions for selling animals as pets, supported by the statutory guidance. However, the Regulations do not include specific conditions relating to cat breeding. For example, there are no conditions limiting the minimum age of breeding cats or the frequency of breeding or maximum number of litters.

Discussion

Since 2018, stakeholders have continued to develop their own cat breeding guidance and kitten checklist and to campaign for the regulation of cat breeding as a separate activity based on concerns for the welfare of the cats involved and their offspring. Stakeholders also pointed out that there were many responsible cat breeders, and that the actions cat owning groups have taken to introduce their own breeding guidance are positive steps.

There is relatively little information on the welfare standards for cats used for breeding. In part, this is because so few cat breeders are licensed under the Regulations, and as the Regulations do not include specific conditions relative to breeding. However, we are aware of similar concerns applying to cats as to dogs in respect of their conformation and regarding developments in the marketplace for cats and kittens.

¹⁴ [The Microchipping of Cats and Dogs \(England\) Regulations 2023](#)

For example, the 2024 CATS Report notes that in the last year, sales of pedigree cats overtook non-pedigree cats for the first time¹⁵. 38% of cats bought were pedigree compared to 15% of cats obtained more than five years ago. This consumer preference for pedigree cats, and often for breeds that have significant inheritable conditions, or which suffer because of atypical conformations, appears to have resulted in a significant rise in the value of such cats. Data from one of the largest online pet-selling platforms reveals the doubling of the value of the Ragdoll breed (which suffers from genetic predisposition to heart thickening caused by feline hypertrophic cardiomyopathy) between 2019 and 2021, to approximately £1,000. More broadly, they report, the average price for a cat increased by more than 40% between 2016 and 2020.

An additional change is an increase in the popularity of hybrid cats such as savannah cats (domestic cat cross bred with a serval), which may be driven by social media. One campaign group estimate that there are more than 250 small or medium exotic cats (F1 Hybrids) registered in the UK. Given the market for these animals is relatively small, there is little evidence related to their keeping, but concerns have been raised about the ability of buyers to meet the long-term needs of these cats due to their status as the offspring of wild animals, as well as to the welfare of the mother cat during the breeding process. The breeding of these cats is not currently subject to any additional conditions to those that apply to all cats.

Defra has commissioned a report from the Animal Welfare Committee on the Welfare Implications of Feline Breeding Practices. The report will provide expert advice on the welfare impact for the queen and her kittens – including any long-term health and welfare issues associated with their breed characteristics or with low welfare breeding practices, as well as the welfare issues associated with the breeding and keeping of hybrid cats as pets.

Summary

In summary, this Schedule had broad support and was considered successful in improving dog welfare in high volume settings. There was a wide range of feedback on this Schedule, particularly in relation to emerging canine breeding practices and whether these should be regulated, impacts on small-scale breeders in particular, potential clarifications within the guidance, and the varying charges for licence fees.

¹⁵ [CATS Report 2024- Cats Protection](#)

Specific Conditions: keeping or training animals for exhibition (Schedule 7)

Background

Under the LAIA Regulations, all keeping or training animals for exhibition activities need a licence if they're carried out as a commercial business.

The Regulations replaced the Performing Animals (Regulation) Act 1925, with the aim of bringing the licensing scheme up-to-date and in line with the welfare outcomes required in the Animal Welfare Act 2006. The Regulations also sought to reduce the burden on businesses and local authorities by improving the consistency in standards between these and the other licensable activities. Another aim was to resolve the perceived lack of clarity in the 1925 Act by including mobile animal exhibits in the Regulations.

Statutory guidance specific to exhibition activities was introduced with the intention of (i) giving confidence to businesses as to the practical steps needed to maintain compliance with licensing requirements, and (ii) improving the consistency of enforcement.

The specific licensing conditions relating to this activity are different to other activities captured under the Regulations, as risk-based licensing is *not* used. Applicants who meet the statutory standards are issued a three-year licence. This is in recognition of the fact that the Regulations on exhibition cover a number of relatively new areas (such as mobile animal exhibits), and there is a need to ensure inspections are frequent enough whilst applicants and inspectors become familiar with the legislation.

Discussion

Most stakeholders were of the view that animal welfare standards in the sector have improved following the introduction of the LAIA Regulations, and that the exhibition provisions of the Regulations were an improvement on the preceding legislation. Animal welfare organisations particularly praised the improved focus on welfare in the Regulations. Many licensed businesses in the sector reported that they have increased confidence that they understand what is required of them. A number of businesses particularly valued the increased public awareness of the requirements and the credibility that licensing has provided.

