QMS Briefing

Purpose: *To provide an overview of QMS evidence and considerations relevant to the Scottish Government consultation on price controls on essential food items.*

Prepared by: *Louise Thompson, External Affairs Manager*
Contact: lthompson@qmscotland.co.uk

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1. Scottish Government consultation on food price caps

1.1. The Scottish Government is consulting on powers to cap retail prices of selected essential food items. The consultation closes on 24th November 2026; and can be found here.

1.2. QMS recognises the affordability pressures facing some households, particularly those on lower incomes. However, QMS does not support statutory food price caps. A retail cap does not reduce the costs of producing, processing, transporting or selling food, and a universal capped price would not necessarily target support towards households experiencing the greatest affordability pressure.

1.3. QMS has identified significant potential risks across Scotland's red meat supply chain, including pressure on producer and processor returns, changes to sourcing and domestic production, product availability and specification, processing capacity, investment, independent retail and longer-term food security and resilience.

1.4. This briefing provides evidence and considerations to inform partners' consultation responses, not suggested wording. Organisations should draw on their own evidence, experience and views.

2. Key considerations for the red meat supply chain

2.1. **Underlying costs remain:** Where a retail price is capped below the prevailing market value, the difference does not disappear. Agricultural input, processing, labour, energy, transport, packaging and retail costs remain and any reduction in value would need to be absorbed somewhere within the system.

2.2. **Pressure could pass through the supply chain:** Primary producers generally have limited influence over the final retail price or downstream commercial terms. There is therefore a risk that pressure created at retail level could affect processor returns, procurement decisions and ultimately farmgate returns.

2.3. **Red meat markets can change quickly:** Livestock availability, input costs, weather, disease, domestic and international demand, imports and exports can all affect market values. Seasonal patterns can also vary significantly from year to year. Beef and sheep production have long lead times, meaning producers cannot rapidly increase or reduce production in response to a retail intervention.

2.4. **Whole-carcase economics matter:** The value of an animal is recovered across a range of cuts, products and co-products. Intervention in the price of one high-volume lower-priced item cannot therefore be considered entirely separately from value recovery across the rest

of the carcase. For example, lean roasting cuts can be converted into lean mince but sold at a significantly lower price point, potentially lowering the value of a beef carcase by £140 and 5% at October 2026 prices.

2.5. **Sourcing could be affected:** If Scottish or British products become relatively more expensive within a capped-price environment, lower-cost origins or product specifications could become more commercially attractive. This creates potential implications for domestic production, processing capacity and food security.

2.6. **Consumer choice is wider than price:** Price is only one factor influencing purchasing decisions; provenance, quality and trust also matter. Changing the relative price of one product can shift demand and value between different products, specifications, species and origins rather than simply reducing the cost of an existing shopping basket.

2.7. **Businesses outside a scheme could also be affected:** Independent butchers and specialist retailers may face indirect competitive effects if capped supermarket prices widen the price differential with businesses outside the scheme. This could affect wider customer spend, footfall, employment and high-street viability, particularly as smaller and independent retailers have less capacity to absorb additional cost pressures.

2.8. **Monitoring would need to begin immediately**: Agricultural and food markets can move materially within weeks or months. QMS considers the proposed four-to-six-year statutory review period too long to act as the principal safeguard. Monitoring would need to cover the full supply chain from the outset, as impacts on sourcing, production, processing capacity or investment could become established before a formal review and may be difficult to reverse.

3. QMS evidence

3.1. **Beef mince:** QMS analysis shows that retail beef mince prices have historically tended to follow wholesale price movements with a lag of around one to three months. During rapid wholesale inflation in the first half of 2025, wholesale prices for trim used in 5% fat mince moved close to, and at points above, average retail mince prices.

3.2. QMS scenario analysis indicates that, under similar market conditions, a retail price 10% below the prevailing price could leave very limited scope to meet the wider costs of retailing 5% fat Scotch or British beef mince. At a 20% reduction, the retail price could fall below the wholesale input cost.

3.3. **Pig sector:** QMS estimated pig production costs moving towards 220p/kg in Q3 2026, with modelled producer margins potentially around -£36 per head and farmgate prices already below estimated breakeven levels earlier in the year. This illustrates the limited capacity producers may have to absorb additional pressure.

3.4. **International competition:** In October 2026, GB pig prices were around 40% higher than EU prices, with QMS analysis noting that significantly cheaper EU pork was already influencing domestic price negotiations.

3.5. **Lamb supply and seasonality**: Scotland's 2026 lamb crop fell by 1.6% to a thirteen-year low, while the combined Scotland and England lamb crop was 0.9% lower than in 2025 and 10.5% below 2021 levels. Seasonal price movements also vary significantly: lamb prices

have typically fallen by more than 35% between the new-season high and autumn low on the five-year average, compared with around 20% in 2025 and closer to 30% in 2026.

3.6. **Cross-border livestock movements:** Direct-to-slaughter movements of Scottish-born cattle outside Scotland increased by 36% in the first half of 2026 compared with 2025. This does not demonstrate how livestock would respond to a price cap, but illustrates that marketing and processing decisions already respond to relative commercial conditions.

3.7. **Consumer attitudes**: According to the QMS Brand Tracker survey conducted by YouGov, price remains a key purchase consideration among fresh meat buyers, at 67% in October 2026, down from 73% in February 2026 and slightly below the 69% in August 2025. This easing in price sensitivity likely reflects the red meat inflation reduction during 2026, following the significant price increases seen in the second half of 2025 that contributed to volume decline. As price becomes less of a barrier and consumers return to the category, Scottish red meat may be better positioned to capitalise on its quality and provenance credentials.

3.8. **Independent retail and high streets:** Independent butchers operate at a different scale from major supermarket chains, with different purchasing power, operating costs and product ranges. This risk sits within an already challenging retail environment: retail supports around 228,000 Scottish jobs and around 7% of economic output, while high-street footfall remains around 12–15% below 2019 levels and vacancy rates exceed 25% in many smaller towns.

3.9. **Wider economic impact:** Farming and processing of cattle, sheep and pigs generated almost £3.3 billion of direct output in 2025. Including supply-chain multipliers, the total economic impact could have reached £4.2 billion of output and almost £1.3 billion of Gross Value Added (GVA). Reduced production or processing activity could therefore affect employment, haulage, veterinary services, agricultural suppliers, investment and wider rural economies.

3.10. **Farmgate and consumer prices:** Recent price movements also show why the full supply chain needs to be considered. In October 2026, Scottish prime cattle prices were 92.5% above October 2019 levels, compared with a 64.5% increase in the Consumer Prices Index including owner occupiers' housing costs (CPIH) for beef and veal. Scottish lamb auction prices were 99% higher, compared with a 56.6% increase in CPIH for lamb and goat. This suggests some commodity-price increases have already been absorbed within the supply chain rather than passed fully to consumers.