HOUSE OF COMMONS

Environment, Food and Rural Affairs Committee

Oral evidence: Labour shortages in the food and farming sector, HC 713

Tuesday 26 October 2021

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Watch the meeting

Members present: Neil Parish (Chair); Geraint Davies; Rosie Duffield; Dr Neil Hudson; Mrs Sheryll Murray; Julian Sturdy; Derek Thomas.

Questions 1 - 101

Witnesses

I: Tom Bradshaw, Vice-President, National Farmers Union; Graeme Dear, Chair, British Poultry Council; Derek Jarman, Chair Designate, British Protected Ornamentals Association; and Charlie Dewhirst, Policy Adviser, National Pig Association.

II: Nick Allen, Chief Executive Officer, British Meat Processors Association; James Russell, Senior Vice-President, British Veterinary Association; and Ian Wright, Chief Executive Officer, Food and Drink Federation.

Written evidence from witnesses:

– National Farmers Union

- British Poultry Council

- National Pig Association

- British Meat Processors Association

- British Veterinary Association

- Food and Drink Federation

Examination of witnesses

Witnesses: Tom Bradshaw, Graeme Dear, Derek Jarman and Charlie Dewhirst.

Q1 **Chair:** Good afternoon, gentlemen. Thank you very much for joining our inquiry into the labour situation. We really appreciate you coming. What I would like you to do is all very briefly introduce yourselves, and I will just tell you the order that I have you on my paper here. Tom Bradshaw, if you would like to introduce yourself first, then Graeme Dear, Derek Jarman and Charlie Dewhirst, for the record, and we will get going.

Tom Bradshaw: Good afternoon, Chair. I am NFU vice-president representing 47,000 members across England and Wales.

Chair: It is nice to see you. Thank you.

Graeme Dear: Good afternoon, Chair. I am chairman of the British Poultry Council, representing 90% of British poultry and meat producers.

Chair: That is a lot of poultry, thank you.

Derek Jarman: Good afternoon. I am chair designate of the British Protected Ornamentals Association, previously known as the British Bedding & Pot Plant Association. We represent the interests of growers who produce flowering plants under protection, glass and polythene tunnels.

Chair: Thank you very much, Derek. Not only do I do a bit of farming; I do a bit of gardening as well, so I very much welcome an essential part of our economy.

Charlie Dewhirst: Good afternoon, Chair. I am senior policy adviser at the National Pig Association, representing commercial pig producers and the allied industry from across the UK.

Q2 **Chair:** Again, Charlie, you are very welcome because naturally, pigs, as well as everything else, are very much in the mix at the moment.

What I am going to say to you is that we have the four of you, so we are going to try to keep it going. If whoever starts off and then two or three of you perhaps answer the question, if the third or the fourth one decides that they do not have much more to say, I am quite happy for you to say, "I agree," and we will go on to the next question. It is just managing four, but if you have something to say please say it. We will try on our side to keep our questions succinct as well. Although the members of the Committee are very enthusiastic in asking supplementaries, today we will try not to have too many if we can help it. That is just some ground rules.

I will start off with a fairly broad question. How great a challenge do labour shortages present for your members? We do not have all afternoon on this one, so I will let Tom have first stab at this, and then whoever wants to come in next, please signal.

Tom Bradshaw: Thank you very much, Chair. How big a challenge? For me it is the No. 1 challenge particularly facing the intensive sectors at the moment. It is all our horticultural production. It is our livestock production, particularly poultry and pigs, but I will leave it to the gentlemen on either side of me to cover those areas.

We also have the ornamental sector. I am not going to go into protected ornamentals, but sectors that cannot currently access the seasonal workers pilot are being critically affected. For the sectors that can already access the scheme, our horticultural survey for July showed a 34% shortfall in available labour. That is probably peak demand. In July, you have berries and you still have some of the tree fruit just coming on stream. Then, once we got into August, we still had a well over 20% shortfall in labour availability.

Particularly thinking about daffodils, the daffodil sector in Cornwall—worth over £100 million to the Cornish economy—was over one-third short in the labour that they had available on farm. That was the first sector to deal with the new immigration policy, so it was the first evidence that we were able to collect of the impact of that new immigration policy. Nearly a quarter of the daffodils grown were wasted. The food waste we are seeing at a farm level, whether you be looking at courgettes, whether you be looking at apples going unpicked, autumn raspberries not being picked at the moment, and then the tragic cull going on in the pig sector, is completely inexcusable.

It is within the gift of this Government to put solutions in place that will mean that that does not happen next year, but they need to happen very urgently. The lack of confidence that we have across multiple sectors at the moment means that investment plans are being put on hold and many businesses are currently mothballing facilities. We have glasshouses that should be growing tomatoes that are currently being mothballed because they simply don't know whether they are going to have the labour to pick them. The energy costs are also spiralling, and that is having an impact in that sector.

I have never seen the industry in the position it is in at the moment and the real lack of confidence is crippling the sector.

Derek Jarman: As an industry, we were hit particularly bad in 2020. For those who don't know, the bedding plants, geraniums, begonias and impatiens, and for most of my members their costs come in the early months, so December, January, February. They had their greenhouses full of bedding plants for sale from Easter onwards and then they were locked down and unfortunately their crops went to waste, so our industry is particularly beset with debt. These are well-run businesses, family businesses, that have never had much debt in the past for many years, or ever. Now we are lumbered with debt, albeit quite cheap.

We face a 15% shortfall in labour this year, which most of us got through by making labour work harder, longer hours. They are working 60, 70, 80

hours a week. They are all getting tired and when you get tired you make mistakes.

The forecast for next year for my sector is a 25% reduction in labour. That will mean crops unharvested. The market is there but there is not the labour to produce them. The net effect is it will come in from overseas, particularly with the way the pound is going. The pound is getting stronger and that makes overseas production cheaper.

As Tom says, we are all frightened. We are all in great fear and we all don't know what to do. I have never seen it like this in my entire life, never.

Q3 **Chair:** I would also say that the pig sector, the poultry sector, the ornamentals, the vegetables, the horticulture—all these are completely unsubsidised parts of the industry. Therefore, you rely on being competitive, you rely on having the labour, and you rely on being able to plant your crop and get it harvested. I also buy a lot of plants through the post. Like you say, it just did not happen, did it? The garden centres could not open and, therefore, there was a huge problem there. I think we forget the ornamentals sometimes when we are dealing with the rest of life. That is something that hopefully—we have you along today—we can add into the mix when talking to the Home Office and others.

Graeme Dear: I would like to thank the Chair and the Select Committee for the opportunity to come and speak on behalf of the industry today. Like Tom, this is the single biggest issue that we are facing today. We are 16% down on the labour workforce. We have been given access, through the seasonal worker scheme, for up to 5,500, but that finishes on 31 December. We would have loved to have known about that in June, in which case we could have placed enough turkeys to be able to deliver a full Christmas. We will do our absolute utmost to make sure that Christmas is as normal as it can be, but there is a likelihood that there will be a shortage.

Had we known back in June/July, that would have been fixed. It finishes in December, but the challenge that we face is that poultry is not just for Christmas. It is for every single day of the week. It is the best available, the lowest cost protein that our nation can get access to, and we pride ourselves on being able to deliver that. Without the people coming into the organisations, it is going to be difficult.

Q4 **Chair:** Good-quality British poultry is excellent value, but you need to remain competitive. You need to have the labour to deliver it and, if you are going to grow it on the farms, you need to be able to process it. There have been problems with not getting everything processed already, have there not?

Graeme Dear: Indeed, 90% of our shortages are in the processing plants. The irony is we may find ourselves having to import turkeys from

France and Poland for a British Christmas, probably with some of the workers that we trained who left to go back to their homelands.

Q5 **Chair:** Can I just ask you quickly, on the poultry on farm—because I know, unfortunately, some have had to be naturally destroyed on farm—largely at the moment most poultry are being processed, are they, or what?

Graeme Dear: Yes, indeed, most poultry is. The farmers have had to take some action, particularly on the breeder farms. It is almost like a silent cull that goes on in the background. Talking to some of the breeder farmers myself last week, they said, "We have been making some very large omelettes." The hatching eggs are not being hatched, so the chicks are not coming through. We are able to take action as an industry, and we are very resilient and capable of doing that so that we can minimise the impact.

We were very worried when, on top of the labour issue, we had the CO_2 issue and avian influenza issues, and they may well come back and hit us again. It is quite a challenging period and, by not having the labour, it then impacts on your flexibility to manage the processing plants and get the birds through. If the plants are not depleted on the day that they are planned to be depleted, the next day they are overstocked. It is a very efficient process, but every single thing must work time on time.

Q6 **Chair:** If we do not grow our own poultry we will import it, won't we? That is exactly what will happen. The same with the turkeys; the same with the chicken. We take that very much on board.

I will bring the pig industry in now. Of course, the thing with the pig industry—to a degree, you cannot exactly turn poultry on and off, but it is a little bit more flexible because of the six-week period from the hatching to the raising of a broiler. Pigs again are a different species, so would you like to come in and tell us exactly what is happening in the pig sector?

Dr Hudson: Can I interrupt quickly to say to Charlie that we will be getting on to the animal welfare and the culling issues in subsequent questions. More broad comments initially and then we will drill down, if that is all right. Is that all right with you, Chair?

Chair: Yes, fine.

Charlie Dewhirst: Thanks. I will maybe move on to the cull later, but just to give you the wider picture of where we are now, we obviously share a lot of similarities with the poultry sector, in the sense that it isn't seasonal and that our labour issues are in the processing sector more than they are on farm. That does not mean that we don't have labour issues on farm. Agriculture has a perennial problem with attracting workers.

What has happened with the pig sector, of course, is that the shortage in the processing sector has left more and more animals stuck on the farm

and unable to enter the food supply chain. It started around this time last year when we lost three plants to Covid. They were subsequently delisted for export to China. We bumbled through the first six months of that problem and a lot of that was due to absenteeism through the virus and through bubbles and through the pandemic, which I think we always thought there was a way out of, that at some point we would find a way through this. The workers had not just disappeared.

The difference over the last few months has been that this labour shortage, particularly in the skilled butchery sector, is acute. There are no available skilled butchers. These particular roles are numbered in the hundreds, so it is not that many, but without them we cannot process the capacity we need to. The period from the sow being inseminated to the pig going to slaughter is around 10 months. It is not something you can turn off.

We have a huge lag in the system, which means that solving the problem is not very easy to do overnight. The numbers have built by about 15,000 a week. We currently have more than 150,000 pigs on farms. Some farms have reached the point where there is no contingency left to stock those animals, and they have been culled in a welfare cull and have not entered the food chain. It has been and is a deeply distressing time for the industry, which is already struggling for a number of other reasons. This really has been, in many cases, a—

Q7 **Chair:** We will come on to the cull in a minute, for which we do need to go down into quite a lot of detail. On the training of a butcher for the pig industry, how long does it take to train a good butcher?

Charlie Dewhirst: You will get chapter and verse from Nick Allen in your next session. It is around 18 months, I believe, from scratch to being up to speed. You can make them relatively competent around six months, but it isn't simple. If the butchers are not here in this country, we cannot find people. We cannot bring them in off the street. These are well-paid jobs. They are skilled jobs.

Q8 **Chair:** Yes, I think this is the message we need to get through to the Government, loudly and clearly. This is not labour that is on the cheap. These are people who are paid probably £500 to £600 a week, a skilled butcher, I suspect.

Charlie Dewhirst: Yes, £26,500 starting salary up to £35,000 to £40,000 once they are—

Chair: That clearly needs to be on record because I think it is something we will need to put to the Home Office and others.

I am going to park that one there because there are lots of other questions to delve into. This is the other part of mine: is it going to be Christmas as usual for consumers? I think we will cover that because we may comment on it as we go along. Sheryll, can I hand over to you for the next question, please?

Q9 **Mrs Murray:** What is the dominant reason for labour shortages in the sector?

Derek Jarman: Can I mention the word "Brexit", if I may?

Mrs Murray: You may.

Chair: You are allowed to because we have Brexited, but carry on.

Derek Jarman: After Brexit, obviously you had the workers with the right to remain—I forget the terms—but a lot of these are going home. They are going back to Poland, to other east European countries. A number have gone to Germany because it is close to Poland. It is much easier to go home from Germany than it is from the UK. The pandemic has not helped matters, and obviously the reluctance of the Government to bring anyone in to replace those who are leaving.

Q10 **Mrs Murray:** Can I ask you to expand on what you have just said? Apologies, Chair. The Government did introduce a settled status. From my own experience, a lot of these workers do travel around from farm to farm. Is it that they have gone home because they did not apply for settled status? Is it not perhaps what they want to do now when they travel from farm to farm? Could you just expand a little on that because things have been put in place to try to get people to stay here?

Derek Jarman: I think we as a nation said, "We don't want you," and they heard that loud and clear.

Mrs Murray: We didn't.

Derek Jarman: That is what they heard and, unfortunately, a number have gone home because we said, "We don't want you." There are a number of people who go home because they get married or because their parents are poorly. They settle down in their home countries. They invariably don't want to be here, but they come for economic reasons. The pool of labour is diminishing year by year, so we end up pinching staff from our neighbours who then try to pinch staff back from us. It is a battle whereby our staff churn is so phenomenal at present that it means the quality of our work is poorer. We train people; they leave. It is so unstable that it is very difficult to try to run a business and virtually impossible to plan for the future.

Mrs Murray: Are you saying that even though they have applied for settled status they have still gone home?

Derek Jarman: Yes.

Mrs Murray: Okay. Does anybody else want to answer?

Tom Bradshaw: Yes, can I come in on that, please? On the settled status, when you look at the immigration route and the freedom of movement, what always happened was that you would have eastern European workers coming over here, and we have been reliant on them for several decades now. We have had a seasonal worker scheme since

the Second World War, so it was nothing new. We have become more and more reliant on that pool of labour. When you have the pool being filled up over a year it never runs dry.

You always have them going off to other jobs, whether that is hospitality, whether that is building works, but they move away from what they have initially come over to do, which is the picking jobs, because they see there might be other longer-term career options, or they go back home. Once you turn off the tap, which is what we have done, eventually that pool of labour runs dry. Then we have seen some 1.4 million workers displaced during the Covid crisis. There is a school of thought within some that they will come back. We have no evidence as to whether they will come back or not.

What we called for very clearly with our report—which we worked on with the whole of the industry—was a Covid recovery visa to be put in place for 12 months, so that we could see during that 12-month period whether this was a longer-term immigration issue or whether it was a Covid issue. That was why we were trying to be very pragmatic on what the solutions looked like because it is not as simple as saying, "It is one or the other." I think it is definitely a bit of both.

On the immigration policy for some sectors, I have already highlighted the issues that you have been facing down in Cornwall. That is an immigration challenge because, yes, you have highlighted settled or pre-settled. It was right at the beginning of Covid or the middle of Covid, so people were not as available, but they weren't able to access the seasonal workers pilot either. Under the original seasonal worker scheme there was always the ability for ornamentals to access those workers. It is only under the new pilot that ornamentals have been excluded, so particularly for that sector it has been incredibly challenging.

Mrs Murray: Thank you, Tom. Graeme or Charlie, do you have anything to add?

Charlie Dewhirst: Yes, I do. I wrote down a list of things that have led us to this point, particularly in the processing sector. If you look at things like absenteeism or our loss of the China export market, a reason we lost a number of HGV drivers was because many could not pass tests and all the rest of it. Then what happened in the summer—so we are already, say, eight months into the transition—is, suddenly, there is an acute loss of workers.