Several new business models are developing which involve the use of animals for entertainment. For example, some stakeholders have suggested that Defra should clarify whether horse-drawn carriages, historical demonstrations, re-enactments involving horses e.g. jousting, and the growing use of "pet cafes" such as dog and cat cafes should be considered to be in scope.

Stakeholders fed back that there would be benefits to providing more certainty as to what falls within the scope of the Regulations. For example, on whether the Regulations applied to social or city farming operators. Additionally, some respondents noted that careful consideration is often needed to determine whether the exhibition provisions, or other parts

of the Regulations, apply to a given business. The provision of greater clarity on which kind of licence would be most appropriate to different types of businesses also extends to petting farms and to farm parks. Zoos are licensed by local authorities under the Zoos Licensing Act 1981, and some local authorities and operators would welcome clearer guidance as to which licensing system applies to such premises.

Several stakeholders provided views regarding the exhibiting of birds of prey. The existing statutory guidance states that birds must not be permanently tethered. Several stakeholders considered that birds of prey should not be tethered at all and suggested that any guidance around tethering should be consistent with standards set for zoos.

Summary

In summary, the conditions under Schedule 7 have been well received. The review of this Schedule found positive improvements to animal welfare including in the confidence by businesses in the requirements and public awareness of those requirements. Emerging trends were identified, and clarity may be needed in terms of whether they are in scope. Clarity in the guidance and scope, improved and consistent guidance were identified as potential improvements.

Costs and Benefits

An important element of this review is consideration of the actual costs and benefits of implementing the Regulations, and comparing these with the estimates put forward in the original Impact Assessment (IA).

One of the aims of the Regulations was to reduce the administrative burden of licensing. The original IA therefore focused on quantifying the impact of savings derived. The methodology used in 2018 has been reapplied in this PIR using up-to-date data to assess whether the benefits estimated in 2018 have been realised.

Assessment of costs and benefits using 2018 methodology

The costs and benefits outlined in the original IA are presented below, together with a discussion of the evidence submitted, primarily by sector organisations.

Stakeholder surveys and round tables suggest that the savings from licence renewals, staff time, and inspections have been higher than the original estimates outlined in the IA in 2018. The costs and benefits outlined in the original IA are presented below, together with a discussion of the evidence submitted primarily by sector organisations.

The original IA estimated the Net Present Value (NPV) of the policy – over a 10-year period – as £10.8m (reflecting a cost of £0.2m and benefit of £11.0m), with an Equivalent Annual Net Cost to Business (EANDCB) of -£1.1m. Our new estimates suggest that the EANDCB was -£3.22m, suggesting benefits of £2.12m higher than originally calculated.

A breakdown of the monetary costs and benefits is outlined below.

Table 1: Summary of Net Costs and Benefits of impacts per annum

Impacts	Original estimate	2018 EANDCB	2023 EANDCB estimate
Familiarisation Cost (LA's)*	£11,400		£10,700
Familiarisation Cost (Businesses)*	£230,000		£215,000
Licence Renewal Saving	-£1,115,000		-£2,612,000
Staff Time Saving	-		-£116,000
Inspection Saving	-£166,000		-£469,000
Total†	-£1,100,000		-£3,218,000†

*Note: As Familiarisation Cost is for the first year only, this cost has been given rather than averaging out this figure over the 10-year appraisal period

†Note: This table does not sum to the total given due to approximations and because the familiarisation cost presented is the cost in the first year only not the EANDCB.

Costs

Familiarisation costs – local authorities

The familiarisation cost for local authorities is the value of staff time spent reading and understanding the Regulations and supporting guidance, to ensure they can effectively enforce it. In the original assessment, the total familiarisation cost to local authorities was estimated to be £11,400. This was based on one-off familiarisation cost of 2 hours¹⁶ for each of the 356 local authorities (at the time) affected by this reform, and this was monetized at approximately £16 per hour¹⁷. After review, the estimate has been decreased to £10,700.

¹⁶ This is based on an assumption taken at the time that it would take 2 hours for businesses to familiarise themselves with the new guidance

¹⁷ [Earnings and hours worked, industry by four-digit SIC: ASHE Table 16 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/employment-and-hours-worked). SIC Code: 821

This is because there are now fewer local authorities than at the time of enactment, which has led to a reduction in the number of entities that need to familiarise themselves with the guidance. However, this is a negligible change to the original estimate of £11,400.

Familiarisation Costs – Businesses

Similarly, we accounted for the cost to businesses for staff time taken to understand what is required of them. The familiarisation cost for businesses was estimated to be £230,200 in the original IA. This is based on a one-off familiarisation cost of 1 hour for the 15,850 businesses affected. This was then monetised by an hourly cost of £15¹⁸, to give the total familiarisation cost for businesses. After review, the estimate has been decreased to £215,000.

