

<b>Title:</b> The Sheep Carcase Classification and Price Reporting Regulations (Northern Ireland) 2026	<b>Regulatory Impact Assessment (RIA)</b>
	<b>Date:</b> June 2025
	<b>Type of measure:</b> Subordinate Legislation
<b>Lead department or agency:</b> DAERA	<b>Stage:</b> Final Draft
	<b>Source of intervention:</b> Domestic NI
<b>Other departments or agencies:</b> N/A	<b>Contact details:</b> Samantha Stewart Samantha.stewart@daera-ni.gov.uk 02890378538

## Summary Intervention and Options

**What is the problem under consideration? Why is government intervention necessary?** (7 lines maximum)  
Arrangements relating to the classification and price reporting for sheep carcases are currently voluntary, based on NI-specific arrangements that were agreed between the Department and industry some years ago. However in Northern Ireland, as in Great Britain, it is mandatory to classify beef and pig carcases in terms of shape and fat content quality and for market prices to be reported to the Department. In response to recommendations from a UK wide consultation on the remit of the Groceries Code Adjudicator that invited views and information on any unfair trading practices affecting the groceries supply chain, GB are currently working towards introducing a mandatory system for sheep. A similar NI approach would allow for greater level of inspection and enforcement.

**What are the policy objectives and the intended effects?** (7 lines maximum)

Introducing mandatory sheep carcase classification and price reporting in Northern Ireland will align the sheep industry with that of the beef and pig industries. It will allow for easier comparisons of the NI and GB sheep industries thereby improving fairness and price transparency across the UK sheep industry. It will also ensure funding is allocated to DAERA inspections of sheep carcase classification practices going forward and provide enforcement powers to ensure compliance. A mandatory sheep carcase classification and price reporting system will also facilitate easier mutual recognition of authorised automated technologies across the UK.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)** (10 lines maximum)

Five options were considered. Option 1 would retain existing voluntary system. Option 2 would seek to improve that system. Option 3 would introduce a mandatory system but not seek to improve data collection or allow for authorisation of automated systems. Option 4 would introduce a mandatory system, improve data collection and introduce authorisation process for automated systems. Option 5 is as Option 4 but with further levels of data analysis. Option 4 is the preferred option as it better achieves the spending objectives (Improve accuracy and consistency of sheep classification in NI; Improve detail on price reporting for NI flock; Allow for innovation in sheep classifying) than options 1-3. It also ring-fences budget provision rather than relying on bodies absorbing costs as is current practice and provides greater detail and efficiency for analysis. It also provides better value for money than Option 5. It also provides equity by making relevant data available to the whole sheep industry and applying equally to any abattoir that will be required to classify sheep.

<b>Will the policy be reviewed?</b> It will be reviewed	<b>If applicable, set review date:</b> May 2028
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Cost of Preferred (or more likely) Option		
<b>Total outlay cost for business £m</b>	<b>Total net cost to business per year £m</b>	<b>Annual cost for implementation by Regulator £m</b>
0.002	0.001	0.07
<b>Does Implementation go beyond minimum EU requirements?</b>		<b>YES <input checked="" type="checkbox"/></b> <b>NO <input type="checkbox"/></b>
<b>Is this measure likely to impact on trade and investment?</b>		<b>YES <input type="checkbox"/></b> <b>NO <input checked="" type="checkbox"/></b>
<b>Are any of these organisations in scope?</b>	<b>Micro</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	<b>Small</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
		<b>Medium</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
		<b>Large</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approved by: Samantha Stewart Date: 07 January 2026

## Summary: Analysis and Evidence

Description: BAU – continue with existing voluntary arrangements

## Policy Option 1

### ECONOMIC ASSESSMENT (Option 1)

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Cost
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
Low	Optional	0	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0 (1 <sup>st</sup> 10 yrs)

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines

No cost to industry

Other key non-monetised costs by 'main affected groups' Maximum 5 lines

None

Benefits (£m)

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Benefit
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines

Not applicable.

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines

Not applicable.

**Key Assumptions, Sensitivities, Risks** Maximum 5 lines

Full compliance could not be assumed if the current voluntary system continues and primary sheep producers could be affected.