I think anyone who has tried to travel abroad in the last couple of months will know what a pain it has been and how costly it can be in terms of testing and everything else. If you were somebody who travelled home quite regularly—whether it be to Poland or whatever—and came back, and it was quite a fluid and easy lifestyle, that suddenly become quite difficult, and you might take a choice about whether you want to continue working in another country. I think we did see a lot of that, which is why to some extent 1.4 million workers disappeared.

In some ways, I am not sure we would be sat here with this severity of problems in the pig industry without Covid. Covid has really been a trigger for so many of these issues. There is a backdrop of many other problems, but—

Mrs Murray: Brexit was a problem, but Covid actually added to that problem?

Charlie Dewhirst: Covid was a serious accelerator of issues in many cases.

Graeme Dear: The data that I have seen and from talking to some of our members, I would say it is almost 50:50. The Grant Thornton data showed that quite clearly on the run-up to Brexit we lost a lot of European EU citizen workers. If I look at the data of individual companies, I can see that they are losing 300, 400, 500 EU nationals and they are not able to replace them at all with UK nationals. The pandemic came along, as others have said. That encouraged them to go home. If you were going to suffer, stay with family, and so on. Then they cannot get back and we have no way of replacing them other than, in our case, a temporary visa for six weeks, which, quite frankly, isn't good enough.

I would go a little step further than Tom. As a poultry industry, we do see ourselves as resilient. We do have a plan. We are investing. We do need to automate. We do need to improve technology. We want to upskill the labour. We cannot, in part, because we are not part of the lifetime skills guarantee, which doesn't make sense to me because we have gone from food heroes to not even good enough to fall into that category. I think that that is wrong, just wrong. I think there are opportunities for us to improve what we do.

We would also like a little bit of Government help, too, perhaps financial loans of some sort to help us get to where the Government want us to be faster than we think we can do it alone. I think that together we can resolve some of these issues.

Q11 **Chair:** I am sorry to interrupt. When you talk about Government help, I suppose that could be on some of the mechanisation, could it, of the plants?

Graeme Dear: Indeed, that is what I am talking about specifically. We are not looking for subsidies, but anything that helps us get to where we all agree the endpoint is would be great. We need people temporarily and we think a two-year visa would be an acceptable solution for all.

Q12 **Mrs Murray:** Do any of you know whether these shortages are uniquely British or are other countries facing the same situation?

Graeme Dear: I can add a bit there. We are members of AVEC, which is the European trade body. I asked exactly that question of one of the vice-presidents of AVEC just last week, and the response I got was, yes, there are shortages in other countries, but they are not as acute as that

which we are facing here. In part, that is because some of our EU nationals have gone home and they are available there, but also, they haven't had the Brexit impact. It does exist, but it is not as acute as the situation that we find ourselves in.

Derek Jarman: I think in Holland the biggest problem is the price of gas, which is the biggest concern in the ornamental industry.

Q13 **Mrs Murray:** Is there a problem in Holland then?

Derek Jarman: There are occasional labour shortages, but nowhere near what we face in this country. They are cutting back on production purely because of gas prices, not due to lack of labour.

The one thing that could help our industry is a reduction in VAT. If you look at Europe, there is a low rate of VAT on plants and flowers, typically 6% to 8%. I see in hospitality the Government very kindly reduced VAT to 12.5%. For my particular sector, which is ornamentals, flowers and plants, a reduced VAT for a limited period of 12.5% or even lower would be a great help to keep us all afloat, if we are looking for ideas outside bringing back more labour.

Q14 **Chair:** You have not costed that?

Derek Jarman: I am afraid not. It is a bit beyond my pay grade.

Chair: I am sure we can do that. We will do.

Q15 **Mrs Murray:** Charlie and Tom, do you have anything to add to that?

Tom Bradshaw: We know there are some shortages, Sheryll, but they would not be as acute as what we are seeing. This is because we have the Brexit issue compounded by the Covid issue. They both contribute to this. We have also been seeing that our workforce has been coming from further afield. It has gradually moved to the extremes of eastern Europe. Now it is the Ukraine, and it could well be that it is Nepal or South America or the Philippines where workers are going to come in from. That is perfectly normal, but all developed countries around the world are reliant on a migrant workforce for their seasonal labour requirement, so we are not unique at all in that respect.

Derek Jarman: That is our problem. We are seasonal, so our particular industry needs labour from Easter through until Wimbledon. That is our main need for labour. For example, if I put an advert in the local paper for a job in the office for typically £20,000, which is £9.62 an hour, I would probably get in the region of 50 or 60 applicants. If I put a job in the same paper for a nursery seasonal position, if I am lucky I would probably get seven or eight applicants.

There is no wish to work in the nurseries. There is no wish to work in the packhouses, even for the same rate that we pay in the offices. The only difference is we provide chocolate in the offices, crisps and obviously coffee and tea, all free of charge. We don't tend to do that in the

packhouse, but that is the only difference, apart from the fact that it is seasonal work. That is the problem. We cannot get seasonal workers.

Q16 **Mrs Murray:** Charlie, do you have anything you would like to add? You mentioned butchers and butchery is a skill. I am particularly interested in whether you have made any inquiries as to whether they could be included on the skills list.

Charlie Dewhirst: Butchers are on the skilled worker visa list. It was also recognised by the Migration Advisory Committee last year to add it to the wider list for the shortage occupations, which the Home Office then said it would delay because it wanted to see the impact of Brexit. Of course, the pandemic has thrown all that into the mix and made it rather unclear as to what the cause has been.

To reiterate what Tom has just said, the next pool of labour we think is going to come from outside the EU, and that is South America and south-east Asia. There is anecdotal evidence—perhaps the British Meat Processors Association will be able to shed more light on this—of some shortages in the same sectors across Europe, so it is going to be a challenge. We are going to have to look further afield for those skilled workers. We are doing that right now because we need to bring them in as soon as possible.

Tom Bradshaw: Charlie, just to add to that, last week I spoke to two of the labour providers from where we are recruiting the 800 butchers, and they are very confident they will fill the butcher requirement for pigs extremely rapidly from eastern Europe and the Ukraine. They don't think they need to go further afield. It has been very challenging for the 5,500 poultry visas and it is not going to be as easy because that six-week period is impractical.

Q17 **Mrs Murray:** Finally, gentlemen, has the tightness of the labour market this year caught businesses by surprise or were your members expecting it?

Tom Bradshaw: We have been very clear for a long while that the shortage has been coming, but I think the acuteness of it has taken people by surprise. Without the 30,000 on the seasonal workers pilot, it would have been an absolute catastrophe. As it is, there is far more wastage than we have seen at any point since we have been running our surveys. The shortages are far greater, but, without that pilot, it would have been an absolute disaster.

Graeme Dear: The British Poultry Council was making it clear that our biggest concern over Brexit was access to labour. One of the biggest concerns was access to labour, so we have been beating that drum for a number of years now, but we did not foresee the impact of the pandemic. In March, we were making noises, "Guys, we need some help here with the seasonal workers, please," so the message was out there but our hands were tied.

Tom Bradshaw: I think you make a very important point there. We have been working, we felt, with Government since June at the latest, identifying that these issues were coming. It is only once we have gone over the cliff edge that anything has been put in place. That is incredibly disheartening for anyone involved in the supply chain because it need not have happened. It is not like people weren't being warned, but we have had to see the reality of it. We were told we were crying wolf rather than acting on the evidence provided, and that has been very difficult to understand.

Charlie Dewhirst: We have been having crisis meetings with DEFRA since February, recognising a battle was building on farms from last winter. One of the mistakes we all made, perhaps, was that we thought that, as Covid subsided going into the summer and we came out of those lockdowns, things would pick up and return to normal. What we perhaps did not predict was what suddenly happened in the summer where workers were not just off for 10 days; they had disappeared.

Derek Jarman: Yes. Our sector is mainly smaller units. We are small family businesses, typically turning over from as little as £0.5 million to £20 million, which is a big business in our sector. We have got through this year. We have had some crops wasted. The irony there is that the wasted crops have been sent to landfill, whereas if we had more labour they would have been split out into recyclable plastic and the organic material, which would have been composted.

Our biggest concern, however, unless things change, is what to do for next year. We are all planning to do less than last year when normally we would plan to do more than the last year. We are looking at budgeting less and the unknown is the percentage, but typically 10%, 15%, as high as 20%. The market is still there so that gap will come from Europe. Once we have lost the market and we find that the supermarkets can get their geraniums from Holland and Germany, it will be very hard to get it back again. The capital investment is also very attractive to investing capital, with the tax advantages and R&D tax credits. Currently, we are so scared. We really are petrified about what to do, and if in doubt we do nothing and we go backwards.

Q18 **Mrs Murray:** I have one last part to that question, Chair. I do understand, Derek. I have Kernock Plants in my constituency. It is a quite large family going concern. What do you think Government could have done differently if this had been foreseen?

Derek Jarman: It is very simple from my sector. We want access to the seasonal agricultural workers pilot scheme. We had access since 1945 right through to 2013. Then we had the A8 and the A2 countries. We have had access to seasonal workers since 1945. We are not asking for anything new. We just want to continue what we have had for the last 70-odd years, very simply, to add ornamentals to edibles for the seasonal pilot, make it permanent and ideally make it bigger. Then we will be jolly happy.

Q19 **Mrs Murray:** My colleague is going to come on to that and drill down into it. Tom, do you have anything to add, keeping off the seasonal workers scheme because I know Derek will come on to it?

Tom Bradshaw: We need flexibility, and we don't need to have such an intransient immigration policy. We have the seasonal workers pilot, and even if you utilise that, you could turn it up and turn it down. We are asking for highly controlled migration. This is not uncontrolled. We have an excellent record of people returning home at the end of their employment periods. We need the ability to turn up and turn down the dial, but in real time. It cannot wait 18 months while we have an inquiry and try to find out what has gone on because these are live animals, live plants, it is the food that we need to get to the table.

Graeme Dear: In addition to what Tom has just said, I would like Government to continue to work with us and listen to us, but, more than that, believe in us and trust us. If we say we are going to be short of labour, we are going to be short of labour. I am already seeing significant reductions in chicken parent breeding stock being placed in the summer. That will mean a reduction in 2022. That chicken will have to be brought in from abroad. We have missed an opportunity, and that is tax revenues and everything that goes with it going down the Swanee, and I think we can do better. Just listen to us and believe in us.

Chair: We are listening to you this afternoon.

Mrs Murray: I am happy to hand over to Derek now because I think I was encroaching on his territory.

Chair: Thank you, Sheryll. Before Derek comes in, I have a couple of supplementaries. The point I wanted to make is that we have said in several inquiries now that if we do not import labour we export our business, and that is precisely what is happening at this moment. I want to bring in Julian and Geraint with very short interventions, please, and then I will bring in Derek.

Q20 **Julian Sturdy:** This is a short question. I will try not to veer into anyone else's questions. Picking up, Tom, on what you said in answering Sheryll's question, you talked about the number of butchers, that the numbers are going to be filled from European countries and the Ukraine, without going further. Are the numbers enough?

Tom Bradshaw: Simply, no. This is a sticking plaster to get through an immediate crisis. It is not a long-term solution. We do hope that those butchers will be able to meet the English language requirement and then apply for the skilled visa so that 800, we hope, will be able to remain at the end of the period because they will have been able to get on to the full immigration scheme.

However, it is not going to work for poultry. Just simply, it is not an attractive scheme. As with the HGV drivers, to come over here when you have been told once that you are not welcome. Being told, "You can come

while we need you for eight weeks, but then you have to disappear home," is not an enticing offer so it will not fill the gap and that is why the poultry sector is declining. We will increase our imports, but critically, Neil, in response to what you just said, we rely on the exact labour that we are not bringing in here. That poultry will be produced in Poland and that is madness. We have the ability to produce it here. We have the capacity to produce it here, but we are not letting the labour in so we will import the product that they produce somewhere else.

Chair: Yes. We want to produce more, not less, that is for sure.

Q21 **Julian Sturdy:** Without veering into other questions, maybe we need to get on to that point about how much is required. You must have some idea of what you need going forward and I think we need to drill down into that.

Tom Bradshaw: Nick Allen will have very clear numbers on that.

Chair: We will drill down on that. Geraint, please, then I will bring Derek Thomas in. I am conscious of time.

Q22 **Geraint Davies:** We have been talking about this for some time. In a previous hearing with immigration Minister, Kevin Foster, I put to him the question of labour shortages and he said to me, "Well, you've got so many thousand unemployed people in Swansea. Can't they pick the fruit?" I wonder if you would give a response to that because it does seem to me that the sort of people who would come over and do this work come over for a fixed amount of time, they leave their families, they have accommodation, and they work very hard, save some money and go back, and that is not the sort of gap you can easily fill with people who are living perhaps not near to the farm and on a temporary basis. What is your response to using the unemployed?

Tom Bradshaw: You have highlighted a lot of the issues. The migratory workforce is very transient and it can move from one role to another. They can start picking asparagus and then they might go off to plant greens, and then they might be picking strawberries, but they can move from farm to farm where the accommodation is provided because they do not have their roots in society like the British workforce does. It is really not that simple.

I would also highlight that we have very low unemployment levels in the UK. For the last eight, 10, 12 months, we have been told that the end of furlough was going to result in high unemployment and that we would have to recruit from that pool. There is a bit of logic in that thinking and we would have hated to have seen those high levels of unemployment, but at the end of furlough that has not happened. The Government's own answers were that we were going to rely on that pool of unemployed to provide the workforce. It has now not happened so where is the pool of labour that was going to be there? There was talk of 1 million, 2 million

unemployed on the back of that. It has not happened so there is no longer the labour pool there to fill these roles. I do not think it is realistic.

I would also respond by asking whether we should be looking to the UK workforce to fill these seasonal roles when there are full-time vacancies available. It is far more likely that people would be taking full-time roles, whether it be in hospitality, retail or as HGV drivers, rather than looking for the seasonal roles—

Chair: The processing industry.

Tom Bradshaw: Or the processing industry, rather than looking at the seasonal roles. I do think that it is misguided and history has shown that we need this immigration scheme.

Graeme Dear: The nature of our business is rural and we need the processing plants to be close to the farms, so processing is also going to be rural. The unemployment levels in rural regions just cannot sustain the number of jobs that we offer. It is a wide range of jobs. It is not just people standing on the line. There are also a lot of interesting, high-skilled jobs in processing that we cannot fill. We really do need to have additional labour, to widen that labour pool, and to some extent we are all chasing the same UK labour pool.

Q23 **Chair:** Chasing each other's labour and pinching from each other, aren't you?

Graeme Dear: We are.

Q24 **Chair:** You can't help it but that is what is happening in reality.

Derek Jarman: There was excess capacity at the height of the pandemic; this is local, indigenous people. We are fortunate. With my wife, I run a company called Hayloft Plants. We are a multi-channel retailer of garden plants and also growers. We were very fortunate during the pandemic. We were very busy. We ran a night shift of UK nationals—a selection of hairdressers and people from all walks of life—who came to us for a brief period, but they have gone back to their professions. They have gone back to what they understand and what they know. So that was true, but only for a brief period at the height of the pandemic.

Chair: What we have the opportunity to do now is go back to Government and the Home Office and say, "Yes, quite rightly you thought that when furlough finished there would be a lot of labour, but it is not there; it really is not." According to *The Sunday Telegraph*—whether you can believe it or not I don't know—a lot of people have also retired. You have a combination of people who have taken this opportunity, having become quite used to being furloughed and reached an age to decide to retire, and you cannot altogether blame them. It is a perfect storm.

Much as I sometimes like to hammer the Government and the Home Office, the fact is that we are not going to get them to concede if they do

not see the reality of it, but I think the reality has dawned now. I think that for too long it has been, "Oh, it will sort itself out." I don't think it will. Yes, go on.

