

Evaluation of the Meat Charging Discount Regime

FSA 25/06/06 - Report by James Cooper

1. Summary

1.1 This paper provides the Board with an update on the outcome of the work to consider the operation and purpose of the current discount regime.

1.2 We reiterate the need for Ministerial agreement in all three nations on this issue and ask the Board to **note** the consequences if we are unable to secure either Ministerial agreement or funding to continue the discount.

1.3 We set out the evidence behind a rationale for continuing support to parts of the sector, based on its value to diversity in farming and consumer choice and seek Board **agreement** to this forming the basis of our advice to Ministers.

1.4 We seek Board **agreement and steers** on some of the practical next steps and to a high-level timetable for delivery.

2. Introduction

2.1 As required by the Official Controls Regulations (OCR), the FSA verifies compliance with food safety legislation in meat premises across England, Wales, and Northern Ireland. The FSA recovers the costs of this service from the industry, through a process we refer to in this paper as 'meat charging.' For some years we have provided a taxpayer-funded discount on these charges. For England and Wales in 2025/26 the total discount amounts to £14.9m with industry paying around 75% of the £58.9m total estimated costs. Both abattoirs and game handling establishments receive these discounts (for ease this paper will use the term 'abattoir' to cover both).

2.2 HM Treasury (HMT) guidance and equivalent guidance in Wales and Northern Ireland states that where public bodies charge for services, they should normally recover the costs in full. If they charge less than full costs, the case for doing that should be agreed by Ministers. There should be an agreed plan to achieve full cost recovery, or if the support is expected to last it should be reviewed periodically.

2.3 To continue support to the sector the FSA therefore needs agreement from Ministers in Westminster, Wales and Northern Ireland that there is a sufficient case to do so, and that the FSA should administer it. FSA would then additionally need to secure the necessary funding from HMT (via Department of Finance in NI) through the Spending Review (SR) processes.

2.4 We have funding in place for the current financial year. However, we do not currently know the outcome of the SR beyond this year. The Board is asked to **note** that if we are unable to

secure funding for a discount for the remainder of the SR period, we will need to move to full cost recovery from 2026/27. If we are successful in securing funding the scale of any support will continue to be limited by the funding envelope.

2.5 This paper sets out evidence gathered on the impact of the current discount during our evaluation, identifies a rationale for continuing potential support to the sector and seeks Board agreement and steers on the next steps.

3. Evidence and Discussion

Engagement and analysis

3.1 To support this work we held a [Call for Evidence](#) which ran from 12 September to 24 October 2024. A summary of responses to this call is published alongside this paper (link at **Annex A**).

3.2 During the spring of 2025 we held stakeholder engagement sessions in Belfast, Cardiff and London which were attended by a range of businesses and industry representatives (see **Annex B**). Invited attendees included respondents to the call for evidence and our regular industry contacts. Additionally, over 250 establishments in receipt of the discount were notified of the sessions and encouraged to engage with representative organisations attending ahead of the discussion, or to contact us directly to ensure their views were heard. On 2 June we held a virtual stakeholder session during which we fed back what we had heard from the earlier engagement, provided an opportunity for further comments and advised of next steps.

3.3 Alongside this engagement, and using information drawn from both it and the call for evidence, FSA analysts have conducted a high-level economic analysis using internal data to set out a clearer understanding of the meat industry and the current discount scheme. A summary of key throughput data and current discounts can be found in **Annex C**.

Key Findings and implications

3.4 The abattoir sector is quite well segmented at either end of the scale, between large and small abattoirs, with very different business models both in terms of the agricultural markets served and the customer for the product.

3.5 In 2024 99% of poultry throughput was handled within large abattoirs and 72% of red meat was processed in large facilities (using throughput of each premises to define small, medium and large – see **Annex C**). Small abattoirs contributed less than 1% of total throughput in both the poultry and red meat sectors, despite representing 21% of abattoir premises.

3.6 Between these two groups ‘medium sized’ abattoirs, primarily red meat, have a mixture of business models and markets. Medium sized red meat operations make up around 58% of the total number of abattoirs and 29% of the total throughput. Given the diversity of business models in this grouping throughput alone may not be the ideal mechanism for classifying these to articulate their wider benefits.

3.7 While large plants provide the bulk of the throughput, there is good evidence that the diversity across the abattoir sector:

- Supports consumer choice in terms of access to a wide variety of meats and meat products, with a range of different provenance, consumer assurance (e.g. in line with religious practice), choice of supplier ranging from individual farm shops, local butchers to supermarket retail, and access to a range of cost and quality segments

- Supports rural economies in terms of diversity of farming practice, heritage and rare breeds, and livestock markets as well as animal welfare in terms of travel times
- Does not impact on food safety – we provide controls to ensure safety at all scales of slaughter, but this results in a wide variation of the proportional cost of those controls with scale.