The introduction of a mandatory system across GB only may have implications for the fairness and price transparency of the NI supply chain and also the extent to which it is important that the position is harmonised with other parts of the UK.

### BUSINESS ASSESSMENT (Option 1)

Direct Impact on business (Equivalent Annual) £m		
Costs:0	Benefits:0	Net:0

### Cross Border Issues (Option 1)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines

Other regions of the UK are introducing mandatory systems. DAFM is leaning towards a more robust voluntary system rather than moving to a full mandatory system. This may change if there is significant support for mandatory systems across the EU as the ROI sheep industry is very dependent on exports.

## Summary: Analysis and Evidence

## Policy Option 4

Description: Introduce a mandatory system including authorisation of automated classification

### ECONOMIC ASSESSMENT (Option 4)

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Cost
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
Low	Optional	1	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£<2k		£<1k	Max £12k for 1 <sup>st</sup> 10 years

#### Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines

Licensing costs – initial cost of 45 man-hours at 13.16 per hour = £592. New licences needed on ad-hoc basis  
Mandatory inspections – 24 man-hours per year at 13.16 per hour = £316  
Software upgrades – may be negligible initial cost if changing warm-cold coefficient calculation  
Change to carcase preparation procedures – may be procedural cost but would be very small  
Administrative costs for reporting – likely to be very low as data provided is mostly gathered already

#### Other key non-monetised costs by 'main affected groups' Maximum 5 lines

There may be time implications for industry to obtain licences and to learn new procedures around carcase preparation, calculations and around submitting data and complying with inspections but given the current voluntary scheme is in place, these are unlikely to be significant.

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring)	Total Benefit
	(constant price)	Years	(excl. transitional) (constant price)	(Present Value)
Low	Optional	1	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0

#### Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines

N/A

#### Other key non-monetised benefits by 'main affected groups' Maximum 5 lines

Implementing a mandatory system does not represent any significant change from what was previously in place however regulation will better demonstrate the robust nature of the data for everyone throughout the industry. Although few consultation responses were received on whether a mandatory system should be implemented in NI, overall more respondents supported a mandatory system with a view that it would help ensure current transparency and fairness levels going forward and protect sheep producers in the future.

#### Key Assumptions, Sensitivities, Risks Maximum 5 lines

The body which provides gathering, analysis and publication prices may no longer be able to provide service; industry may resent the mandatory system; and there may be difficulty in obtaining accurate automated solutions particularly if mutual recognition of automated solutions across the UK cannot be agreed. None of these risks would seriously damage attaining the three policy objectives however and alternatives could be considered.

### BUSINESS ASSESSMENT (Option 4)

Direct Impact on business (Equivalent Annual) £m		
Costs:0.001	Benefits:	Net:0.001

### Cross Border Issues (Option 4)

#### How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines

Other regions of the UK are introducing mandatory systems. DAFM is leaning towards a more robust voluntary system rather than moving to a full mandatory system. This may change if there is significant support for mandatory systems across the EU as the ROI sheep industry is very dependent on exports.

## Summary: Analysis and Evidence

## Policy Option 5

Description: As Option 5 but with more in-depth analysis

### ECONOMIC ASSESSMENT (Option 5)

Costs (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
	(constant price)	Years		
Low	Optional	1	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£<2k		£<1k	Max £12k for 1 <sup>st</sup> 10 years

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines  
As Option 4

Other key non-monetised costs by 'main affected groups' Maximum 5 lines  
As Option 4

Benefits (£m)	Total Transitional (Policy)		Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
	(constant price)	Years		
Low	Optional	0	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines  
N/A

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines  
As Option 4 with slightly more detail available on the NI market

Key Assumptions, Sensitivities, Risks Maximum 5 lines  
As Option 4

### BUSINESS ASSESSMENT (Option 5)

Direct Impact on business (Equivalent Annual) £m		
Costs:0.001	Benefits:	Net:0.001

### Cross Border Issues (Option 5)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines  
As option 4

## Evidence Base

In both Great Britain (GB) and Northern Ireland (NI), it is mandatory to classify beef and pig carcases in terms of shape and fat content quality and for market prices to be reported to both the Department and the Livestock and Meat Commission (LMC) (beef only). These prices can be used to analyse market trends, provide transparency to the industry, and compare average prices across regions. Carcase classification is currently based on standards set out in the (S)EUROP grid, a mechanism currently used by several countries in the EU. However, arrangements relating to the classification and price reporting for sheep carcases are currently voluntary, based on NI-specific arrangements that were agreed between the Department and industry some years ago.