Q25 **Geraint Davies:** Is the immigration Minister right to think that the British should pick up the slack?

Charlie Dewhirst: Just to quickly counter with the other side to what Graeme said about processing plants, the pig processing sector is often based on the edges of cities. Some of those cities have higher than average unemployment rates, but these roles are not necessarily seen as attractive. I am talking about some of the less-skilled roles that do not require the training. There is a problem with that and throughout the pandemic we have seen new industries grow, particularly in certain parts of the UK where these processing plants are, industries such as Amazon and other delivery firms taking up those roles, which are seen as more attractive. It is more attractive to be delivering than to be in a processing plant all day. That is another challenge that we have to deal with, with a finite amount of labour.

Chair: Yes, we are all competing for very similar labour, aren't we, across the piece? Food is time sensitive; it has to be processed when those birds, those pigs and everything are ready to be processed. The vegetables need to be picked and the flowers need to be got out to the individuals when they are ready. Derek Thomas, over to you, with main question No. 3, please. We are on to seasonal workers now. You are all allowed to answer the questions on seasonal workers.

Q26 **Derek Thomas:** How effective has SAWS been for your sectors? Have you had access to SAWS? I think you said 5,000.

Graeme Dear: Yes, we have 5,500. It has been really welcome and it has probably saved Christmas as far as we are concerned. We will do everything we can to make it as normal as possible. I just wish we had been told way back in June. That would have been fantastic. That is the only criticism that I would make of it. It finishes on 31 December. We still need people to work in the processing plants the next day.

Q27 **Derek Thomas:** To have been told in June that it will carry on or not carry on?

Graeme Dear: If we had been told in June that we would have 5,500 seasonal workers available to us to cover the demand over Christmas, we would have placed enough turkey poults to satisfy the market. Instead, we were not sure, and we did not place enough birds.

Tom Bradshaw: Poultry only found out three weeks ago that they had a seasonal workforce at all.

Graeme Dear: Yes.

Q28 **Derek Thomas:** Oh, sorry. So before that you did not know?

Graeme Dear: Yes.

Tom Bradshaw: It is not part of the seasonal workers pilot; it is an exception.

Q29 **Derek Thomas:** Sorry, I didn't realise. I was thinking particularly about SAWS.

Tom Bradshaw: Yes. SAWS has been a lifeline. Now there is a slight anomaly in that we might not quite fill all 30,000 visas, but that does not diminish at all the success of the scheme. The two new operators were not allocated until the end of April and were not up and running until, at the earliest, mid-May. That meant they had effectively only half the season to do their recruitment and delivery. We do feel at the moment that that piece of evidence is being used against the industry, saying, "Look, you haven't filled all your visas," but there are mitigating circumstances there that I think must be taken into account by the Home Office in looking at this.

This has been an absolute lifeline. It just has not been big enough and it did not have a broad enough scope. We need to bring in the ornamental sector and we will need to see it expanded for next year because we do not have the new immigration, the new freedom of movement as it were. The pool is no longer being topped up and it will need to be expanded, hopefully to include the ornamental sector. That will in itself require expansion, so numbers will need to be higher.

Derek Thomas: I am going to come on to how to change it and how to fix it. I am going to jump over you, Derek Jarman, sorry, but I will bring you in in a minute.

Charlie Dewhirst: Seasonality is less of an issue for the pig sector. We do not rely on seasonal workforce in the same way, so I will maybe just let Derek Jarman come in on that.

Q30 **Derek Thomas:** My next question, then, is what changes. I have a load of changes that I have already put to the Home Office, so if you do not include them, I will let you have them so that you can feed them back into the report. What changes are going to need to be made to the seasonal workers pilot—the 30,000 one, that scheme—to really help it to work for your sectors?

Tom Bradshaw: First, it needs to be made permanent. We cannot have this uncertainty going towards Christmas every year when we still don't know whether we have a scheme in place or not. At the moment, the horticultural sector does not know if it has a scheme for next year. It needs to be made permanent and it needs to be treated with absolute urgency to sort this out now and have an announcement as soon as possible.

I believe that the DEFRA Ministers have been very understanding. They get the subject and they have been trying to represent the industry as well as it can possibly be represented.

Chair: I concur with that.

Tom Bradshaw: We need to include the ornamental sector because to suddenly see it excluded—we have to think about the seasonal nature of the sector, which is why I feel it is unique and why it should be included within the scheme. I know it is not food production and it is food production that has got a lot of these things over the line, but it is a vital contribution to the economy. Particularly when you look at the Cornish economy, the impact it would have if there were no daffodils would be very dramatic, but that is where we will end up if ornamentals are not included.

Beyond that, it will need to be expanded. All the labour providers are telling us that their demand at the moment for next year is running way ahead of this time last year. We are suggesting that it is going to be a figure of between 50,000 and 60,000 that will be required. We have all the evidence. We would just like to be able to sit down with Home Office Ministers and talk them through this rationally, not feeling like we are at war. It just feels like every time you try to get a small victory, it is so painful. It would be far better to be working together to provide the solutions for these rural businesses and rural economies and move forward together. That is what we need to look for.

Q31 **Derek Thomas:** You are right. Also, for daffodils, at the beginning of the year we were still with the tail end of being in the EU so workers could work here until June without needing to have any sort of settled status.

Derek Jarman, you can come in now. How do you want SAWS to work for you?

Derek Jarman: We desperately need inclusion of ornamentals in the SAWS scheme. We have had it since 1945 so we do have reliance on seasonal workers in the ornamentals sector. However, we have different seasons. For example, the Cornish and Lincolnshire daffodil market is early. We come in a bit later and the edibles come in even later. If there is movement between holdings, you could come and pick daffodils for 12 weeks, you could move to the ornamental sector for three months, and then go to asparagus and apples later in the season. We can move through the industries. We desperately need ornamentals in this pilot scheme and we need a quick decision because we are planning for next year now.

Q32 **Derek Thomas:** We already have daffodils coming up. Charlie, did you want to add anything, or can I quickly run through my list so you can say, "Of course, that's excellent."?

Charlie Dewhirst: Go on, Derek; you run through your list.

Derek Thomas: It will obviously include non-foods—which I have been pushing for, with great help from the NFU, so thank you for that—to include nine months. On your point about where people go, if they started in Cornwall and worked their way through for nine months, without lifting the— I appreciate that it is a numbers game, but the Home Office is particularly concerned about the numbers so we could keep it at 30,000 but for nine months, which would help. I know you do not agree with that, Tom.

Derek Jarman: Can I butt in?

Derek Thomas: Yes, go on.

Derek Jarman: For our particular sector six months is fine, but if they are allowed to move between holdings, then nine months is fantastic.

Q33 **Derek Thomas:** I have a couple of other thoughts. I would like your view on this: should we have SAWS available to all the labour providers, not just the four? I have labour providers in my patch who just have 100 or so people. They do not access the scheme at all.

Finally, and a very senior person in Government agrees with me about this, though I cannot say who it is: take it out of the Home Office altogether. It makes no sense to me that SAWS is even in the Home Office. What if we were to take it out of there, take away this need to control things, and put it somewhere such as BEIS or DEFRA, where it is solving a problem? I do not know whether you have a view on whether any of those suggestions would help you or not. If you could add some flavour, it could go into our report.

Tom Bradshaw: On the nine months, Derek, we did talk about whether to come out, probably in June, and say, "We know we are going to be short. We should be looking for nine months." The challenge that we are told about nine months is that a lot of people have an earnings threshold and when they have met their threshold they say, "I've had enough now, and I want to go home." Nine months would help, but it would not increase the allocation by 50%, if you understand what I mean. It might add 10% or 15%, but it would not increase it by 50%. That is the danger. It looks like we have a solution so why would you need any more, but actually it would not be the whole answer. In principle, I would have no issues at all if it was nine months, but it would not replace the increase in the number.

Q34 **Derek Thomas:** What number would you want, then?

Tom Bradshaw: We have said 50,000 to 60,000. We have all the evidence and we can provide that evidence, and we have provided that evidence, multiple times.

Yes, widen the scope of operators. I agree with you. We maybe felt it was one step too far for this season, now, to get it expanded from four. It should be direct recruitment on farm. Some farms are recruiting 1,500

people. They should be able to recruit directly. They have their HR departments; they have been used to doing it. Yes, we absolutely need to expand the scope. We would fully support that.

On whether it sits in the Home Office or not, immigration sits within the Home Office and I tend to be reasonably pragmatic, if possible. Why do we need to move out of the Home Office? It is still the same policy. Somebody, somewhere, has to grasp just how important this is and deliver it, and I don't care whether that is done through DEFRA, BEIS or the Home Office. Somebody has to say, "This is critically important for rural business, for food production, for the wider ornamentals sector, and without it we are at a massive competitive disadvantage. We will be exporting our industry and that would be criminal." It doesn't matter to me. If you think there is more chance of success by moving it, fine, let's get on and do it, but let's have the solutions.

Q35 **Derek Thomas:** That isn't a mistake, that we are using immigration? It is not immigration. They are coming under a visa. It has nothing to do with numbers who stay in the UK. Charlie, did you want to come in?

Charlie Dewhirst: To add to that point, there needs to be more practical solutions and recognition of problems rather than what I think we have ended up with, slightly unfortunately, which is some sort of ideological discussion about migration. To reiterate what Tom said about DEFRA Ministers, they have been hugely supportive of the situation in the pig industry. We have found blockers elsewhere and that needs to be addressed. We need to grasp the responsibility.

Chair: You can be quite clear about where the blockers are. Feel free.

Charlie Dewhirst: The reluctance of the Home Office to move on this has been a huge frustration and has delayed the problems that we have found ourselves in.

Tom Bradshaw: Can I clarify that? I don't know whether it is the Home Office or whether it sits above the Home Office. We are not clear any more about where the block is. There is definitely a block, but I couldn't tell you who or where it is because I am not sure we actually know any more.

Chair: This is what we are here for, to take the evidence, Tom, and to try to unblock it is the answer. Derek, any last question before I move on?

Q36 **Derek Thomas:** Yes, I have a question for Derek Jarman. If we don't achieve this and we do not get the ornamentals in, what is going to happen to daffodils and your work over the summer?

Derek Jarman: Very succinctly, we are going to see less production. We are going to see some holdings going bust or bankrupt. We are going to see product coming in from Holland and Germany.

Going back to Tom's point about the longer visas, the workers do get homesick and one or two leave because they have had enough of being away from home. We find that after about three months a number get homesick. They might get a visa for six months but go home after three. We are going to export our industry, but we are good at this so why export it?

Tom Bradshaw: Derek, you have one daffodil grower in Cornwall who has tipped 300 tonnes of daffodil bulbs rather than replant them because they cannot commit for the next four years. It is starting to happen and it is something that we cannot preside over.

Q37 **Derek Thomas:** I am getting e-mails weekly now from people.

I have one last question. If Neil was the Chancellor, have you done the figures—we have for daffodils—on what VAT is lost to the Treasury? That is where we need to get the answer. Do you know, from your sector, what kind of VAT is being paid to the Treasury?

Derek Jarman: I have no idea, I'm afraid.

Chair: What I think Derek Thomas is asking—I don't expect you to answer the question now—is, can you get your guys to look at it and bring it in, in writing? If we are going to be serious, and we are quite serious about taking up your idea about the VAT, we will need some figures on it.

Q38 **Derek Thomas:** We think that if we did not do the daffodils in Cornwall, we could lose £20 million for the taxman. That kind of figure helps to move decision-making. Across the ornamentals sector, it would be phenomenally more.

Derek Jarman: It is not just the VAT; it is also the PAYE, the national insurance, the corporation tax and so on, which are all substantial taxes to the Treasury.

Tom Bradshaw: Not only that; all these seasonal roles underpin permanent jobs, and without the seasonal workers you lose the permanent jobs as well. That is another very important point in all this.

Derek Thomas: We have to get it right, so we will keep going.

Chair: We will just manage to import a lot more food and export a lot more daffodils and ornamentals. I think now we move to Rosie Duffield.

Q39 **Rosie Duffield:** We have already touched on this a bit, but I want to drill down on it, make it loud and clear and give you as much opportunity as possible to say what you need to say. What is preventing us from meeting these labour needs using domestic workers?

Another point that Tom made was that you have been asking or talking to the Government about this for years now. I have to deal a lot with the NFU in Kent on fruit farms. Amanda is the brilliant rep there. I have been

talking to her since I made my maiden speech in 2017. To me, this is like, "Here we go again," but just put it in your own words if you would.

Tom Bradshaw: The UK has very low levels of unemployment. I think it is 4.7% today. A lot of these jobs are in rural areas, so they are not where the unemployed population is, which makes it very difficult. What we see, particularly with the migratory workforce, is that they are transient. They can move from one job to another. If it is only six weeks of apple picking, but they have already done eight weeks of strawberry picking, they fill that gap, but they are moving. They live on one farm for eight weeks and another farm for six. You would struggle to do that if you had your roots down in a community and society, as a lot of British people would have. Fundamentally, those are a lot of the challenges that we face.

I will also come back to the furlough point. For the last best part of a year we have been told that the end of furlough will provide, unfortunately, a high level of unemployment but there will be an available workforce at the end of it. That has not happened, but Government have identified that pool of labour as being critical to filling these vacancies. Now that that pool of labour is not available, where do they think these vacancies are going to be filled from?

As I said earlier, Rosie, it is not unique to the UK that we have a migratory workforce. It happens in developed economies all the way round the world. I believe there has never been a more important time to focus on our food self-sufficiency. Look at climate change and at political instability. It would be tragic to take our eye off the ball, but that is what we are slowly doing at the moment because businesses are not investing, although we have huge opportunity for growth in a lot of these sectors. I cannot put it more clearly.

Q40 **Rosie Duffield:** We have been talking about agricultural colleges in the last few months. Do you as a panel believe that they play a part, that we are just not doing enough to interest young people in these markets?

Tom Bradshaw: Training is absolutely crucial, but I see that as not so much for the seasonal workforce as the permanent workforce. That is very much about the permanent workforce. Apprenticeships and vocational training are the sorts of thing that can help agriculture thrive, as the gentlemen sitting on either side of me would agree, and for meat processing as well. That could really work, but I see that as the permanent roles, and why would it be the seasonal roles when these permanent roles are available. It is absolutely crucial that we invest in the workforce for the future. I say this jokingly, but feeding the country and dealing with climate change is what agriculture is tasked with at the moment. That is an amazing opportunity for people to get involved with and it is our job to sell it because we really need some bright minds to help solve those challenges.

Chair: When you come in now, we want to talk about all migrant labour

as well, not just SAWS, so incorporate that, please.

Graeme Dear: In the poultry sector, we engaged with the DWP jobcentre scheme, although some of the members felt that it was not going to be a silver bullet, but we should get involved. We set up stands in some of the jobcentres and we got zero response, literally zero response. I talked to a senior manager in one of our large companies. He personally went down to one of the jobcentres and asked people, as they came out of the jobcentre, "Why won't you come and work in our plant?" and the answer was, "I don't want to work in a chicken plant; I'm doing okay, thanks very much," and off they went. That was the response.

We do feel quite strongly that while we want to invest in the people and develop careers, not just jobs but careers, being excluded from the lifetime skills guarantee is not a good thing. We want to engage with that process and be seen to be a key element in it. By investing in automation, we have new skills to train people in, operating the machinery and so on. We will continue to try very hard, but the reality is that even with all that investment, there are still some jobs that are not the most attractive jobs to be done—chicken catching, for example—but they still have to be done. Some of the work in the processing plant still has to be done. We still need access to a wider pool of labour and it is just hard to get UK nationals to come and do these jobs. We have to do a lot more. We have to do our bit to encourage them to come in and make that job interesting, but with the ideas that I have just mentioned—get us involved in the lifetime skills guarantee, invest more in the apprenticeship levy—we will be right there.