The one-off familiarisation cost remains at 1 hour, following consultation with relevant businesses, as the change to the guidance was minimal.

However, the number of businesses impacted was lower. It was originally estimated that there were 15,850 businesses impacted by the Regulations, however our investigations found that there were 15,609 businesses - fewer than originally estimated in 2018. The original assumption was that 1% of businesses are multi-functional and have multiple licences, which has the impact of reducing the total number of licences issued. However, after consultation we have found that closer to 5% of businesses are multi-functional and have multiple licences, with the overwhelming majority just having one extra license (i.e. two licences in total). Consequently, we concluded that the estimated number of businesses in 2018 was actually 14,351.

The total number of hours required for businesses to familiarise themselves with the guidance is 1 hour multiplied by 14,351, to give 14,351 hours. Taking Office for National Statistics 2018 figures for shopkeepers and uplifting by 22% to reflect non-wage labour costs, gives an hourly cost of £14.98¹⁹.

Based on this evidence, we estimate the familiarisation cost for businesses was approximately £215,000, which is a negligible change from the original estimate of £230,200.

¹⁸ [Earnings and hours worked, region by occupation by four-digit SOC: ASHE Table 15 - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/earnings-and-hours-worked-region-by-occupation-by-four-digit-soc). SIC Code: 82

¹⁹ This is the same as to the hourly cost listed above, but given to 2 decimal places

Benefits

Licensing

We envisaged that there would be savings for businesses due to the introduction of less frequent inspections for those operations deemed by local authorities to be of Low or Medium Risk. The reduction in costs of the new licensing system was estimated to be £1,115,000 which was split between Low-Risk businesses that would need to renew their licences once every three years (£637,100), Medium-Risk businesses that would need to renew their licences once every two years (£477,900) and High-Risk businesses that would carry on renewing their licences annually (therefore saving £0). After review, the undiscounted (non inflation-adjusted) per annum benefit has been estimated at £3,104,000.

The estimated original split between Low-Risk, Medium-Risk, and High-Risk businesses was based on feedback from an expert local authority panel at the time. Data from the LAIA Annual Data Return 2022, and applying the animals activity star rating system²⁰, showed that the approximate split between Low-Risk, Medium-Risk and High-Risk businesses is different to what was previously estimated, and this has been shown in the table below. The percentage of both low-risk businesses and high-risk businesses is lower than originally estimated, as we found that most businesses fall into the 'medium-risk' category. This results in an increase in cost savings to what was estimated in the original Impact Assessment.

Table 2: Percentage of total businesses which fall under each risk category

Risk assessment of business	Original 2018 estimate of percentage split	New 2023 estimate of percentage split
Low-risk businesses	30%	5%
Medium-risk businesses	30%	70%
High-risk businesses	40%	25%

In the original Impact Assessment, it was estimated to cost on average £201 per year to renew licences annually throughout the appraisal period. However, data from the LAIA Annual Data Return showed that the average fee for a licence has been slowly increasing since 2019. The average fee for a licence is estimated to be £248 in 2019 rising gradually to £378 in 2022. There is no data for 2018, so we have decided to keep the average fee at £201, as this was the original estimate and can also be corroborated by the fact that, based

²⁰ [Animal activity licensing process: statutory guidance for local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/animal-activity-licensing-process)

on linear progression of the average fee, we would expect the average fee in 2018 to be at a similar level to the original 2018 estimate.

The licence cost saving per business is therefore the time saved by not applying for and renewing licences annually (which is different for each risk type), multiplied by the average fee in the relevant year. The licence cost saving per annum for Low-Risk businesses, Medium-Risk businesses and High-Risk businesses is approximately £1,001,000, £2,103,000, and £0 respectively. The undiscounted per annum benefit is therefore £3,104,000. This is higher than the original estimate, but still falls below £5 million, which is the threshold for requiring a more detailed analytical approach, under Regulatory Policy Committee (RPC) Guidance.

Staff Cost Saving

The original Impact Assessment did not include figures for staff cost saving. It is unclear why this was the case. However, as it is a monetizable benefit, it is included in this review. Staff cost saving is the wage cost saved from business workers *not* renewing the licence annually. After review, we estimated that the net benefit would be £135,000.

Following consultation, the amount of time taken to complete a licence renewal has been estimated at 1 hour. The hourly wage of a business worker has been kept at £14.98 (after the 22% non-wage uplift), as the increase in the hourly wage to 2022 is negligible and so has not been used in this light touch review.

