

**EXPLANATORY MEMORANDUM TO**  
**THE CARCASE CLASSIFICATION AND PRICE REPORTING (ENGLAND)**  
**REGULATIONS 2018**

**2018 No. 1164**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Department of Environment, Food and Rural Affairs and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

- 2.1 This instrument updates arrangements for administering and enforcing carcase classification and price reporting for beef and pigs under Regulation (EU) No 1308/2013, read with Commission Delegated Regulation (EU) 2017/1182 and Commission Implementing Regulation (EU) 2017/1184. The arrangements under these Regulations are designed to make the supply chain more transparent, and ensure producers can get a fair price for their livestock.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments.*

- 3.1 None.

*Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)*

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

**4. Extent and Territorial Application**

- 4.1 The territorial extent of this instrument is England and Wales.  
4.2 This instrument applies to England only.

**5. European Convention on Human Rights**

- 5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**6. Legislative Context**

- 6.1 The Government needs to administer and enforce carcase classification and price reporting measures to meet its European obligations. On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what

arrangements apply in relation to EU legislation in future once the UK has left the EU.

- 6.2 Previous carcase classification and price reporting measures have been consolidated and modified by Regulation (EU) No 1308/2013, read with Commission Delegated Regulation (EU) 2017/1182 and Commission Implementing Regulation (EU) 2017/1184. This instrument is being made to reflect these changes. The broad enforcement framework combining a range of civil and criminal sanctions established in Part 5 of the Beef and Pig Carcase Classification (England) Regulations 2010 (“the 2010 Regulations”), which this instrument replaces, remains the same. That is, where the Secretary of State has reason to believe that a slaughterhouse operator has committed an offence under the regulations, there are two alternative forms of remedial action which can precede the option of bringing criminal proceedings. These are giving an enforcement notice specifying what must be done to put the matter right, contravention of which is an offence; or giving a penalty notice, which can be a fine of any amount, where criminal offence proceedings will not be brought if the penalty is paid during the required period. A list of the offences punishable under the regulations is provided in regulation 37. Following guidance provided by the Ministry of Justice, penalty notices, summary convictions and convictions on indictment now attract fines of an unlimited amount.
- This instrument also reinstates equivalent provision for ambulatory references as the 2010 Regulations, to cover future technical updates to the EU Regulations which are implemented in this instrument.
  - Regulations (EU) 2017/1182 and 2017/1184 both came into effect from 11 July 2018. They are directly applicable in English law and, so far as possible, have been implemented in the UK on an administrative basis since they took effect. The Rural Payments Agency (RPA) is responsible for monitoring compliance for carcase classification and price reporting requirements. Compliance checks by the RPA have continued with the co-operation of the slaughterhouses with RPA using the interim period as an opportunity to prepare the industry for full compliance.

## 7. Policy background

### *What is being done and why?*

- 7.1 We are revoking and replacing the Beef and Pig Carcase Classification (England) Regulations 2010 to align with changes to EU legislation.
- 7.2 The 2010 Regulations contain provisions for carcase classification and price reporting. Carcase classification is a means of ensuring all livestock producers are paid in a fair and transparent way, by consistently dressing, weighing and classifying animals. This is monitored by the Rural Payments Agency. Price reporting is a means of collecting data on the market which can be used for policy formation, and for forward planning of livestock producers and other parts of the supply chain.
- 7.3 The key changes to the 2010 Regulations are:
- i) The small business exemption is being increased, meaning fewer abattoirs will be subject to the regulations. Specifically, abattoirs slaughtering fewer than 150 bovines per week as an annual average are no longer subject to the requirements of these regulations (the previous threshold being an average of 75 bovines per week); and abattoirs slaughtering fewer than 500 pigs as an

annual average are similarly exempt (the previous threshold being an average of 200 pigs per week).

- ii) Pig abattoirs will now have to report classification results, in the same way beef abattoirs already do.
- iii) Some new categories have been introduced for classifying beef and pigs, meaning a more disaggregated level of data will be required to be reported.
- iv) Pig abattoirs will now have to report the prices they pay for pigs, whereas previously they did so voluntarily.
- v) Pig abattoirs will now have to use authorised grading methods, whereas previously no authorisation was required.