Q41 **Rosie Duffield:** The next part of my question was to be what action have your members been taking to attract British workers, and Graeme has responded to that. Does anyone else want to come in with any ideas?

Charlie Dewhirst: We have talked a lot about processing and the butchery side. For pig farmers, those are full-time roles for an approximately 95% British-born workforce, so very different. However, agriculture in general is often seen as a low-paid job without career progression and it has been a challenge for decades to get people into the industry. More could be done. We, as an industry, have done all sorts of apprenticeship schemes and other work with the NFU and many others to try to get the education system and skills providers on board, to make the jobs more attractive and prove to people there are many opportunities to progress through a career and they are not low-paid roles.

There is a lot more that we can do and I think, given we are sat here talking about labour shortages now, it is certainly something that we all need to be taking forward in the longer term. It is incumbent on us as a sector, as well, to do that. It does not solve our very immediate crisis but certainly there is more to be done in the longer term.

Tom Bradshaw: There is a critical point to be made about the apprenticeship levy. A lot of businesses, particularly if they have a large seasonal workforce, are contributing to the levy but are not able to spend it. If turning it into a training levy rather than an apprenticeship levy could be looked at, to broaden the scope, it would be much easier to draw down the money that has been taken and it could have a wider impact.

Chair: Okay. Good point.

Rosie Duffield: Thank you very much.

Chair: Thank you very much. Can I move on to Neil Hudson now? Could you incorporate main questions 5 and 6?

Q42 **Dr Hudson:** Thank you to our witnesses for being before us today. I want to get on the issues that we have touched on, on the culling of animals, potentially, and of poultry.

I want to declare a professional interest as a veterinary surgeon. I am passionate about animal health and welfare. From previous experience in the foot and mouth crisis, having supervised the cull of farm animals on farm, which ultimately were not ending up in the food supply chain, I know how upsetting that is for farmers, vets, slaughter workers, and for everyone concerned, and not least now, a senseless waste of good-quality food. I am probably going to do a bit of a tag team with Charlie Dewhirst and Graeme Dear and then perhaps Tom Bradshaw, if you could give some overarching comments.

I want to touch first on what animal health and welfare issues you are seeing from your members and on farms. We have heard reports of increasing tail biting among pigs and increased respiratory diseases. Can you give the public some context on that, please?

Charlie Dewhirst: It has effectively been a three-stage process towards the disaster of a widespread welfare cull.

As space on farms has run out because animals have been unable to leave the farm for the slaughterhouse and on to processing, farmers have looked for contingency plans. Farmers will always have contingency plans for something like this in case of an unexpected breakdown or whatever it might be, and all farms will be slightly different in the contingency and the time they have before a welfare cull would have to happen.

It is not a uniform picture across the country, but over the last few months many farmers have got to the point where the contingencies are running out. Contingencies will include increasing stocking density to the point at which you are allowed, looking for other buildings around the farm to put animals into, anything you can do to try to keep those animals in good health and keep the welfare standards up. Where stage 2 kicks in, and where unfortunately some farmers have got to already, is when they have run out of space and to try to avoid a wider-scale cull

they have thinned out some of the animals—for instance, those that have been tail biting or are not so well—just to try to create that last little bit of space before they have to go for a much bigger number.

There are over 150,000 animals on farms that should not be on farms. That is the number of animals that could end up being culled. We hope that it does not get anywhere near that. Around 8,000 have been reported to us. That does not mean that the number is 8,000 because there is no need to notify APHA of a cull in this instance—

Q43 **Chair:** Sorry to interrupt you, but we have had this Government package of cold storage measures and others. Will this alleviate the problem? Where is it?

Charlie Dewhirst: We are delighted—relieved, very relieved—that we have two particular measures that should help us to alleviate, but obviously it will not be immediate. Cold storage will not come into effect until early November. It will take a number of weeks to bring the butchers in from abroad. In the meantime, farms are still stuck with exactly the same situation. Some processors are running extra kills. The problem with that is that they are taking animals at about half price, but it is better than having a welfare problem. We would rather those animals went into the food supply chain and were feeding the nation, rather than being disposed of on farms, with all the distress that comes with it. Yes, that is a way out and farmers will take it if they can, but it is going to be weeks before we get into the backlog and start to reduce the backlog. It is not over now.

It is really important—I hope the Committee can play a role in this—to ensure that DEFRA oversees the measures that it has managed to secure and ensures that they are used properly by the processing sector to alleviate this situation as best it can, and that costs incurred through these measures are not sent to the bottom of the supply chain but are shared across the supply chain so that it is not farmers, who are already the ones bearing the brunt of a shortage of labour elsewhere in the chain, who are left with all the costs at the end, as well as the distress of what they have been through.

Dr Hudson: Thank you. We might get more on what the Government are going to do.

Chair: Sorry, Neil, for whipping in and pinching that one.

Dr Hudson: Your privilege as Chair.

Chair: Well, not necessarily, so carry on.

Q44 **Dr Hudson:** Back on to animal health and welfare. So that was tail biting. Are you picking up reports of increased respiratory illnesses in the pigs?

Charlie Dewhirst: There is anecdotal evidence from across the sector. One of the problems in building a full picture and providing all the evidence is that because it is not a required notification and because many farmers are extremely wary of unwanted attention, many are not reporting what is happening. Those conversations, of course, are being had with their own vets and they are private. Hopefully, welfare is not being compromised, but because there is no need to notify, what we as an organisation know, and what the Government know, will not be public.

Q45 **Dr Hudson:** Can I ask the same questions, with the same sensitivities, of Graeme Dear? Are there any poultry health and welfare issues that you could talk to us about?

Graeme Dear: We are fortunate in that we do not have the same lifetime as the pig sector. The farmers have been taking action to reduce the numbers of stock that they put in the ground, generally, down 10%. The big impact has been on hatching eggs, which is not a welfare issue as such, but it is a financial burden for the farmers. While probably not as emotionally distressing as some of the culling actions that have to be taken with other species, it is still financially quite crippling and difficult. To be fair, we have avoided the sort of animal welfare-type issues to a large extent.

Q46 **Dr Hudson:** Thank you for clarifying that. That is helpful to us.

Back to the possibilities. Charlie, you talked about 8,000 animals that you know of so far out of potentially 150,000 damming back on farms. How real is the risk of an imminent cull of potentially thousands of those animals? Can you give us an idea? As a Committee, we want to try to give helpful and constructive advice to Government, which they need to act urgently. Can you give us a timeline, "You need to do X, Y, Z by now because by November, December there is going to be a crisis."?

Charlie Dewhirst: For some it is already too late. Some farms have reached that third stage of having to cull a large number in one go and there are many others who will reach that point. Every week it gets worse. Every week that is lost is another week where more animals will be culled. We are already into the cull. Numbers will rise exponentially if these new measures are not introduced as soon as possible and actually take effect. That is the key thing. On the face of it, these measures are extremely welcome. They should help us alleviate the problem and solve it, but only as long as they are implemented quickly and effectively. It is not days away because it is already happening, but every week it gets worse.

Tom Bradshaw: The pragmatic step that can be taken to minimise the impact is urgent processing of the visa applications. That cannot be delayed. The earliest those butchers will get here now is after 20 November. If there is any delay, every day's delay will result in more culls.

Chair: The next question is on visas so we will deal with that one there,

Tom.

Q47 **Dr Hudson:** Thank you. That has been very helpful. I do very much take on board what you said earlier on in the session, to give credit where credit is due to DEFRA Ministers who have been working very hard, and DEFRA officials, too. Potentially, we need to apply pressure to help DEFRA and get some leverage with the Home Office, and also with the Department for International Trade. Charlie, what pressure can we exert on the Department to help with unlocking the export market back into China?

Charlie Dewhirst: There are three plants in particular that cannot export to China due to Covid—historical Covid outbreaks from over a year ago. To be fair to the now Foreign Secretary, the then Secretary of State for International Trade, Liz Truss, the Department worked extremely hard to try to break that dialogue with China. Initially, we had some issues with, I think, UK-China relations, which were out of our scope. Then the Chinese pig market changed somewhat and became less reliant on imports. Around 44 plants globally, currently, cannot get relisted. It is no longer a UK-specific problem.

Now there are reports coming out of China that that market might change and may require more imports. We may, therefore, see movement to getting those plants relisted. We have tried all sorts of avenues via International Trade and the Foreign Office to unlock that problem, which is very challenging. It would make a big difference if we could get those three plants going again because that is a very important export market and one that could help us unlock the backlog as well.

Dr Hudson: Thank you. I will hand back for the next question, but the take-home message is that we need urgent action.

Chair: Yes, absolutely. Thank you.

Charlie Dewhirst: Do you know how many pigs have been killed, Chair?

Chair: Yes, 8,000, and the trouble is that all the time the pigs are getting fatter on the farms. For a pig, it is very difficult to turn off putting on the weight. Julian, are you going to get on to visas now? Tom Bradshaw was very enthusiastic about going into the visa situation.

Graeme Dear: Could I add one last point on the culling?

Chair: Yes. Please go on.

Graeme Dear: We were very close to a difficult situation when we had the shortage of CO_2. That is the sort of thing that will drive that activity. There is a short-term solution in place. We need a fix for the long term.

Tom Bradshaw: To add one more comment, you have focused on animal health and welfare, but we also need to focus on the human impact. For any producer who is going through what they are going

through on farms at the moment it is absolutely tragic and they will probably never keep pigs again. It really will affect them for life.

Dr Hudson: That is a point well made, Tom. The memories of what happened during foot and mouth—that human mental-health issue—needs to be very much front and centre in what we are talking about. It is a point well made.

Chair: Very much for the long-term future of the industry and production, it is a point well made and taken. Julian, you are allowed to go on to visas now.

Q48 **Julian Sturdy:** Some of this has already been dealt with. We did touch on it in evidence earlier in the session. You talked about your views on the Government being proactive or reactive, and you stated quite clearly that the Government had not been proactive, despite the messages you were trying to give them, and that theirs has been more of a reactive response. I think you called it a cliff-edge response—once you had gone over the cliff, as you put it, Tom. Is there anything you want to add on the specific question whether the Government are proactive or reactive?

Tom Bradshaw: We did not get the announcement on the seasonal worker scheme last year until 23 December, and it needed to start on 1 January. That created the delays that meant it could not be delivered for the new operators until May, and that, unfortunately, has restricted the number of visas that have been supplied. Now the evidence of that is being used against us, which feels like a terrible position to be in. I can't believe that it is happening like that, but it is happening.

Now it can take around six weeks to turn round the visa applications, particularly for the butchers. I understand that it has to go through the processes, but they need to be expedited as much as they possibly can be so that those solutions arrive as quickly as possible. That would be an exception, I would say. We need them to be treated with absolute urgency. The normal turnaround has not been too much of a problem, except for when visa offices have been shut, which has mainly been related to the pandemic; that has created some backlogs. Whether the system could be streamlined a little, with more electronic processing, could be looked at in the longer term.

Graeme Dear: For us, we know we have two seasons with peak demand—one in the summer, and we know that Christmas happens every year—so there is no excuse for not getting this sorted for next year. However, poultry is bigger than just Christmas and we need a long-term solution. That is why we would advocate a two-year visa system to allow us to attract people to come for long enough to be able to give their worth for our benefit, the businesses' benefit, for the companies' benefit, for the nation's benefit, and then go away. In that time, we can put in place all the automation, all the investment, all the training, all the skills guarantees that we can and maybe attract a stronger UK workforce, and

also make ourselves efficient and deliver what the Government have asked us to deliver. That is all we want.

Q49 **Julian Sturdy:** Okay. Charlie, do you want to come in?

Charlie Dewhirst: Obviously, butchers could have come in on the skilled worker visa scheme had they met the English language requirement, which for us has always seemed to be too high. Does it need to be at the same level as for a professional service? It is a manufacturing role. Yes, of course, there should be some form of English language requirement, but the level is clearly too high. If it had not been as high, we could have accessed more butchers sooner. We are grateful that there is a temporary visa system now in place. It is extremely important, as Tom said, that we get it moving and get people here, but that English language requirement needs to be reconsidered in the longer term, role by role, as opposed to a blanket requirement.

Q50 **Julian Sturdy:** That is something specific that you would like to see revised, going forward?

Tom Bradshaw: Yes, definitely. I would also like to draw attention back to the advice of the Migration Advisory Committee about putting butchers on the shortage occupation list, which the Home Office decided not to do, and that they would wait and see. We have waited and we have seen and it has been pretty awful. The Migration Advisory Committee is there to make independent recommendations and I feel it needs to carry a little more jurisdiction, needs to be listened to when it makes a recommendation. The MAC does not do these things light-heartedly; it is thorough. We would like to see a full review of the food supply chain, post the new immigration policy, by the Migration Advisory Committee, urgently, to identify any need to change the shortage occupation list.

Chair: That is a fair point.

Q51 **Julian Sturdy:** Yes, a good point. On timescales, drilling down just a little more, obviously you would like to see the visa applications being dealt with more quickly if possible. What about the skills side of things? Are the skills there? Or is there an issue with having to get people trained up to start these roles?

Graeme Dear: There is always a need to train people, to improve their skills. Anybody who comes into our organisations requires that. That starts from day one. For me, all this is immediate.

Q52 **Julian Sturdy:** Okay. For the purposes of the Committee, could you drill down into those timescales across the board? Basically, once those people—the butchers, the people in the poultry industry—start coming in, what are the specific timescales from day one of them applying to getting them and making things happen on the ground?

Tom Bradshaw: I was speaking to the operators last week about the pig situation. They had found from people applying to come in under that

visa that their passports have to be sent off for electronic identification—I forget the exact name of the photo recognition process they have to go through, but it is basically to make sure that they do not have a criminal record and so on—and the earliest they were going to be here was post 20 November. That was last week. The turnaround time is about five weeks and that was if everything went as smoothly as possible. If there were any delays in that process, it could take longer.

Charlie Dewhirst: There is a concern about finding accommodation for them, and everything else, when they get here. A lot of those who had been here for a long time and had gone home were quite well established in communities. It was not as if they had lived in a temporary accommodation set-up. These are new, temporary visas for the sector and, therefore, accommodation arrangements will also need to be considered, which is a challenge for processors.

Derek Jarman: Why can't the Government look further afield than November? We should be looking at November 2022, 2023 and 2025. There is no long-term plan here. It is all being done at the last minute. Are the Government proactive or reactive? For our sector the Government are nothing; they are just ignoring us. We are just ignored.

Chair: We will make sure you are not ignored any longer.

Q53 **Julian Sturdy:** It is a fair point. To finish on this, a lot of it has been covered but is there anything else that the Government should be doing to resolve the labour shortage? We have talked about a lot of things here, but is there anything else, anything specific that we have not already touched on, that the Government could be doing?

Graeme Dear: It needs a co-ordinated plan, as my colleagues have been saying. There are lots of bits and I think it is time that somebody sat down and brought it all together—"Here's a co-ordinated, long-term plan for the whole of the food sector"—so that we can do exactly what we need to do, which is produce British food and build Britain better.

Q54 **Julian Sturdy:** You would like to see the Minister come forward with that, basically?

Graeme Dear: Absolutely.