The staff cost saving is therefore the time saved by not applying for and renewing licences annually (which is different for each risk type) multiplied by the hourly wage of a business worker. The undiscounted per annum benefit is £135,000.

Inspections

The annual saving to businesses for fewer inspections was estimated to be £166,000 in the original Impact Assessment. After review, the EANDCB estimate has increased to approximately £469,000.

During the consultation we asked businesses how long was required for inspections. We had originally estimated this to be 2 hours, but responses overwhelmingly suggested the time is much greater at around 4 hours. The hourly wage of a local authority worker has been kept at £15.19 (after the non-wage 22% uplift), as the increase in the hourly wage to 2022 is negligible and so has not been used in this light touch review.

The inspection cost saving is the time saved for inspection workers not inspecting multiplied by the hourly wage, and the number of businesses by risk type. This gives a much higher discounted per annum benefit of approximately £469,000.

Non-Monetised Costs and Benefits

Non-monetised costs and benefits are those for which a numerical estimate has not been produced. This is typically because the costs or benefits cannot be readily quantified. The principle non-monetised cost identified in the original Impact Assessment was that there

may be additional workload for local authority workers if more businesses are brought into scope. This was not monetised as it was believed that businesses will re-prioritize existing activities and so will not need additional resources. This impact has not been quantified in this review, however there is evidence from our engagement with local authorities that costs have increased as a result of the workload increasing.

Non-monetised benefits identified in the original IA included savings made from a more evenly distributed administrative burden for local authorities since legislation of the various licensable activities is clearer and more consistent and is no longer restricted to the calendar year. Another non-monetised benefit is that animal welfare conditions will improve as a result of bringing licensing standards in line with the Animal Welfare Act 2006. Engagement responses suggest that greater clarity is needed in the guidance for animal welfare improvements to be realised.

Compliance costs of meeting the Regulations

This PIR focuses on reassessing the impact of the Regulations by reapplying the methodology used in the original Impact Assessment. It is however recognised that businesses have made changes to their operations because of the new regulations, some of which have introduced additional costs.

As discussed above, the 2018 Regulatory provisions replaced Acts of Parliament with an updated and efficient licensing system. Regulations formalised existing minimum standards and, in meeting these minimum standards, no additional cost burdens were placed on businesses in most cases.

It is recognised however that there are two potential areas where businesses may have incurred costs. These include the extension of regulations to explicitly cover certain business areas, and investments made by businesses to meet higher welfare standards.

The Regulations extended the licensing regime to day care and home boarding for dogs – areas which were not explicitly covered under the previous regime. It is considered that many of these businesses were captured prior to 2018, under the Animal Boarding Establishments Act 1963. However, we acknowledge that a small proportion may have incurred costs with the explicit extension of Regulations to these areas.

Secondly, the introduction of the star system incentivizes, but does not force, businesses to meet higher welfare standards. These are known as ‘permissive changes’. Businesses will make the changes necessary to meet these standards if there are advantages to doing so. Entities with a higher star rating are likely to attract more customers and charge higher prices for their services resulting in higher profits. Any costs incurred are therefore compensated by higher profits.

According to Regulatory Policy Committee guidance on permissive changes, *“if there is a reasonable expectation that business will adopt changes only where they lead to net benefits for business, the analysis in the impact assessment can assume that benefits are at least*

*equal to costs, even if it is not proportionate or possible to quantify or monetise the benefits*²¹.”

In line with this guidance, it is assumed that the costs incurred to upgrade operations and meet higher standards are more than compensated by the benefits derived. Detailed analysis has not been conducted on businesses implementing these measures.

Impact on small and micro businesses

There was no small and micro-business assessment in the original Impact Assessment. However, we believe that a considerable majority of the costs and benefits will fall on microbusinesses and small businesses, as most businesses applying for licences will have fewer than 10 full-time employees. Therefore, small and micro businesses cannot be excluded from the policy as this will limit its effectiveness.

²¹ [Permissive legislation - February 2020.pdf \(publishing.service.gov.uk\)](#)

Next steps

We are grateful to the local authorities, inspectors, businesses, charities and other organisations and individuals for their valuable contributions to this review. The depth of evidence and data we have gathered from the surveys, roundtables, and follow-up discussions undertaken as part of this review will lay the foundations for future work.

The Regulations will be retained.

We will also consider the findings of this report, alongside the expert opinions commissioned on some of these subjects, working with our advisory bodies such as the Animal Health and Welfare Board for England, and relevant stakeholders as we develop future measures.

Further PIRs of the Regulations will be conducted every five years in line with the requirement set out in the Regulations.