3.8 This evidence strengthens the **rationale** for supporting parts of the abattoir sector in order to deliver ‘public goods and benefits’ in the form of **maintaining or increasing diversity in both farming and consumer choice**.

3.9 This is a role the discount currently helps deliver but not in the most targeted or efficient manner. Complete loss of support to the sector could result in loss of these existing benefits (as it may cause some abattoirs to close, reducing diversity with consequential effects to both primary producers and consumers).

3.10 Through the discount, we currently provide some support to all abattoirs. The smallest plants receive a greater proportional discount; however, medium and large abattoirs receive the greatest total discount in cash terms, £16.7m in England, Wales and Northern Ireland in 2022/23, equivalent to 94% of the total discount paid. In the same year small and game plants received only 6% of the discount, equating to around £1.1m. In the year November 2022/23 the top 5% discount recipients (13 plants) together received more discount in cash terms than the bottom 50% (145 plants) combined.

3.11 The rationale set out above does not lead to the conclusion that universal support is necessary. The only rationale we have identified that could potentially justify universal support to the sector would be as part of a much wider government strategy to improve food security and/or reduce food costs, and neither of those objectives could be achieved by the current scale of FSA support. Our economic analysis suggests that removal of the discount from large abattoirs would likely have negligible impact on the retail price of meat.

3.12 Using the rationale set out in paragraph 3.8 above we have therefore considered the case for more selective support to different parts of the sector.

3.13 Based on the available evidence there is a strong case for continued support in some form for **small abattoirs** as they:

- are reliant on the discount for economic viability
- experience a much greater ‘regulatory cost’ per animal
- support local communities and consumer choice accommodating a range of animals
- shorten supply chains providing animal welfare benefits
- if lost would damage existing local economies and inhibit future growth

3.14 We have found no strong economic market failure or societal rationale for continuing FSA support to the **large abattoir** businesses as they:

- already have a large operational efficiency advantage over small abattoirs so there is no 'fairness' rationale
- have a very high dilution effect per animal of any additional costs
- have greater market leverage to determine where costs end up
- while getting the lowest proportional discount have the most significant proportion of the discount pot in cash terms for the fewest wider benefits of the types identified above

3.15 The case for support of **medium sized abattoirs** is potentially more nuanced as they:

- are not necessarily best defined as a single segment, current throughput metrics do not give the full picture
- do fulfil particular functions for example, emergency slaughter, religious slaughter etc.
- do support particular elements of the rural economy such as livestock markets
- consumer choice to independent butchery as well as the larger retail market and catering
- provide resilience in the system
- address geographical gaps to help minimise animal journey times

3.16 The same rationale for support holds for Northern Ireland but in considering any eligibility criteria (see below) we need to be aware of structural differences from England and Wales most notably

- Predominantly large establishments that provide services for local farms/producers who tend to be smaller
- Direct cross border competition for slaughter with the Republic of Ireland

3.17 Does the Board **agree** that:

- there is a reasonable rationale for continued support to parts of the abattoir sector – specifically to small abattoirs and potentially to some medium-sized ones,
- this would be to ensure their viability in the delivery of wider public goods and benefits around diversity of farming and consumer choice, and

- we should use this rationale as the basis of our recommendations to Ministers around the principle of continued support?

Delivery considerations

3.18 If the Board agrees to recommend to Ministers that some form of continued support is warranted, then there are a number of delivery aspects that need consideration.

Targeting of support

3.19 We want to ensure as far as possible the cost of regulation does not cause the contraction of the sector, loss of abattoirs or inhibit growth. However, this is not just for the benefit of the abattoirs themselves but also as a delivery mechanism for wider public benefits including those described above, and targeting needs to reflect this.

3.20 Moving away from the current universal support to a targeted approach will inevitably require a mechanism to identify those businesses eligible for support.

3.21 The next step in designing a new system is to establish potential eligibility criteria. These could range from using a simple size-based measure, to developing a composite score based on multiple criteria, and the approach may differ at different scales. In crafting these criteria, we will engage with stakeholders to ensure we:

- Develop criteria which focus support on those businesses which deliver the key public goods and other benefits identified
- Avoid eligibility for support being a barrier to growth, so include consideration of tapering of support or other mechanisms at the margins to avoid “cliff edges”
- Ensure that criteria can be easily and transparently administered and opportunities to simplify systems can be exploited
- Take account of the different situations in the different parts of the UK, most notably Northern Ireland.

3.22 Is the Board **content** we dedicate resource to this while awaiting Ministerial views on the principle of continuing support and are there any **steers** they wish to provide on additional issues we should consider?

Timescales for reform

3.23 Design and delivery of changes will require significant stakeholder engagement in the development of proposals alongside formal consultation on any final system. Change also presents an opportunity for improvements in terms of modelling, invoicing and IT systems which would ideally be addressed prior to implementation, with associated lead times.