Tom Bradshaw: At the beginning of July, Julian, we co-ordinated the whole of the food farm to fork supply chain, downstream, upstream, including HGV, the haulage sector, the hospitality sector, in our Grant Thornton report. That report identified 500,000 vacancies out of 4.2 million jobs. We are focused very much on farm-level labour, but there is a supply chain responsible for getting food from farm to fork and the products on to the farm in the first place. There are shortages right the way across that supply chain. That is why we put forward the Covid recovery visa.

We do have this displacement of 1.4 million workers and we need to look at what the long-term problem is, what training and skills can do, and how we can replace some of the need for immigration. That will never be done immediately. Let's look at this pragmatically, put a solution in place so we don't go off the cliff edge, and then look at what long-term solutions are required. I still believe that we are in a very difficult position in terms of the cliff edge that we talked about earlier. We are still very near the cliff edge. The supply chain could break down at any moment. The focus today is on Christmas, but I think that is a slight distraction from how precarious the whole supply chain is at this moment.

Graeme Dear: I think that there are unforeseen consequences. I read a headline in *The i* yesterday, but I had been told three weeks ago by one of the labour providers that he is down 300 people in terms of registration out of 800, so he has a pool of 500 instead of 800. The most interesting thing he said to me was, "All my bus drivers are leaving to become HGV drivers because they are getting more money. I've got nobody to drive the people to the plants, even if I have the people." There are all these unintended consequences that, of course, nobody could have foreseen, but we need to have a plan that allows us the flexibility and ability to build a contingency so that we are not left stranded.

Q55 **Julian Sturdy:** Charlie, is there anything you want to add?

Charlie Dewhirst: There is this issue of trying to get to grips with what is Covid and what is not and, therefore, it is difficult to make these longer-term decisions. That is why we asked for a temporary solution. Yes, there is a need to review the whole thing, going forward.

Chair: For it to be joined up.

Q56 **Julian Sturdy:** I know you want to move on, Chair, but very quickly, what discussions have you had with the Minister on future plans?

Charlie Dewhirst: Which Minister?

Julian Sturdy: That answers the question, doesn't it, maybe?

Chair: I think this is getting through to DEFRA Ministers. Getting through to the rest of Government is the problem, I think. Your evidence is very useful, gentlemen. I think I do have to move on now, Julian, if you don't mind, to question number 8, which is for Derek Thomas, then to question 9, for Geraint Davies, and we ought to try to finish by about 4 o'clock if we can. I know we have kept you gentlemen for longer, but this has been a very good evidence session.

Q57 **Derek Thomas:** I can be much quicker and will ask really quickly, how are you covering your additional costs? Are we seeing it on the shelves? Are supermarkets being helpful and paying you more money? The costs that you are incurring now, through all the challenges you have set out this afternoon, how are they being covered?

Chair: Are the retailers coming up and giving you lots of money?

Tom Bradshaw: Yes, throwing cash away now.

Chair: Yes, I thought they were.

Tom Bradshaw: We still have a retail price war going on and let's be realistic about that, but these costs cannot be borne at a production level. They have to go up the supply chain and that is going to result in food inflation. Our members cannot sustain their businesses if we are expected to cope with these cost increases on farm. We have talked about labour today, but the inflationary pressures—22% increase, the ag inflation index over the past 12 months; it was published yesterday—have to go up the supply chain.

Q58 **Derek Thomas:** Is that happening, though?

Tom Bradshaw: It is proving challenging, but there are maybe some signs that things are starting to move.

Graeme Dear: I agree that costs will go up. One of the measures that some of our members take in mitigation is that they stop producing some products, particularly those that demand high labour input, so sometimes there are shortages entirely and gaps on the shelves. That is one thing that they have to do to try to mitigate these increasing costs. I agree with Tom. Food prices will have to increase.

Derek Jarman: The range of choice will also become smaller. In our sector, we will do the things that are profitable and take less labour; things that are marginal and take more labour will get put to the bottom of the list. It will reduce the number of plants, the availability of plants and, to a certain extent, the quality of plants because if you haven't got the labour, you cannot produce the quality that the market is used to. We are looking at higher prices, poorer quality and less choice.

Charlie Dewhirst: Leaving aside some of the other things we have discussed today, the pig industry was already in a particularly difficult situation. In the first six months of this year, farmers lost on average £25 per pig produced so they were already in very difficult financial situations and that was due to higher input costs, wheat and straw and everything else. What has happened, of course, is that prices started to tumble because of the strange way in which we report pricing. If you are taking a half-price load, that feeds into the whole pricing mechanism for the week so the SPP goes down and it becomes a vicious circle; it gets worse every week, financially, for the farmers.

There is a recognition, certainly by the farming Minister, that the whole pork supply chain has some serious issues that need looking at because it always falls down to the bottom and to the farmer. That is something we have had conversations about already, and hopefully there will be conversations going forward about how that becomes more transparent at least because contracts do not work for the farmers.

Q59 **Derek Thomas:** It is a slightly unhelpful situation where retailers, the big supermarkets, are having a battle among themselves, which is giving a false impression of the true cost of production.

Tom Bradshaw: We don't set consumer prices. It is down to them what they decide to do with on-the-shelf prices, but if the price to the retailer doesn't go up, we will simply export our industry.

Charlie Dewhirst: Demand has never been better for British products in supermarkets in the last 18 months.

Chair: This is what is so frustrating, isn't it, to all of us? We want British food, it is a great product, great welfare, yet we do not have the process workers to deal with it. We take your evidence with great sincerity. Geraint, over to question number 9, please.

Q60 **Geraint Davies:** Boris Johnson has famously said that by controlling immigration we can drive up wages and productivity, but it does seem to me that in this industry you have to drive up wages to get a restricted number of workers and that will in turn drive up prices and that in turn will bring in more imports and destroy the industry because the industry will become uncompetitive. How would you respond, Tom?

Tom Bradshaw: You have highlighted very well exactly what happens. What we are dealing with, I believe, is a finite labour resource because we do not have high levels of unemployment. All we are doing by increasing wages at the moment is moving people from one job to another. We have seen that with HGV drivers. You have a £3,000 signing-on bonus so the drivers move to another employer and leave the first one short. That is why we have had milk not being collected from farms. It is because suddenly some haulage companies are short of drivers. It does not increase the pool of available labour. Unless somehow—

Q61 **Chair:** I am sorry to interrupt, Tom. How much milk has not been collected from the farm?

Tom Bradshaw: It is very difficult, now, to get an exact number on that, but I would guess that we are certainly into the hundreds of thousands of litres. We definitely are in the hundreds and thousands of litres. Whether it is into seven figures I would not be sure, but we could probably look for some evidence there.

Chair: If you have some figures that you could send us, that would be good, yes. Thank you.

Tom Bradshaw: We are not increasing the pool of available labour. The high-wage economy is something that sounds fantastic, doesn't it, but if inflation rises faster than wages, nobody is better off. There is this danger. If we see an increase in wages and we do not see an increase in either productivity or the price that we are receiving on farm, it is a dead end. It is as simple as that.

There is a lot of work going on into automation, which we have not touched on today—a huge amount of work going into automation—but for it to be transformational at a primary production level, we are probably seven to 10 years away before it is really transformational. We are awaiting a report from DEFRA on its review on automation. It will be very interesting to see exactly what it pulls out in there. It is really exciting, but it will supplement labour rather than replace labour, and it is not going to happen in the next two to three years.

Chair: The labour you will need will be highly trained as well, won't it? It will have to be, for the computerisation and so on. I am sorry to interrupt again.

Q62 **Geraint Davies:** Can I turn to Graeme with the same question? The idea that by stopping immigration you can somehow drive up wages and productivity does not make any sense if you can simply import products more cheaply. When you drive up wages, you drive up the prices, and people just import and you destroy your industry. Isn't that right?

Graeme Dear: Tom made the comment and hit the nail on the head; it is exactly that. We built a successful economy as the UK, pre-Brexit, on the back of a significant number of EU nationals and we have lost these people. It is then impossible just to replace them overnight so we need time and that is what we are asking for.

Chair: And flexibility.

Graeme Dear: Time and flexibility. Give us some people to help us make the investments to put in place the automation. You are absolutely right. We will see an influx of imports because the demand is there. I see from the import-export data within Europe that our exports to Europe have gone down, which is good—more consumption—and imports have also gone down, but it is because part of the Brexit deal makes it difficult just now. That will ease off and we will come under increasing pressure.

I also spoke to one or two smaller operators who just buy frozen chicken and they buy it from Thailand because it is cheaper. That is not very good with COP26 round the corner and here we are shifting chicken from Thailand to the UK to put into our food service. I think there is a lot more, but to achieve the lowest cost to be able to deliver the best value of high quality, top welfare, Red Tractor standard chicken we need to make our plants efficient, so we have to drive that down. It is a combination of having the right number of people and the right level of investment in automation. Just now we need a stay of execution to give us people for two more years and we will deliver something a lot better than we have today.

Q63 **Geraint Davies:** We do not have freedom of movement of workers, but you do have freedom of movement of products. Then clearly people produce the product somewhere else and bring them in, don't they? In general, would you agree with me that the way forward is to have

freedom of movement of workers, albeit for a fixed time of five years or something, which would not be a freedom of movement of everyone everywhere? Freedom of movement of workers and possibly conversions of regulation of product standards to open up the market again while constraining immigration to a certain extent?

Graeme Dear: We are entirely comfortable that Government have control of the amount of people that come in and out, so it is not about having freedom of movement of workers. It is about controlled movement of workers so you can decide exactly if it is a one-year visa or a two-year, three, four or five, whatever, but the bottom line is we need workers. We cannot just live on pressing a button and hoping something comes out of that.

Chair: It is not only about control, but also about making sure the visa applications can run pretty smoothly and efficiently and quickly. I think the problem we have at the moment is it is taking too long to get all this up and running, even if we allow.

Q64 **Geraint Davies:** Charlie, the same question, this idea that you can put up the wages, cut migration and everything will be all right, does it not mean that people will just import cheaper products and close down the agricultural industry?

Charlie Dewhirst: It is an interesting one for us because the labour shortage has been in the processing sector, not on the farm. It has not been the fault of the farmer. It is not anything they can directly control in terms of finding these butchers. The problem we had was there was zero supply left of the skilled butchers, and they are highly skilled roles, and they are well paid, so it was unique in that sense.

We have seen a contraction in the pig industry. We know of 27,500 sows that have already gone out of production since this started this year. That is around 7% of the female breeding herd in the UK. It takes 10 months for that to feed through before you start to see an effect on British output, but British people will still love the bacon sandwich, still enjoy the sausage and will still want to eat great pork. What will make up that 7%? Of course, it will be imported. Every time this happens, we get a contraction and we have to supplement that pork from elsewhere.

Tom Bradshaw: There is an important point that you have not explicitly said. Every one of those pigs on the farm is on contract. Every one had a home to go to when it was born and the processors have let down the primary producers. It is not a shortage of labour, as Charlie has articulated. Farmers have the workers. The processors have been unable to get the workers because of the tightness of the immigration policy and the farmers have carried all the cost of that. It is simply not right that processors will still be making money and the whole burden has fallen on the primary producer, the farmer. Every one of those pigs is on contract and the contracts have not been worth the paper they were written on.

Graeme Dear: Already I am seeing a reduction in the number of parent stock broiler breeders placed on the ground and that will have an impact into next year. We need an urgent solution to stop that continuing for the next three, four, five or six months, because it will then just carry on into 2023. That will suck in a lot of imports and we do not need to do that.

Q65 **Geraint Davies:** Derek, do you have a final comment on this business of controlling migration to lift wages when you can just import products cheaper?

Derek Jarman: Back to the original question: if you need 100 workers and you only get 50, it does not matter what you pay them; you will still only produce half what you were expecting to produce. In our industry, we can see imports from Holland of flowers and plants are well up. Exports are well down, and that is what is going to happen. We will see our industry exported to Europe, so the picture looks bleak. We are really concerned.

Q66 **Chair:** Graeme, you talk about 5,500 workers for the turkeys at Christmas. You will not need as many after Christmas, but how many extra do you believe you need?

Graeme Dear: We are down 16%. We have 40,000 workers in our industry, and we are 16% short, so we have 6,000 positions that we could fill.

Q67 **Chair:** In a way, the 5,500 who are allowed in for Christmas need to be maintained, don't they?

Graeme Dear: It would be nice.

Tom Bradshaw: The demand for the Christmas poultry increases the workforce demand by about 5,500 workers. A lot of that may be farm-based. Some of it is processor-based and some of it is farm-based, but if we increase it permanently for processing poultry all year round, there will still be a peak next Christmas. We cannot think that is job done because suddenly there will be a shortage next Christmas so let's be clear about what we need.

Chair: Even my own neighbour who produces a lot of turkey is struggling very hard to get the labour, so it comes home to all of us on every scale. I thank you, gentlemen, for excellent evidence. It will give us a lot to put to Ministers and we appreciate it very much. You may step down and I will allow you to go. If you want to sit in the Gallery at the back, you are welcome to watch because our next panel will be by Zoom on the screens. It is entirely up to you, but thank you very much for a very good session—great evidence for us—and we appreciate it. You did not take too many prisoners, which we were very pleased with, so thank you very much. We must try to make sure we do not take too many prisoners when we get the Ministers here. Thank you very much. We will pause for a moment to get the panel members in.

Examination of witnesses

Witnesses: Nick Allen, James Russell and Ian Wright.

[*This evidence was taken by video conference*]

Q68 **Chair:** We will make a start. Welcome to the continuation of our EFRA Select Committee inquiry into the labour shortages at the moment. Can you quickly, please, starting with Ian, then James and Nick, introduce yourselves for the record?

Ian Wright: I am the chief executive of the Food and Drink Federation.

James Russell: I am senior vice-president of the British Veterinary Association.

Nick Allen: I am chief executive of the British Meat Processors Association.

Q69 **Chair:** The first question is similar to what we asked the previous panel. How great a challenge do labour shortages present for your members and are you confident it will be Christmas as usual for consumers when they buy their food? Ian, I will bung this ball straight at you from your great experience, so over to you.

Ian Wright: Thank you very much, and good afternoon to you and all the Committee and my fellow panellists.

We are very bothered about the labour shortages. We think they have a very significant impact on the supply chain from farm to fork and, as was said in your earlier session, it is important to understand, as Tom said, that these labour issues are not necessarily uniform across the supply chain and geographically. There are particular pinch points in the chain. You had a long discussion earlier on butchers. That is a critical one.

We know about the difficulties in abattoirs. There has been enormous coverage of the difficulties facing us with HGV drivers, but they also appear in other parts of the chain. We have them among process operatives, who are skilled and semi-skilled people working in factories. We certainly have them coming, and I think we will see the impact of this on some of the Christmas supply issues with agency workers who would be brought in to help with the Christmas bulge and who are extremely difficult to secure in food manufacturing at the moment.

Further downstream in the chain, we see massive difficulties in the hospitality sector. I was around Kirkby Lonsdale in Lancashire and Westmorland two weeks ago, and every one of the food outlets on the high street there, whether cafes, restaurants, pubs or shops, had demands or requests for three or four staff, which would be probably 40% or 50% of their complement. Those sorts of outlet, as a consequence of labour shortages, cannot operate at full pelt so they

either have to close at lunchtime or close their café or they cannot offer particular services.

These labour shortages are having a big impact on the profitability of businesses in the hospitality and food service sector. They are having a big impact on the capacity of my members in the manufacturing sector to deliver on time, every time. That is why you see across supermarkets and in hospitality something like one order in five not being fulfilled on time, in the right place and in the right quantity.

