



ABATTOIR SUPPORT FUNDING

Report by Chief Officer, Assets and Infrastructure

PURPOSE

- 1.1 The purpose of the Report is to seek funding support for the Stornoway Abattoir in 2025/26.

EXECUTIVE SUMMARY

- 2.1 Stornoway Abattoir is a non-statutory service provided to the crofting and farming industries in Lewis and Harris. It normally operates from August to December, providing a slaughtering service for sheep, cattle and pigs
- 2.2 Since 2018 there has been approval to increase Abattoir charges gradually until the service reached a cost neutral position. Over the 2023/24 and 2024/25 financial years, £40k was removed from the Abattoir's budget, with income targets being set to "fully fund" the service. It is now evident that the income being generated will not cover the operating costs of the Abattoir on an annual basis, leaving any overspend having to be absorbed by the Municipal Services business unit.
- 2.3 Although 2024/25 figures are similar to 2023/24, the Abattoir's throughput has been continually dropping over the years. This impacts on planned income and although recent increases in charges have been above inflation, they are offset to some extent by the drop in numbers.
- 2.4 Operational costs, including electricity charges, have also been increased more than inflation, again limiting the impact of the above inflationary increases to charges.
- 2.4 The projected overspend for the Abattoir service in 2024/25 is £60k. As an example, to achieve full cost recovery charges would had to have increased by about 45% or there would had to have been a 60%+ increase in throughput.
- 2.5 The Abattoir Member Officer Working Group (MOWG) has met regularly to discuss matters, and a full review of the Abattoir service costs will be brought to the April or June 2025 series of meetings with a more detailed breakdown of costs and usage for future funding consideration. It is however, proposed that £50k from any unallocated or unclaimed Crown Estate Fund, from previous years allocations, be provided to support the Abattoir service for 2025/26.

RECOMMENDATION

- 3.1 **It is recommended that the Comhairle agrees to use £50k of any unallocated or unclaimed Crown Estate Fund, from previous years allocations, to support the Stornoway Abattoir in 2025/26 while options to increase income generation are explored and developed.**

Contact Officer: Colm Fraser, Head of Municipal Services
Appendix: None
Background Papers: None

IMPLICATIONS

4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications/None
Financial	These are detailed in the body of the Report
Legal	None other than detailed in the report.
Staffing	None
Assets and Property	None
Strategic Implications	Implications/None
Risk	None
Equalities	None
Corporate Strategy	The abattoir supports the crofting communities in Lewis and Harris which ties into “Supporting caring and resilient communities and quality of life”.
Environmental Impact	None
Consultation	None.

BACKGROUND

- 5.1 Stornoway Abattoir is the only local authority operated Abattoir in the UK. The Comhairle normally operates Stornoway Abattoir from August to December, providing a slaughtering service for sheep, cattle and pigs. During the period when the abattoir is closed, most of the Abattoir staff are employed by Cleansing Services. The remaining staff are employed on a seasonal basis with temporary Cleansing Labourers employed to provide staff cover for refuse and recycling collection duties.
- 5.2 The Abattoir provides a high-quality service, and the facility has regularly received excellent reviews from audits by both Quality Meat Scotland and Food Standards Scotland.
- 5.3 The Abattoir is instrumental in supporting crofting communities in Lewis and Harris and supports the production and use of locally sourced produce.
- 5.4 The Abattoir throughput figures for the last 10 years are detailed below:

Year	Sheep	Cattle	Pigs	Total	Sheep *	%age increase in Fees
2014	3250	144	129	3523		
2015	3374	144	94	3612		
2016	3093	106	90	3289		
2017	3141	148	98	3387		
2018	3089	137	81	3307	£25.94	
2019	3240	164	85	3489	£27.19	5%
2020	2933	166	74	3173	£30.53	12%
2021	2720	155	102	2977	£33.62	10%
2022	2338	159	109	2606	£35.30	5%
2023	2025	122	63	2210	£38.83	10%
2024	1935	128	78	2141	£44.65	15%

*Sheep > 12 month slaughtering fee.

FINANCE

- 6.1 Since 2018, there has been approval in place to gradually increase prices above inflation, with the emphasis on eventually achieving a cost neutral position for the Abattoir service.
- 6.2 The figures at paragraph 5.4 demonstrate the reducing numbers alongside the increase in fees, a 72% increase in six years.
- 6.3 Over the 2023/24 and 2024/25, financial years £40k was removed from the Abattoir's budget, with income targets being set to "fully fund" the service. It is now evident that the income being generated will not cover the operating costs of the Abattoir on an annual basis, leaving any overspend having to be absorbed by the Municipal Services business unit.
- 6.4 Operational costs, including electricity charges, have also been increased more than inflation, again limiting the impact of the above inflationary increases to charges.
- 6.5 The Abattoir used to get a reduction in business rates for the period it was not operating but that relief was removed this financial year, adding an additional unplanned cost.
- 6.5 The projected overspend for the Abattoir service in 2024/25 is £60k. As an example, to achieve full cost recovery charges would had to have increased by about 45% or there would had to have been a 60%+ increase in throughput.
- 6.6 There are other avenues being looked at to increase the Abattoir's longer-term income through wider and alternative use which may utilise the building for greater parts of the year, however if developed they are not expected to be realised in 2025/26.

PROPOSAL

- 7.1 A full review of the Abattoir service costs will be brought to the April or June 2025 series of meetings with a more detailed breakdown of costs and usage for future funding consideration.
- 7.3 It is proposed that £50k from any unallocated or unclaimed Crown Estate Fund, from previous years allocations, be provided to support the Abattoir service for 2025/26 while options to increase income generation are explored and developed.

CONCLUSION

- 8.1 The operation of Stornoway Abattoir will not achieve full cost recovery in 2025/26, and it is proposed that £50k from any unallocated or unclaimed Crown Estate Fund, from previous years allocations, be provided to support the Abattoir Service for 2025/26.