The Department carried out a consultation exercise between November 2021 and January 2022, seeking views on the desirability and practical implications of both a voluntary and mandatory approach to sheep carcase classification and price reporting arrangements. Although responses to the consultation exercise were limited, it is clear that there is a difference in opinion across industry in terms of the preferred approach. Producers supported a mandatory system with a view that it would help ensure current transparency and fairness levels going forward and protect sheep producers in the future. They also acknowledged it should allow DAERA to apply enforcement measures and secure funding for inspections. Processors stated that, given current pressures on industry, particularly with respect to labour, any additional regulations will require additional resource with respect to implementation and recommend that there is no rush to legislate on an issue where there are no major problems.

A second consultation was carried out between February and April 2024 which sought clarity on a number of implementation issues, particularly around automated carcase classification. There was a similar level of support from producers with processors once again expressing the view that a mandatory system was unnecessary.

The policy objectives are: 1) improve accuracy and consistency of sheep classification in NI; 2) improve detail on price reporting of the NI flock; and 3) allow for innovation in sheep classification.

Maintaining a voluntary system (Option 1) signifies a divergence from the approach taken in the other administrations and would prevent the introduction of enforcement mechanisms which may cause future issues in terms of ensuring the Department continues to deliver high standards of inspections. The lack of any enforcement powers or ringfenced budget for inspections would require relying on industry maintaining high standards. It could even lead to industry failing to provide prices at all. This runs the risk of producer dissatisfaction with the grades applied to sheep and inaccurate market comparisons within NI and the UK as a whole.

Seeking to improve the voluntary system (Option 2) would require budget for non-regulatory work to inspect slaughterhouses, gather prices, analysis and publication and would be reliant on industry meeting high standards without any enforcement powers. It therefore does little to address the risks of Option 1. This option was therefore dismissed without full costing of impact on industry.

Moving to a mandatory system (Options 3-5) would ensure existing inspections continue and could allow powers to be made to conduct additional unannounced inspections and to enforce in instances of non-compliance. These measures would provide a safeguard if standards ever dropped and would mean that sheep carcases will be classified on the same mandatory basis as beef and pig carcases. They would also allow much greater detail for price reporting.

Option 3 would fail to deliver on Policy Objective 3 and may even discourage innovation by not providing for authorisation of automated sheep carcase classification and so was dropped from consideration at an early stage and was not fully costed for impact on industry.

Options 4 and 5 would meet the policy objectives with Option 4 offering better value for money for government with no additional cost impact on industry compared to Option 5. It should be noted these options will put additional pressure on slaughterhouses in terms of ensuring compliance and dealing with the additional inspections that would be required under this system. In addition, a mandatory system may place an additional administrative burden on all slaughterhouses that do not fall under the throughput exception as they would be required to report individual deadweight classification/prices weekly for subsequent publication. New software and procedural changes in preparing carcases may

be required to accommodate the minor changes to current practice under the voluntary system. Officials estimate therefore estimate the impact of this to be low. Costs for inspections and licensing are based on estimated man hours by DAERA inspectors and based on the hourly wage for a lead worker of 12.73 in <https://www.nibusinessinfo.co.uk/content/pay-increase-agricultural-workers-april-2025> adjusted to 13.16 by applying inflation rate of 3.4% over 1 year.

While Option 4 would address the risks entailed in Option 1, it is not without risk: the body which provides gathering, analysis and publication prices may no longer be able to provide service; industry may resent the mandatory system; and there may be difficulty in obtaining accurate automated solutions particularly if mutual recognition of automated solutions across the UK cannot be agreed. None of these risks would seriously damage attaining the three policy objectives however and alternatives could be considered. There is also the risk the Assembly does not pass the legislation though all this would mean is defaulting to Options 1 or 2 anyway so it's not a reason to prefer these options.