My last point is that that itself is a real threat. Indeed, it basically undermines the just-in-time practice we have had in the food supply chain for the last 40 years. If the product is not delivered on time every time, then just in time is undermined, which is why many stores and hospitality outlets are seeing really disrupted supply. Will it continue? Yes. Most of our businesses think it will continue well into 2023, all through next year, and not just next year but into 2023, absent a change in the labour market. I will come on, if I get the chance a bit later, to explain why I think these difficulties exist in the labour market.

Christmas will be bumpy. It will be much better than last year and most people will get something like what they want, but as has famously been said, if you want a choice of devils on horseback or pigs in blankets, you will probably not get them.

Q70 **Chair:** Thank you for that forthright start. Nick Allen, I will bring you in next from the British Meat Processors Association and then James on the veterinary side.

Nick Allen: Across the board, our members are telling us they are about 15% or 16% short on staff. If you are running a meat plant at the moment and you have 1,000 people, you wake up in the morning and you know you are 150 people short already. Your day starts with the thought, "Which workers will I lose today? Will I lose some because of Covid-19? Will I lose some because they have been poached by someone else and they will turn up and hand in their notice?" Some will not turn up at all.

If you are a supervisor or manager in that sort of plant, as well as wondering whether you are able to keep your line running, you will wonder how often you will have to intercede and join the line and do the manual work yourself as well as your job as supervisor. The managers of the plant have to decide what lines they will implement because they are trying to avoid the lines where they need a lot more work, more butchery. On top of that, if you have it through the plant and produce it at the end of the day, you are worried whether you will run into haulage problems and be able to get it delivered to where you want it to go to.

I have been in this job 23 years now, so I have been working in the industry. I have never known morale in the industry so low and it to be so tough out there. I am seriously worried about some of the people in

the plants, the mental health side, the stress they are under at the moment, and there has been no end to this. The Government seem absolutely determined to give no ground whatsoever in terms of helping us with bringing more labour in. We have been increasing the wages. We cannot find people and all we are doing is poaching one another's staff. Morale is incredibly low.

On the impact it will have on Christmas, I agree with Ian. These guys are running their plants at about 80% or 85%. There will be stuff there on the shelves. There will not be the choices that people are used to at Christmas, but there will be stuff there. My concern is that this is not about Christmas. The challenge we have going forward longer term is much more than getting through Christmas. We have a longer-term problem here at the moment. I think morale is so low because people see the Government are completely unmoving on this problem.

Q71 **Chair:** The problem is that there has been too much politics in it and not enough pragmatism. Hence, we take your advice and evidence this afternoon. Thank you for that. From the veterinary side, we will talk a bit more about all the effects, but how are you finding it with the number of vets available at the moment?

James Russell: We are increasingly concerned, and we start from the base of having spoken with you a number times about our concerns about veterinary capacity within Great Britain and the United Kingdom more broadly. If I can put numbers around that, we know that we have relied very heavily on European Union vets coming in and swelling our ranks. The numbers are a little bit smaller than Nick is talking about, but we know by the end of August 2019 we had put 757 EU-trained vets on the register during 2019. By the end of August this year, that number was 250, so we are seeing about a third of the number of people registering that we might expect at the same time that all these demands are being put on our time.

You have heard today from farmers and industry members, and we are hearing those concerns daily about the stretch being applied to the profession. That gives me a number of concerns. I know you want to come on to some of these later, but first and foremost among those I point to the fact that we are absolutely at the limit of our capacity. We know we are seeing the need for this delegation for temporary registered OVs to be working in our slaughterhouses. We are only seeing that because we do not have enough people in the country ordinarily to fulfil that requirement. If we do not have people here to fulfil that requirement, we have real concerns about how well placed we are to cope with a potential future outbreak of a disease, whether that is another challenging avian influenza season through this winter or African swine fever arising on our shores.

On a more local basis—this came up at a roundtable that I was involved in last week with a number of senior vets from right across the profession—we know if we look at the way vets split out their proactive

herd health management time, which is what we use to predict, to prevent, to improve welfare and to prevent future welfare harm, versus that more reactive, firefighting time, as numbers become more pinched, we see that proactive time dropping off and the reactive time remaining higher.

That does a number of things. It means we are not able to fulfil our commitments to support animal health and welfare on farm as well as we would want to with that proactive view. It also—we have heard this from other witnesses as well—impacts on the wellbeing of the people involved in that who are suffering the moral injury of knowing they are not in a position to do all the things they would ordinarily want to do. So, very concerned and increasingly, would be my one sentence summary.

Chair: Thank you for that. Our colleague Neil Hudson will be drilling down on that a bit further in a minute from the veterinary side. Rosie, you have a supplementary question.

Q72 **Rosie Duffield:** Following on from Ian's comments on just in time, I wonder what the panel thinks of George Eustice's statement that we have highly resistant food supply chains. I heard him say that on "The Andrew Marr Show" at least once. Do the witnesses agree with that statement that we have highly resistant food supply chains at the moment?

Ian Wright: Very briefly, because Nick wants to come in, I think he said resilient, Rosie. I will probably defer to James on this. It probably is quite resistant to one or two people. The answer to that is yes, it is resilient because it grew that during the Covid-19 crisis and it was very resilient. The problem is that that period of 18 months of full out, full steam ahead, doing everything for everybody has rather taken its toll.

What has also happened is workers leaving the UK, and I put this down to Covid-19, not to Brexit, because the people who left were all registered to stay under the leave to remain and settled status schemes. So, 1.5 million people who were already registered, who must have intended at least at some point to stay in the UK, have left. That is perfectly understandable, given the global trend of people going to be back with their families near where they live, where they feel safer, but they have not come back and that has become a significant issue for us.

As well as these issues about labour, and those are the crux of this, there is a range of other issues that have come to attend us. The issues over gas prices and energy costs, the fact that if you have a relatively tight labour market and you move people through wages—as the Prime Minister has suggested, a high-wage economy—if one group of people are paying a high wage and other people are not prepared to follow, those people who pay the highest wages attract the most workers. However, that may not be a strategic choice and I think that is what happened when we had the fuel crisis. A bunch of petrol tanker drivers switched to work for somebody else and lo, there was a petrol crisis where we had no

petrol. Those issues are not part of a hugely resilient and well-resourced supply chain.

The final issue I would mention is there are some big global issues, too, about container ships. There is a big issue about stuff coming from Asia, where the price of containers has gone up sixfold since I was last round this table. The consequence of that is supply is badly disrupted. Yes, it is resilient, but it is not completely immune to pressures and at some point, once those pressures begin to bite, the fragility of the industry, though it remains resilient, if that is not an oxymoron, is quite significant.

We have discovered in the last few weeks and months since Easter that, though the industry has been very resilient, it is now quite fragile, and that goes to the heart of the morale issue Nick was speaking about. I will pass to him because his comments will also illuminate your question.

Nick Allen: I totally agree with what Ian said. We proved during Covid-19 that it is a resilient supply chain and we took great pride in keeping the nation fed through Covid-19. Now I am worried about how long that resilience can last and it feels fragile. What has changed? During Covid-19 you always knew there was an end in sight. There was a problem, we could see what the problem was, and we knew if we could get through that things would hopefully return to normal.

We did not anticipate the effect of Covid-19 on the workforce and the fact that we were losing more labour, and how totally unmoving the attitude of the Government has been since the crisis. Covid-19 is not over, but the real pressure of Covid-19 is over, and we have learned how to do that and keep the supply chains running through that, to help out. I speak for the whole industry. It feels like a slap in the face. We kept the nation fed during Covid-19 and now we need a bit of help to build up again.

Resilience comes from having something coming up behind. We do not have the people coming through. We do not have butchers in training. We were not able to during Covid-19 and we do not have the mobility of labour. That resilience came from a strong base. That strong base is not there any more, so I am really concerned. As Ian said—he summed it up nicely—it is resilience where fragility is now starting to show and I do not know how much longer it can go on.

Chair: Thank you very much. Julian has to go soon, so I have asked him to do question 13. I will come back to 11 and 12 if it is all right with you.

Q73 **Julian Sturdy:** Thank you, Chair, for doing that. This follows on quite well from what you said at the end of the previous question. Talking about where the Government are at the moment and what future measures are needed, what is your view on the recent measures, such as the additional visas for the sector, the poultry and the pork butchers? We touched on this in the previous session, but I would like to hear your views on this as well.

Nick Allen: I will talk mainly about the pork side, because we do not deal with poultry. Any help is welcome, but it is very important we get those workers here as quickly as possible, and it is how quickly they can get those processes up and running and get us through the processes. When we had workers that we wanted to bring here and they ticked all the boxes, it was still taking eight to 10 weeks to get them through the process. With any luck, the process will move quicker with these and we can get them here, but it is going to be the middle of November. We still have a long way to go.

At the moment, the pig farms are working extra days. When we surveyed them last week, it looked as though they were running about 6% below capacity. How are we going to catch up with those 150,000—if that is the number, as Charlie quoted—that are out on the farm when we are running below capacity? We need the Government to move very quickly. We need those processed and we need to get those workers here quickly.

Quite frankly, we need more. We are probably something like 10,000 to 12,000 butchers short across the whole industry. We reckon we are about 15,000 workers short, but the critical ones are these butchers, so 800 is really scratching the surface right across the industry. If we can get those workers here to get up and running, we are going to do our best to help alleviate that problem.

What can the Government do to help more? We know where there are workers, and we have been able to go and get those workers fairly quickly because we were in touch with them, but the English test—I know this is a politically sensitive area—is a tremendous barrier. It is practically set at the A-level standard. These are people we are looking to bring in who are more skilled with their hands and manual skills and things like that, and they are not necessarily that academic. I have had some people look at these exams—they are experts in exams—and they have made the comment that they doubt whether these people will pass the exam in their own language, let alone in another language. That is not disparaging; that is where they are. They are people skilled with their hands.

The English test is a real barrier. We could get more people here under the current system, under the skilled visa system—the reality of people getting on to the shortage occupation list—if it wasn't for that English test. The pay is no longer a problem. We are paying people more, but looking at the level of that English test I think would help a lot. That would mean that we could get a lot more workers here quickly.

We also need to look at the education side. It is very disappointing, for all the talk there has been about this, that in the T courses that have come out this week there is no mention of food processing. It is just to encourage people to take up more vocational work rather than just head off to university. We need a longer-term plan for this. As the people in the poultry sector were saying in the last session, this is a two-year

issue, not something that is going to get resolved in six months, so we need a longer-term plan. In the short term, we need to get more people here quickly to resolve this issue and take the pressure off. Then we need to look at the education side and we need to look at the automation side, what more we can do from the automation point of view.

I was talking to one of our members last week—well, I will quote two. One made the point that they have had some automation plans in process for some time, which for an 800-people plant would have saved them 100 people, but it has fallen behind because they can't get the machines and they can't get all the equipment to do that. They are running about a year behind on that project. Another one, which had about 800 or 900 workers working there, reckoned he could look at some further automation and he had plans, but that would only reduce his numbers needed by about 100. They have already taken the low-hanging fruit here.

Over the last four years we looked at how much these people have spent and it is hundreds of millions of pounds on automation, but goodness knows where we would be if they had not spent that money on automation. We would be far worse off. We need a plan from Government, but we need a short-term plan and we need to get more people here quickly. Then we need to start working out whether they want us to employ more British people, and how we bring those people in and train them up. It is 18 months once you are trained; it is not a three or four-month course that you can just pull people off the street and put them through.

Q74 **Julian Sturdy:** Thanks a lot, Nick. Ian, did you want to just briefly come in on that as well?

Ian Wright: If I may, and I will try not to repeat everything Nick said, or indeed what was in the earlier very excellent session. I do agree with Nick that the urgent need is to get more people here, but I think some of the other things the Government have done outside the visa stuff needs to be applauded or at least noted.

The thing that I am most encouraged by is that the Prime Minister brought in Steve Barclay and Sir Dave Lewis to look at the whole of the supply chain—not just for food and drink, but the whole supply chain. Sir Dave is a deeply experienced, extremely tough—as I know to my cost on many occasions—character, and he is extremely knowledgeable about this whole thing, having been both a retailer and a manufacturer with Unilever. Therefore, he has a very good view of this. I do think some of the things he is doing have been highly practical. In particular, and I welcome this, he has commissioned a very fast study of the labour market.

It has been my contention both to this Committee and to others that the real problem here is that the Government do not have a clue about what the dynamics of the current labour market are. They don't understand

the demographics. I will briefly rehearse my point, which is we have lost a gamut of workers in different ways: 1.4 million European citizens previously registered for settled status or leave to remain have gone home and not returned. Half a million people have become economically inactive, both at the start and end of their careers. Some of that is due to people going back to university, some of it is people due to IR35, where they just find it no longer profitable to work, and some of it is because they have decided they want a different kind of life: 400,000 workers have moved from the traditional employment sector into online distribution and warehousing for the big players, players like Tesco and Amazon.

It is not surprising people have moved if companies are paying—as some of those businesses are able to pay—top dollar to attract people over Christmas. For example, as widely reported in Bristol, one of those players is paying £22 an hour for temporary workers and is giving, in some cases, some very large sign-on bonuses. That makes it impossible for anyone else to recruit. The consequence is that that is a sort of robbing Peter to pay Paul situation, where some people cannot recruit and others are well served. Those sorts of structural change, together with the fact that the character of our overseas students is changing, mean that the labour market has changed completely since before 17 March, when the Covid restrictions were imposed.

I would say the Government's economic policy, their social policy, their food and drink labour policy, and their immigration policy are all drawn around a labour market that no longer exists. That is the most serious problem we face. We need to get off the hook of misunderstanding the labour market and get it better understood. If we do that, together with some of the other things that Nick has talked about and were talked about in the earlier part of the session, that will give us a medium-term resolution of some of these issues. In the short term it will not help, but for the second half of 2022 and into 2023, which is where my members are already still expecting the situation to be as it is now—they are expecting labour shortages to continue for the next 18 months to two years—those sorts of measure will be helpful.

Q75 **Chair:** James wants to come in briefly, but Julian, we need to be moving on.

Julian Sturdy: We have question 12 for you in a minute, which I will give you the lion's share of, but over to you, James, on this one, please.

James Russell: A very brief addition then, if I may, to recognise that BVA was very welcoming of the veterinary profession being placed on the shortage occupation list, yet as we have already alluded to today, numbers of people coming into the country to work in the profession are well down. There are other structural barriers in place to those people coming and joining the workforce, and I think that does bear reflection.

I will also reiterate and highlight what Nick has just said about future training, and repeat that we welcome the fact that there are new veterinary schools opening. Now there are more UK vets in training than ever there have been, but that needs to be adequately funded by Government in order that we turn out the people who are able to complete the work that we are asking them to do. Short term, we need to get over some of those obstacles; longer term, we need to think about suitably funding education.

Chair: It also takes a number of years to produce a vet, does it not? We are very much aware of that. Thank you for that. Thank you, Julian. I am going to ask Derek now to do 11 and then Neil to do 12.

Q76 **Derek Thomas:** I can skip the first bit, which was around the reasons for the labour shortage. Ian has very helpfully set that out.

Is this unique to the UK? Have we been taken by surprise by the challenge of labour shortages across all sorts of sectors in the food and drink area? Who wants to tackle that? James, shall I pick on you first?

James Russell: Yes, I am happy to pick up on that. I think no would be the short answer, we have not been taken by surprise on this. There are a number of reasons for that. We have known for a while that there is a systemic shortage of vets within the profession. Our 2018 survey of our major employers said there were around 11.5% vacancies at that time. We have just been rerunning that evidence and found it to be roughly similar now.