7.4 These regulations affect approximately 80 abattoirs and roughly 90% of the beef and pigs slaughtered in England.

7.5 Our consultation received three responses. One, from an abattoir representative group to say they were happy with the changes, and two raising concerns that the small business exemption threshold should not be raised and other technical elements of the SI.

## **8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union**

8.1 This instrument does not relate to withdrawal from the European Union.

## **9. Consolidation**

9.1 Not applicable.

## **10. Consultation outcome**

10.1 An informal consultation was undertaken by letter, over 4 weeks. This was deemed appropriate because the SI is in essence a technical update of classification and price reporting requirements in an existing SI. The letter was emailed to key stakeholder organisations on the 18<sup>th</sup> June 2018. Three responses were received from stakeholders. One respondent, representing abattoirs wrote to say they were happy with the proposals. The other two raised concerns around the increasing small business exemption thresholds, and other technical elements of the SI. We responded to say we appreciate the concerns, and will be proceeding with the proposed thresholds to avoid disproportionate burdens on small businesses. We also changed a technical element concerning the marking of carcasses for traceability as a result of the points raised in the responses. As this was an informal consultation, there is no published summary of responses.

## **11. Guidance**

11.1 The Rural Payments Agency will publish guidance on Gov.uk, as they did for the preceding legislation. They will be publishing this in November in line with the SI being laid.

## **12. Impact**

12.1 The introduction of the mandatory price reporting requirement for pig abattoirs has an estimated annual cost to business of between £25,000 and £50,000. This is well below the threshold of £5,000,000 for completing a full Impact Assessment. This is because

approximately 60% of pig abattoirs are currently voluntarily reporting their prices to the Agricultural and Horticultural Development Board (AHDB), therefore this regulation only impacts 40 pig abattoirs. It has been estimated that it will take each abattoir 2 hours a week to do additional administration in order to report their prices to the AHDB. The National Living Wage is used for the low end estimate and double the National Living Wage for the high end estimate, to get the total cost that would occur from the extra work of price reporting for all abattoirs. Therefore the cost increase is small compared to if the burden was experienced by all English abattoirs. There is no impact on charities or voluntary bodies.

- 12.2 The extension of the small business exemption means the public sector experiences a beneficial impact because 15 more pig and 15 more bovine abattoirs are now exempt from being inspected by the RPA. This equates to 240 fewer inspections a year. With an Average Inspection Time (AIT) of 4 hours and using the same wage method as before, the estimated overall annual benefit to the public sector estimated at between £8,000 and £15,000.
- 12.3 An Impact Assessment has not been prepared for this instrument because the level of impact was too low, and so a regulatory triage assessment was prepared instead.

### **13. Regulating small business**

- 13.1 The legislation applies to activities that are undertaken by small businesses.
- 13.2 To minimise the impact of the requirements on small businesses (employing up to 50 people), the approach taken is to create an exemption from the regulations based upon the numbers of animals slaughtered per year in the abattoir.

### **14. Monitoring & review**

- 14.1 The Rural Payments Agency (RPA) will continue to undertake enforcement and monitoring.
- 14.2 The regulation does not include a statutory review clause as the change is worth less than £5m and there are no factors that would make it particularly desirable to include a review clause. So it is appropriate not to include a statutory review clause as it would be disproportionate.

### **15. Contact**

- 15.1 Charmaine Govindasamy at the Department for Environment, Food and Rural Affairs Telephone: 02080267383 or email: [Charmaine.Govindasamy@defra.gsi.gov.uk](mailto:Charmaine.Govindasamy@defra.gsi.gov.uk) can be contacted with any queries regarding the instrument.
- 15.2 Sally Warren, Deputy Director for Agri-food Chain Directorate, at the Department for Environment, Food and Rural Affairs can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Minister Eustice at the Department for Environment, Food and Rural Affairs can confirm that this Explanatory Memorandum meets the required standard.