3.24 Given the steps set out above we do not think it will be possible to have any new system in place for the 2026/27 charge setting exercise which needs to commence in Autumn 2025. We therefore propose targeting the 2027/28 charging regime for delivery of any new approach (subject to securing funding in the SR prior to this date).

3.25 By Autumn 2025 we should have a view from Ministers on whether they wish to continue with support for the sector. Although we cannot implement a new system by 2026/27 there is scope within the current system to help deliver against the proposed rationale by further moving support towards the smaller end of the sector and away from the larger within any overall agreed funding envelope.

3.26 We are therefore seeking Board **agreement** to:

- developing a new model for targeted support for 2027/28 that takes account of differences in England, Wales and NI
- using the existing discount band system to deliver as far as possible against the new rationale for 2026/27 (subject to Ministerial agreement to that rationale and funding).

4. Conclusions and next steps

4.1 We think there is a clear rationale for continued financial support to some parts of the abattoir sector **to maintain or increase diversity in farming and consumer choice**.

4.2 We are seeking Board **agreement** that:

- this rationale forms the basis of our advice to Ministers that support should be continued in some form.
- we should develop a reformed approach to begin for financial year 2027/28
- we should use the existing discount band system to deliver as far as possible against the new rationale in 2026/27 subject to funding.

4.3 Additionally, we ask that the Board to:

- **Note** the implications if we do not receive SR funding for support beyond the current financial year
- Indicate if they are **content** that we dedicate resource to developing criteria for our approach while awaiting Ministerial views on the principle of continued support.
- Provide **steers** on additional issues we should consider in setting criteria for support.

4.4 Subject to agreement to the above the next steps will be a submission to Ministers to seek their views on continuing support and to commence development of criteria, working with stakeholders.

Annex A

Summary of responses to the call for evidence.

Annex B

Stakeholder Engagement

Call for Evidence

A total of 92 responses were received: 63 from food business operators, 21 from stakeholder associations, 1 from a consumer, and 7 from unknown respondent types. Responses received from Scotland were excluded from this summary given the geographical scope of the Call for Evidence but will nonetheless be considered in the round.

Table of responses by business type

Type of business	Number of respondents
Farm	26
Abattoir	20
Small abattoir	7
Butcher	7
Unknown	7
Processor	5
Wholesaler	5
Cutting plant	4

Stakeholder Association Respondents	
Abattoir Sector Group (ASG)	National Craft Butchers (NCB)
Association of Independent Meat Suppliers (AIMS)	National Farmers Union (NFU)
Association of Meat Inspectors (AMI)	National Farmers Union Cymru (NFUC)
Brighton and Hove Food Partnership	National Sheep Association (NSA)
British Meat Processors' Association (BMPA)	Northern Ireland Meat Exporters Association (NIMEA)
British Pig Association (BPA)	Pasture for Life
British Poultry Council (BPC)	Rare Breeds Survival Trust (RBST)

Stakeholder Association Respondents	
Consumer Council for Northern Ireland	Soil Association
Farm Retail Association	Sustainable Food Trust (SFT)
Local Abattoirs R Key (LARK)	Ulster Farmers Union (UFU)
Landworkers' Alliance	UNISON (Union for FSA staff)

Stakeholder Engagement Sessions – Organisations Represented

Belfast: 28 February 2025

Anglo British Processors (ABP)

Northern Ireland Meat Exporters Association (NIMEA)

Pilgrims Europe

Ulster Farmers Union

Cardiff: 10 March 2025

Cig Oen Caron

Hybu Cig Cymru (Meat Promotion Wales)

National Farmers Union (NFU)

Welsh Government

London: 17 March 2025

Association of Independent Meat Suppliers (AIMS)

Association of Meat Inspectors (AMI)

British Poultry Council (BPC)

British Meat Processors Association (BMPA)

Department for Environment, Food and Rural Affairs (Defra)

Local Abattoirs R Key (LARK)

National Farmers Union (NFU)

Pasture for Life

Rare Breeds Survival Trust (RBST)

Soil Association

Sustainable Food Trust

Unison

Virtual Stakeholder Feedback Session: 2 June 2025

Anglo British Processors (ABP)

Association of Independent Meat Suppliers (AIMS)

Association of Meat Inspectors (AMI)

British Poultry Council (BPC)

British Meat Processors Association (BMPA)

Department for Environment, Food and Rural Affairs (Defra)

Local Abattoirs R Key (LARK)

National Farmers Union (NFU)

National Farmers Union (Wales)

Northern Ireland Meat Exporters Association (NIMEA)

Rare Breeds Survival Trust (RBST)

Soil Association (SA)

Sustainable Food Trust (SFT)

Ulster Farmers Union (UFU)

Welsh Government

Annex C

Summary of key data

The UK meat industry is worth £10.9bn (Defra, 2023), with 1.2 billion animals inspected across 280 abattoirs (FSA, 2024). The FSA charges operators to recover the costs of providing Official Controls in meat premises, this is referred to as 'meat charging.' In 2023/24, the FSA recovered around 70% (£39.5m) of its total charges to industry. The remaining 30% (£17.8m) was offset through a system of taxpayer-funded discounts on charges to industry, which are dwarfed by total value of meat production in the UK, representing only 0.016%.