In terms of the impact of Brexit—both the challenges of people coming into the country to work, but also the increasing demands on our time—again it is not a surprise. We have been talking about this with Government since, I think, probably the day after the referendum vote, recognising that we did not have to wait until we found out whether we had a deal or a no-deal Brexit. We knew there were going to be changes coming to the way that food was moved out of our country in particular, and that that was going to place an increased demand on veterinary resource.

Q77 **Derek Thomas:** Nick, do you want to have a go at that? Were you surprised?

Nick Allen: No, we weren't surprised. I think we were invited to this Committee probably three years ago, flagging our concerns and the challenges that this was going to bring. No, we have not been surprised about how this has come about. Covid has undoubtedly made life a lot more difficult to react to it. We lost 18 months of training. As I said earlier, training was very difficult.

I think what has taken us by surprise is the Government's attitude to this, the fact that they rejected practically the advice from the Migration Advisory Committee. We weren't anticipating that. There is that recognition from the Migration Advisory Committee, from our point of

view, that butchers should go on the shortage occupation list. It had recognised that was a problem. We thought that would help us go forward. We have been surprised by, as I said earlier, the level of the English test, but no, we are not surprised by the challenge; we are just a little surprised by the reaction of the Government to the challenge.

Q78 **Derek Thomas:** Ian, we will be questioning in a minute about what the Government should do or should have done, but if it hasn't come as a surprise to business, what could businesses have done differently to prepare for this?

Nick Allen: I think they were inhibited by Covid, undoubtedly. We have to put our hands up and say we have to do a lot more in the meat sector to improve the image of the industry. I think most people's perception of how it is and how it actually is would be completely different, so there is a job of work to be done there. As I said, we have to hold our hands up and say we have to work harder to try to encourage people into the industry.

In terms of trying to create apprenticeship schemes and doing things, a lot of them did embark and start looking at those training programmes, but it is not just about training. The mobility of labour is a massive problem and housing is an often forgotten issue in all this. These plants aren't always in places where it is easy to get people to them or geared up to get animals to, so that has been a challenge, as well as looking at the housing side.

You can always look back and say there is more we could have done. Certainly, I think everyone is going to say, "Right, what can we do?" It would be wrong to say, "No, we did everything we possibly could," but there are a lot of things that got in the way and Covid in particular lost us 18 months, where it was virtually at a standstill. You couldn't train in advance because you had social distancing that you had to put in place, never mind getting people close, and getting people to move around from one part of the country to another was virtually impossible. On top of that was this exodus of labour, which was unforeseen, I think.

Ian Wright: I have a couple of thoughts to build on that. I agree with almost everything Nick and James said. It is global. It is worth remembering, and looking and seeing the evidence. This is happening across the western world. It is definitely the case in America that you have very many of the same trends, particularly this thing about "going home to be near where I am from". That comes up again and again and again in the studies at the moment, and it is a natural reaction to the real threat and fear of the Covid crisis. People are reassessing their lives.

To the extent of the numbers, the scale of the move away from work where they might have done it before and the 1.4 million people who have gone home from here to the EU and the 500,000 people who have become economically inactive, I think that is a surprise to everybody. It is certainly a surprise to the Bank of England. It said that in its report. It

is certainly a surprise to the Government, because they haven't been tracking it. I think it is a surprise to us all.

Whether that is permanent or not is an interesting question, but one thing that strikes me as quite a serious point is that if it is the case that these are social changes in people's attitude to work and to the place they choose to work, the Prime Minister's injunction—which I admire—to create a high-wage, high-skill economy is not going to cut it as an attraction, because those sorts of people who have made that choice aren't going to move for money. It is a choice against money; it is a choice of a lifestyle, and that I think is something that we are all going to need to reflect on.

Could business have done it differently? Yes, of course we could. We should have looked at these trends much more closely. Even though they are a surprise, we could have seen them coming, but we did start to say this, in fairness to ourselves as an industry. I started to say this at Easter and I got a bit of a raspberry from some Ministers and from others. People who tell you, "I told you so," are always the most irritating characters, and I know I am particularly irritating for many people, but I do think that it is important to now understand that this is a different kind of change and we are going to need to react differently to it.

Chair: Thank you for some great answers there. I am going to move on to question 12 now, Neil, and we will probably bring in James first on this one.

Q79 **Dr Hudson:** I will do, thank you, Chair. Thank you to our witnesses for being before us again today.

Before I get to James, I am going to get on to the culling issues. I wanted to quickly start with Nick. You mentioned in one of your previous answers what capacity the pig processing plants are working at now. Could you repeat that figure and what percentage they are working at now?

Nick Allen: This was some information we gathered last week and have given to DEFRA so it is up to speed. They are probably 10% to 15% short of labour, although they have been working at weekends and working extra hours and things like that, so it looks as though they are running at about 6% to 7% below normal capacity.

Dr Hudson: 6% to 7% below normal capacity and that is in the pig plants?

Nick Allen: Yes, that is 6% below.

Q80 **Dr Hudson:** Do you have any figures for other species, abattoirs and processing plants?

Nick Allen: Yes. Sheep is the highest. They are running at about 16% below capacity and I think beef, off the top of my head, is about 10% or 11% below capacity.

Q81 **Dr Hudson:** Thank you. That gives a bit of background data. Thank you, that is very helpful. I guess coming into the question now, you heard on the previous panel we talked about the risks. We are hearing about pigs currently being culled and there is the risk of many thousands potentially being culled. We have also heard, perhaps less so, implications in the poultry sector, but we have heard evidence as well in terms of milk collections. Are there any other species involved at this point in time in terms of cattle and sheep? It is a different system and so on, but are any of you picking up any risks in that sector?

Nick Allen: I am not, no. The difference between beef and sheep and pigs is that the pig numbers are up, whereas the cattle and sheep numbers are down. A ruminant is also a bit easier to be a bit more flexible with.

Q82 **Dr Hudson:** Yes. I wanted to get that on record before we drilled down into the pig setting. First, I will come to James. You heard on our previous panel I was asking about potential animal health and welfare issues, certainly in the pig sector. Are your members, James—certainly your mixed vets and your pig vets—reporting any increased issues of things like tail biting, respiratory illnesses and things?

James Russell: I think where we have heard mostly from our members at the moment, Neil, is the concern they have preparing for potential on-farm culls, realising that first—

Dr Hudson: I am going to get on to that as well, yes, but in terms of the health implications, you are not reporting that at this point in time?

James Russell: I think our concerns about health and welfare at the moment are the overcrowding. You alluded to that in the earlier session. It is not just increased pig numbers; it is increased unit size, if I can refer to it in that way, and therefore facilities potentially not being appropriate or adequate to manage those animals safely and securely. I couldn't point to numbers of particular vices, but what we can say is that there is a concern that the overstocking puts at risk animal health and welfare. Certainly, the two-week capacity that people are asked to have as part of their Red Tractor contract is in many cases being used up at the moment.

Q83 **Dr Hudson:** Thanks, that is very helpful. You touched on it in your previous answer there, James, that there is a nervousness now within the veterinary sector about preparing for the implications of a cull. Can you give us a bit more detail on that, as to what it might involve? How imminent do we feel, or do you feel, that the cull is?

James Russell: We heard the numbers earlier—about the excess number of pigs that are on farm—and I think we have heard from others about the concern that we aren't seeing the increase in capacity to process those animals effectively for food that we need to see for that to take place. That side of this is outside my area of expertise. Where I have been working is to try to understand what it would mean on farm and what it would mean for farmers to have to undertake this process.

I would like, Neil, if I may, to come at that from a couple of angles. First, on the practicalities of it, the Pig Veterinary Society estimates that it may have 50 to 70 vets around the country who are adequately trained and qualified and have the appropriate relationship with their clients to be able to undertake a cull such as this—a cull that we heard earlier has seen 8,000 unnecessary deaths on farm. If we were to get that up to the 120,000 to 150,000 pigs that we are thinking may be affected by this, then yes, that is a huge undertaking for a relatively small number of people.

There are practicalities to that, which I had not appreciated at all until I started listening and learning about this. For example, the rate at which one can re-fire a captive bolt gun can be a limiting factor to how many animals per hour, and therefore per day, it is possible to cull on a farm and to do that humanely. There are some very practical issues that mean that this would be a very difficult thing to do and would put huge stress on both those farmers and their vets.

You spoke earlier, Neil, about the horrors of foot and mouth in 2001. Like you, I was out in the field at that point involved in the frontline of that operation to try to rid our country of what we knew was an exotic disease and to try to protect the health and welfare of other animals in the country. Despite the fact that that was the reason for doing it, we know that it had a huge impact emotionally as well as economically—the future of farming and all those aspects—on a very large number of people, both vets and farmers.

When you compound that by saying that this is something that is absolutely avoidable and that we are slaughtering these animals, culling these animals, not to prevent the spread of a disease but simply because we don't have the capacity to process them for food, I think that really magnifies the size of that harm to all the people involved in it, quite aside from the sort of moral, economic and environmental wastage of those animals.

Q84 **Dr Hudson:** Thank you, James. That is very powerful evidence for us. Can I just push you? You talk about 50 to 70 specialist pig vets who potentially could be capable of doing that. If we did, heaven forbid, have to go into mass culling, what impact would that have on other veterinary services? Some of these vets will be involved in other aspects of veterinary medicine as well. I am going to get to this in subsequent questions about the shortfalls in the veterinary workforce at the moment, but what impact would it have on other aspects of the veterinary world?

James Russell: The 50 to 70 vets I alluded to really are the specialist pig vets in the UK and that is about the size of that sector. I think if those people are engaged for a period of time in culling animals on farm, they are not available for other work.

Q85 **Dr Hudson:** That is what you were talking about earlier about proactive versus reactive, and then we will be taking our eyes off disease

prevention and that side of things, yes?

James Russell: The predict and prevent models of health and welfare, exactly.

Dr Hudson: Thank you. I think that is probably enough on that section. I will come back on workforce issues later.

Chair: Thank you. We have some further questions to drill down on that, Neil. Thank you, James. Geraint, can I bring you in on question 14, please?

Q86 **Geraint Davies:** Yes, certainly. The issue for me, rounding up some of these problems in a nutshell, is what should the Government be doing? We appreciate there have been constraints on labour and I know, Ian, you have mentioned some of the structural changes that might not have been anticipated. People have already mentioned the idea of not requiring language tests to be at the same level and so on, but to get the sort of volumes we need to get the businesses back on track, don't we need a much more flexible freedom of movement of workers, be it specific workers for a fixed term, which is longer than a period of months? Do you want to start, Ian?

Ian Wright: Sure. First, if I might take that question and refer back for one moment to the previous exchange, I would worry, as James just said, that if there were these mass culls—I have lived in the rural economy all my adult life, and I very much remember 2001 and the pyres of animals at the end of every valley smoking for ages. That was pre-social media in its full incarnation. I would really worry about the impact on consumer, shopper and diner confidence and the sentiment of those sorts of scene, if we saw those coming in the coming weeks, particularly if they were linked ostensibly or clearly to some form of fixable problem.

I don't think many people would be very impressed by that. I think it would scare a lot of people, and I think it would be of great concern to those of us who work in the food and drink economy and who could see confidence being knocked in rather a serious way. Sorry, Geraint, I know that wasn't an answer to your question, but—

Q87 **Geraint Davies:** I know, because I was an MP at the time, that there were serious levels of dioxins being cast into the local environment that were public health problems, as well as the psychological problems you are talking about, but yes, carry on.

Ian Wright: I think it is just horrible. It is a ghastly prospect for an industry that is supposed to attract people, particularly at Christmas. On your point about what the Government can do, first, they can obviously avoid that problem in some ways with some actions. I do think this labour market thing I wittered on about just now is very important. If they understand the demographics of the labour market, and they put some of their pre-thought concerns to one side and try to address things

practically, I think they then have a real chance of addressing some of these issues. Some of it will require quite serious short-term action. We have talked about a Covid recovery visa, although I know that is something the Government do not like, but it is those sorts of practical solution.

The Secretary of State at DEFRA and his team are hugely practical. I have said before to this Committee that I cannot fault Secretary of State Eustice, Minister of State Prentis, and the whole team there. They are very practical people. Whenever we enumerate a problem to them, they often provide a solution.

What we need is the same level of practicality from BEIS and from the Department for Education, for example, on the T-levels issue that Nick was talking about earlier. It is a shame that the DfE does not seem to understand that food and drink is nearly the largest industry in the country, and certainly the largest manufacturing industry. It does not address that in its qualifications.

This also requires some fairly quick practical solutions from the Chancellor, not necessarily with grants but giving attention to the potential for tax concessions on automation in the way that Nick was talking about earlier. If we get tax credits and tax concessions for automation, that will help small and hard-pressed businesses find the place in the balance sheet, in the P&L, for them to address some of these issues. If we went for small, practical, non-ideological solutions we could get a long way. That is why I place a lot of hope in Sir Dave Lewis's involvement in this.

There are some resources the Government could call on. AHDB has a huge wealth of knowledge in this area and can help provide some of the back-up to some of these practical solutions that I am talking about.

Q88 **Geraint Davies:** In terms of what the Government should do, the Government, of course, are talking about delivering all sorts of new trade deals with New Zealand, Australia, this sort of thing. They are also saying we have an opportunity in our food industry to export more to more markets. If we do not have the labour market right to produce enough food for our own market, without being undercut from imports, the idea that manufacturers can go to the next stage and increase volumes to export seems a bit far-fetched. Would you agree with that?

Ian Wright: We take a slightly different view from NFU on the current trade deals, and I will not get too far into that. We are free traders as manufacturers. We like free trade, but—this is a big but—it is bonkers to have a situation where, at the moment, the exporting of food and drink manufacturing—food and drink products generally—to our biggest single customer, the EU, is made more difficult, and importing of product from the EU, our biggest single supplier, is made easier. If you are a European supplier you are advantaged in selling into the UK market at a time when

our exporters have major barriers. That is absolutely not what was meant by taking back control.

I understand this is to facilitate shelves being full over Christmas, and no one wants that more than us. I have to declare an interest: of my biggest members, many are European companies, so they are very keen on this. However, the current balance in favour of importers is truly bonkers. That has to be addressed as well.

Q89 **Geraint Davies:** Nick, do you want to tell us a quick list of things the Government should do, given it is in a crisis?

Nick Allen: To pick up on a couple of things Ian said there, I completely agree with him, but DEFRA and the DEFRA Ministers get the problem and understand this. The problems sit with the Home Office, it seems to us, in terms of the migration policy. The short-term fix here is to look at the migration policy and apply some fixes to that. That is the quick short-term fix that needs addressing. The Home Office seems to be the barrier to that. That is the first thing I would say needs doing.

Ian is quite right, Sir Dave Lewis looking at the labour market and understanding what has happened in this country may be the thing that makes the Home Office look at this a little bit differently, because clearly it is thinking about this. It feels to me—I think someone said this yesterday in the House of Commons—as though our Government are in a little Brexit bubble and they have not acknowledged how everything else has changed around them. They are still applying the things that won the Brexit debate and the philosophies there.

To touch on what you were saying earlier, these trade deals are against a background of the fact that our costs and our labour costs are going up dramatically. We are ending up uncompetitive on our home market and we will be uncompetitive on the export markets if we are chasing this high-wage economy without some substance behind it. That has to be worrying. I cannot see where that is going at the moment. Just paying people more, if they are not there, as we said earlier in this debate, means that people are just moving around and ultimately putting us at a disadvantage. Some of the trade deals that have been struck are making us even more vulnerable on the home market as well.

To pick up on what Ian was saying about the export health certification side and the costs of that, so far we have spent about £50 million to £60 million just on export health certificates alone. That is before you start to cost out the army of administrative staff you need to get this through. Why? To tell the European consumer that our food is safe and we are following exactly the same practices as we were before we left. In the meantime, they do not have any of those costs. It can come in here free of charge and will probably continue to do so. That will put us at a disadvantage as well.

Q90 **Geraint Davies:** This might be too much to ask, but, in theory, if we had

a greater freedom of movement for workers, in particular across agriculture for a number of years rather than number of months, alongside convergence of product standards with the EU single market—this would not mean we had to rejoin the EU, of course—would that not be the strategy we should have to get less friction and greater trade and more viability for the whole industry?

Nick Allen: When the people of this country voted to leave Europe, they voted to put our politicians in charge and make decisions and manage the country. That is all we are saying at the moment—manage this. We are not saying throw the doors open, go back to free movement, but there is a problem here. Let's manage it. Let's assess what the problem is and let's do something about it.

Our Government are in charge now and they make decisions. That is what the people of this country wanted them to do, and what they expect them to do is manage the situation. If we are sticking to the same food practices and the same legislation as we were before we left Europe, arriving at some agreement whereby we do not need all this bureaucracy and all this cost, it seems ridiculous in both directions. Fine, if we then, going forward, decide we will change what we do in this country, you have to look at it again. Our Government need to say, "We are in control here. We will make these decisions. We will manage this." It does not feel as though they are doing that.

Chair: Can we leave that last bit because time is going on? I have three more questions.

Q91 **Geraint Davies:** James, do you want to make some comments about what the Government should do to try to fix the problem, not just short term but moving forward strategically?

James Russell: We alluded earlier to that long-term goal of making sure that we improve our self-sustainability in veterinary workforce production. In the shorter term, we recognise that we do need more people to come and work in official controls and the bits of veterinary work that are overseen by the Food Standards Agency, and in export health certification work as well. That is somewhere that we recognise there is the capacity to make change.

Historically, 95% of vets standing in slaughterhouses inspecting meat, being a vital part of food safety and enabling us to export that food as well as to consume it safely in the UK, have come from the European Union. Not surprisingly—with the numbers I gave earlier—that has been the first point in the chain to be pinched.

It is also true that those have been some of the least well-remunerated vets working in the country. That is a Government contract. It is being provided through private contractor, but it is a Government contract. We would point to that area and say there is somewhere that Government could choose to begin to pull some levers and make some differences,

especially at a time when we know that it is not perhaps that work is less attractive in the UK at the moment, but as our European neighbours look ahead to thinking about having to complete their own export health certification work in order to export to Great Britain. There is perhaps a greater pull for those EU colleagues to stay within the European Union for all the reasons that have been very well rehearsed, perhaps easier to maintain their work. There are push and pull factors at play there that we see could being looked at very closely by Government at the moment.

We do applaud the consultation that FSA has undertaken on its operation of delivery. There are some concerns about how infrequently it mentions animal health and welfare, but we recognise that that is part of what we are all involved in here, which is trying to see how we can most effectively use it to make sure that we do fulfil that vital part of food safety and enabling exports without leading to either duplication or clerical administrative level work being done by those highly trained OVs. There are a number of aspects there.

Chair: Derek, can I bring you in? I want to finish up in about 10 minutes.

Q92 **Derek Thomas:** I represent a very rural area in west Cornwall and the Isles of Scilly, and have had conversations with my fruit and veg and daffodil producers for a long time about how we grow our own labour market. What is the way to do this? What will we do to make sure we can use people who live in the UK to do the work that we all know is needed? What plans do you have?

Chair: We have talked quite a bit about this, so do you want to nuance what you have said?

Derek Thomas: If there is anything more to say, it is just that we have had so many conversations with Ministers and they just refer us back to the fact that we should be driving our own workforce. Is it completely impossible to do?

Chair: What are your experiences in getting a British workforce into the business? I will bring Nick in first, then Ian.

Nick Allen: It is incredibly challenging now. That said, we have now moved into a different financial climate; more pay is being made. Butchers now can get close to £40,000. That might alter things considerably and that has not been there in the past. It may encourage people into it. We do need to make it more attractive and try to explain to people what they are getting. Butchery, in particular, is a life skill and it is a great skill. It is a very satisfying skill. We ought to be able to attract some people into it.

It starts with how many jobs we have in this country and how many people we have. I think Ian said, "Do we know that?" Do we understand what we have here? If we do not know those answers—we need to look at automation, but automation is a long way down the track. It will get

rid of labour, certainly in our field and certainly a lot in food production areas, because a lot of it is very manual. My concern about automation in meat plants is that it is very expensive to put in there and that probably means that we will have fewer meat plants around the country, fewer abattoirs around the country, and animals will be travelling even further, which is a challenge in itself.

The starting point will be understanding how many jobs we have and how many people we have to fill them, bearing in mind that you will always have about 4% unemployed. That is always there. We need to do the sums first and, if those sums do not add up, we need to look at our immigration policy and see where else we can get them.

Q93 **Derek Thomas:** We need to do something about the working age population as well. In my neck of the woods there are quite a considerable number who are at retirement.

Chair: Shall we bring in Ian on that because he was talking about the demographics of the workforce?

Ian Wright: It can be done, but it needs to be done in a concerted way and we should not be overly ambitious about what can be achieved in the short term. Let's be clear: there are 4.1 million to 4.2 million people in the farm to food supply chain. Those jobs are not all permanent; they are not all full-time. That is the number of people that we employ. We know that because we asked Grant Thornton to look at it in the summer. In a report that was sponsored across the industry, that is the number they came up with, and they said there were half a million vacancies. That is one in eight.

That is what is behind a lot of the problems that we are talking about, and I am hoping that Sir Dave Lewis's study reveals it. There is no point carping about it. If that is the case, we have to work out what we can do and what the implications are if we get into what becomes a wage firefight for talent. Because if you do get into that, you get the short-term implications or consequences that I have talked about where you rob Peter to pay Paul. You pay people a very good wage in places in specific geographical locations, particularly those somewhat remote from the ability of people to move seamlessly and quickly across the country. As Nick said, that has been significantly restricted by Covid and impeded as a long-term consequence because people are much more reluctant to move away from where they live unless something else intercedes very quickly. That is the first point.

We have to make the careers more attractive. We have to provide much better training. We have to help the DfE to understand why it needs to provide qualifications. Food barely appears in the national curriculum. It barely appears in the T-levels and you have to fight to get it in there. However, we have to have that fight. If we cannot do it through the formal education system, we have to do it through our own schemes and careers in business. Once they do come into the food industry, at any

point, they tend to stay. They like it. It is exciting. It is interesting. It is very much in touch with the consumer, with the shopper, and therefore it is a very lively career.

My last point, though, is that if we do get into this high-wage, high-skill economy—I am very much in favour of the first and second bit of that—we have to be very careful about the consequences because we can already see inflation taking off. These costs have to be passed through. Businesses in this supply chain cannot absorb all or even much of the additional costs right now post-Covid, and we see inflation taking off. I saw a figure of 22% in agricultural inflation mentioned this week in one of the studies. We have been saying that food price inflation—not the whole basket of inflation—is in high single digits, or will be by the end of the year. We are coming to the point where the Bank of England partly agrees with that.

I am old enough to remember 27% inflation in this country. I was at university, I was on a fixed income, and I remember the lady going round the supermarket with tickets to put the prices up twice in an hour. They went up twice. Inflation is a terrifying prospect for those on fixed incomes. It discriminates against the poorest in our society. We must be careful of the consequences of what we are unleashing here. We need to do all this very thoughtfully.

Chair: Some good stuff there from you all.

Q94 **Dr Hudson:** Into the quick-fire round; the veterinary round. In our previous report on movement of animals—you gave us lots of data on that as well—and the challenges facing the veterinary workforce, we made recommendations to Government to keep a watching brief on veterinary workforce issues. James, you have said an 11% shortage and then you have also said that 95%—we have taken this before—of vets who work in the meat sector in this country come from the EU. Do you have any more granular information about the challenges? We have talked about registrations coming in from the EU. How many vets are we down in processing plants if these EU vets are not coming in? Do you have that level of data for us?

James Russell: Sorry, it is not a great answer. I would have to point you towards Jane in the FSA to answer that question directly. We are still confident that we have not been in a situation where there has been a lack of a veterinary input that has caused either a delay on a supply chain or has stopped something being exported from the country, but that has only been by manipulation and moving about of a finite number of bodies.

Q95 **Dr Hudson:** The 11% shortage figure that you quoted in answer to that, do you feel it is across all aspects of the veterinary community that there are shortages in mixed practice, in companion animal practice, in farm practice? It is to get home the message to Government that we do not have enough vets. Would you agree with that?

James Russell: Absolutely. The report from a major employers group that is responsible for somewhere between 40% and 60% of employment right across the country is that this is a universal problem. There are probably geographical pockets where it is more or less acute. This is right across all of those different areas of the profession. I would add in, as well as those different clinical settings that you have mentioned, the research academia and so on that employs vets in the country. We believe it is right across the piece.

Q96 **Dr Hudson:** We have also heard, and we welcome, that vets were put on to the shortage occupation list. Do you have any feel for the impact of that change? Has that helped yet or is it too early to say?

James Russell: We feel that the much bigger barriers at the moment are the ones that we talked about earlier in this session, the need for English language qualifications, and some of that has been Covid driven. It has been very difficult to get to a test centre to undertake the exams to qualify. Whether it is level 3, 5 or 7, it does not matter if you cannot get to the test centre.

There is another piece there, which is that the Royal College has been able to continue to have that mutual recognition of professional qualifications with those schools that are EAEVE accredited, but, as we have highlighted today, we recognise that there is a greater draw for some of those vets to remain within the European Union. There are structural and exam-level challenges to getting people into the UK, which do not touch the shortage occupation list at all.

Q97 **Dr Hudson:** You have touched on the fact that the Royal College of Veterinary Surgeons has been trying to look at that. Three weeks ago, it agreed to lower the English language requirement again, but it can only go down to a certain level in terms of veterinary medicine.

Finally, you have talked about some of the measures that could be put in place to try to improve the veterinary workforce issues, training, salaries for OVs and that side of things. Are there any other final points in terms of retention in the profession? Is there anything else that you wanted to add? What can we do to help the veterinary profession moving forward?

James Russell: We are working very hard on retention. We recognise that people's time in their veterinary career as an average could be longer. A big part of that is making sure our members continue to enjoy a position in society where they feel that what they do is respected, relevant and important to the country, particularly while we are thinking here about food production.

Our spring survey said that something in the region of two-thirds of our members had been on the receiving end of abuse in the last 12 months. I do not want to start a client versus profession war, but I would ask that we make sure that whenever we have conversations about the veterinary role, particularly in this export line, we are using language that recognises the importance that vets bring to that, the need for that

veterinary signature to facilitate access to the international market, and that we do not fall into the trap of discussing this as being a bureaucratic obstacle because I do not think that does any of us any favours.

Dr Hudson: Thank you. Those are points well made. We should not underestimate the increased burden on the veterinary profession with the increase in pet ownership through lockdown, so the pressure is on small animal practice as well. Valuing vets in society is a good take-home message.

Q98 **Chair:** The point that I want to make, though, James, is that over the years there has always been a problem with getting as many vets as possible into the large-animal area; many go into small-animal practice. As we have the increase in the number of vets, how can the Royal College guarantee a lot of those will go out into the large-animal sector? I speak now as a farmer, not as a vet. How will you solve that challenge? We have lots more vets and well looked after pets, which is great, but not so many on the farms. How do you see that happening?

James Russell: We will continue to graduate as omnipotential vets, trained in all species. I know that every vet who comes on to your farm can look forward to a warm welcome and great encouragement to remain in that sector of the profession. That is about the best thing that we can do for those people now.

Q99 **Chair:** I shall pass that on to my fellow farmers to make sure we do give you a warm reception and we get plenty of vets out on to the farm. Thank you for that, James.

Finally from me, the question that we have dealt with quite a lot. Ian, you talked about the inflationary costs. The cost of processing now is going up all the time. To what extent will that not only recognise in price, but will the large retailers and others pick up those costs or will they just import instead? Where do you see that landing?

Ian Wright: I cannot speak for the retailers; that would be an extremely dangerous thing for me to try to do, although I was one once many years ago. They will try to keep prices down across the big four retailers—Asda, Morrisons, Tesco and Sainsbury's, plus Aldi and Lidl, plus the Co-op, Waitrose, M&S, Boots and others. They are all pretty determined to continue with a degree of pressure on price. You see that in the way that they interact with price promises and so on. That is the direction of travel as a consequence of private equity owning Morrisons and Asda, and who knows where else it may appear. Those ownership structures militate in favour of very low cost and being very competitive. It is very difficult to see how some of that is sustained in a world where all these costs are going up, where you have a gas price—most food factories run on gas—that is five or six times what it was. I talked about container prices as well.

These are very tricky times for manufacturers, particularly for farmers who—as we heard earlier from Tom and others, and from Nick—are at

the end of the chain, and all those in the middle of it. It is difficult. You have packaging if you are in logistics. It is a whole world out there.

At the same time as all this is going on, at the end of the chain the hospitality industry in many cases is still on its knees, still trying to get up off the floor it has been on for the last 18 months. I do think squaring that circle is very difficult. We see that the real truth of it is that the inflation is already coming through. We are in for quite a bumpy ride. It is 30 years since we had serious food price inflation in this country. While, as I said earlier, I hope it will not get to the 1977 experience, I do think this will be a different world with rising food prices, labour shortages, and presumably interest rates rising, although probably only 1% or 2%. That is a different kind of economy. Just as the Government need to think about that different kind of economy in terms of labour demographics, they need to understand that we will be operating in a different food and drink economy in the years to come.

Q100 **Chair:** Thank you. Nick, how much do you think the big processors will be able to pass on their cost to the retailers?

Nick Allen: The trouble is that footfall is everything to the retailers. There is a price war going on out there among the meat. There is basically that battle for footfall that manifests itself in price because despite everyone's loyalty to British, ultimately price is still there and if the differential gets too much, price overall steps on loyalty to British.

I am concerned particularly on the beef front at the moment, and the lamb front to some extent. The prices are incredibly high. Some of the retailers are still being very loyal to British, but it must be costing them dear. How long they can maintain that loyalty to British when their shareholders will be looking at how much they are losing does worry me as to how long that will be maintained.

The short answer is, therefore, that it will be very challenging to make sure these prices get passed on ultimately to the consumer, where they probably belong, really. That will hurt everyone through the supply chain, right back to the farmer.

Q101 **Chair:** Today has been a reality check, which we will try to get through to Government loud and clear. The urgency of it all to be put in place and measures to be put in place are paramount. We take that. Nick, I thank you very much for your great evidence. To James, from the veterinary side, well done. You were led by our witness here, Dr Neil Hudson, but well done. Thank you for your evidence. Ian, of course, as always, very straightforward and again no prisoners. Am I right in saying that this might be one of your last sessions before us? I think you might be going on to pastures new—is that right?

Ian Wright: That is correct. It is my valedictory—if that is the correct word—performance. I wanted to say what a privilege it has been to appear so frequently in front of you and how generous you have been

with your time. Thank you to my fellow panellists, who have always put up with the fact that I witter on. Many thanks to you and your Committee. It has been an absolute privilege for the last seven years and I have had an indecent amount of fun, both in the job and, I have to confess, appearing in front of you, so good luck.

Chair: Ian, thank you not only for appearing in front of us and other Select Committees, but we have also had private meetings and we have had dinner together. You always have some very sensible ideas, as you have had today. We will miss you. We wish you well in whatever you endeavour hereon. Thank you again very much for this evidence session this afternoon. With that, I wish you all a good evening.