The Meat Industry

Using internally agreed definitions of small, medium and large sized abattoirs based on throughput numbers (see Table 1), we found that in 2024, almost all poultry throughput (99%) was processed within large abattoirs; compared to 72% within the red meat sector. Across the poultry and red meat sectors, small abattoirs contributed towards less than 1% of the total throughput processed, despite making up almost 1 in 5 plants.

Table1: The FSA's definition for small, medium and large abattoirs by throughput

Size	Red meat (LSU) per annum	Poultry (Birds) per annum
Small	X ? 1,000	X ? 150,000
Medium	1,001 ? X ? 50,000	150,001 ? X ? 1,000,000
Large	50,001 ? X	1,000,001 ? X

** FSA abattoir size definitions are internally agreed for analytical purposes and are not defined by any legislation. ** Game plants are not broken down by size.*

The FSA's and Department of Agriculture, Environment and Rural Affairs (DAERA)'s data reveal a 27% decline in overall abattoir numbers, between 2009 and 2024. England and Wales saw reductions of nearly 30%, reaching their lowest in 2024 with 240 and 20 abattoirs, respectively. Abattoir numbers in Northern Ireland remained stable, increasing slightly from 19 to 20.

Looking at the breakdown in size of abattoirs, we find smaller abattoirs have disproportionately experienced closures, falling by 49%. Over the same period the number of medium sized abattoirs has fallen by 30%, while the number of large abattoirs has remained relatively flat, declining by only 6%. Game abattoirs were the only group to experience a growth, as abattoir numbers increased by 35%.

Meat Charging Discount Regime

A key feature of the current regime is the provision of discounts. Discounts are applied based on the number of hours it takes FSA-authorised officials to deliver Official Controls (OCs). The discount rate reduces in stages as the number of hours increase, as each discount rate has an associated banding in which hours are allocated. Charges are discounted at progressively lower rates according to the discount band. Table 2 shows the annual hours bands and discounts for meat charges in England and Wales in 2025/26. Northern Ireland's hour bands and discounts can be found in Table 3.

Table2: Annual hours bands and discounts for meat charges in England & Wales, 2025/26

Discount Band	Red meat & Game slaughter (upper hours)	Poultry slaughter (upper hours)	Discount Rate
1 (lowest hours)	Up to 279	Up to 711	90%
2	279 – 966	711 – 2,325	75%
3	966 – 3,060	2,325 – 3,837	17%
4	3,060 – 7,566	3,837 – 7,236	6%
5	7,566 – 15,651	7,236 – 18,678	4%
6 (highest hours)	More than 15,651	More than 18,678	2%

** One twelfth of the annual hours in each band will become available each accounting period.*

Table3: Annual hours bands and discounts for meat charges in Northern Ireland, in 2025/26

Discount Band	Red meat & Game slaughter (upper hours)	Poultry slaughter (upper hours)	Discount Rate
1 (lowest hours)	Up to 279	Up to 711	85%
2	279 – 966	711 – 2,325	70%
3	966 – 3,060	2,325 – 3,837	36%
4	3,060 – 7,566	3,837 – 7,236	16%
5	7,566 – 15,651	7,236 – 18,678	4%
6 (highest hours)	More than 15,651	More than 18,678	2%

** One twelfth of the annual hours in each band will become available each accounting period.*

Table 2 shows that, for example, a red meat abattoir in England or Wales in 2025/26 would receive a 90% discount for its first 279 hours of OC services, then a 75% discount to the next 687 hours, and so forth. This ensures that larger businesses, who require more hours, receive a lower proportionate level of discount relative to their turnover, in relation to smaller businesses where the cost of OCs represent a greater proportion of their turnover.

The data shows that in 2022/23, large and medium sized abattoirs received the greatest volume of discount, as they received 94% of the total discount paid out between them. This equated to approximately a £16.7m discount. Small and game abattoirs therefore only received 6% of the total discount paid out, which equated to just over £1m.

The current meat charging discount system for OCs charging is a subsidy for abattoirs, as the government does not fully charge for its services in delivering OCs in plants and is defined as such under the Subsidy Control Act 2022.

Although efforts have been made to understand the meat market and discount regime, further work on the economic impact of the discount's existence is required.