

# **NATIONAL FARMERS UNION (NFU) – WRITTEN EVIDENCE ULS0024 – UK LABOUR SUPPLY**

The NFU represents 55,000 members across England and Wales. In addition, we have 20,000 NFU Countryside members with an interest in farming and rural life.

## **Introduction**

The outlook for farming labour is tight and likely to remain so for the foreseeable future because of the ending of free movement, continuing low employment rates and specific skill shortages in the sector.

Actions to boost domestic recruitment have and continue to be made but a reliance on seasonal migrant workers will continue for several years to come.

The following measures are recommended to help alleviate the impacts of the ongoing labour shortages in agriculture and horticulture:

- I. Increase the seasonal worker scheme to a minimum 5 year rolling programme to provide greater certainty and confidence to industry to invest.
- II. Remove the cap on the number of visas in the seasonal worker scheme for the next 5 years with an annual review from year 6.
- III. Increase seasonal worker visas from 6 to 9 months to increase labour efficiency.
- IV. Expand the Shortage Occupation list to include agricultural roles at RQF 1 and 2 which are in chronic short supply.

## **1. What are the recent trends in labour supply? How large are the reductions in the size of the labour force?**

### **UK Summary**

The latest data from the Office of National Statistics (ONS) shows a tight labour market with:

- unemployment very low in the period May 2022 to July 2022 at 3.6% which is the lowest rate since May to July 1974 and with a decrease in the number of people unemployed for a period over 12 months.<sup>1</sup>
- A fall in the number of number of vacancies compared to the previous quarter but still historically high at 1.26m.
- An increase in the total number of workforce jobs to a new high of 35.8 million exceeding the pre-covid level of December 2019.

However, the number of people showing as economically inactive (not working and not seeking work work) has increased and is above pre-covid rates.

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest>

## **Agriculture**

UK wide employment in agriculture has remained relatively stable in recent years but with a decline in the availability of seasonal, casual or gang labour workers. In 2021 employment in agriculture totalled 476,000 with around 300,000 employed in England and 50,400 in Wales.<sup>2</sup> In England:

- Farmers, business partners and spouses accounted for 60% of the total workforce at 179,000 people which is a decrease of 1.6% compared to 2020
- Salaried managers accounted for 4% of the workforce with a 2% increase compared to 2020 and stood at 12,000
- Regular employees and casual workers accounted for 36% of the total workforce:
  - Full time regular workers decreased by 1.2% between 2020 and 2021 and total around 42,000
  - Part time regular workers increased in the same period by 6.7% to 26,000
  - Casual workers decreased by 6.3% from 42,000 in June 2020 to 39,000 in June 2021. In 2015 Defra statistics recorded 67,000 seasonal, casual or gang labour workers employed in UK agriculture.<sup>3</sup> Please note that the Defra survey is a snapshot in time and does not reflect the entirety of seasonal/casual labour. Seasonal workers are needed in every month of the year in varying numbers. The total estimated requirement in horticulture alone is around 70,000. Poultry seasonal workers are not captured in the NFU June survey at all.

## **2. Which sectors and regions are most affected? Are the public and private sectors affected differently**

Focusing only on agriculture, although the total agricultural workforce has remained relatively stable different farm sectors have differing requirements for farm labour. A comprehensive review of labour challenges across the food and farming sector was conducted in the summer of 2021. The **Establishing the labour availability issues of the UK Food and Drink Sector report (The 2021 Labour Report)**<sup>4</sup> identified shortages in:

1. The horticultural sector which has a particular reliance on seasonal workers to harvest and pack crops.
2. The poultry sector with a need of up to 8,500 seasonal workers in the Christmas period processing turkeys. These seasonal workers are sourced from overseas and, in particular from EU countries.
3. Qualified staff in the dairy sector with 63% of businesses responding to a Royal Association of British Dairy Farmers labour

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<sup>2</sup> <https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2021>

<sup>3</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/557993/AUK-2015-05oct16.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/557993/AUK-2015-05oct16.pdf)

<sup>4</sup> [PowerPoint Presentation \(nfuonline.com\)](#)

survey stating that they had difficulties recruiting in the previous 5 years.<sup>5</sup>

4. The pig sector with the National Pig Association reporting that major pig processors reduced intake of pigs by up to 25% citing labour availability as the reason<sup>6</sup>

The significance of migrant labour to UK agriculture was identified by The Migration Advisory Committee (MAC) who commented in a 2018 report that 99% of seasonal workers are from the EU and it is difficult to see that the workforce can come from the domestic workforce.<sup>7</sup>

Defra, in its Food Security Report 2021 agreed that almost all seasonal labour working in UK agriculture came from outside the UK each season.<sup>8</sup>

Several factors have affected the supply of migrant seasonal workers including the ending of free movement in 2020, the impacts of covid and most recently a reduction in the number of Ukrainians coming to the UK because of the conflict in that country. Between 2019 and 2021 51% off all visas issued to seasonal workers were to Ukrainian nationals.

### **EU settled status**

At the launch of the EU settlement scheme, government, industry, charities and NGOs were all very active in encouraging EU nationals to apply for settled status and supported them with guidance and information on how to apply for settled status.

The NFU was also very active in providing information to its members so that they were able to guide their existing workers towards the settled status scheme. It was a regular feature in NFU communications, and members reported back on whether their workers had applied or intended to apply.

While there is no comprehensive data, anecdotally a large proportion of seasonal workers (60%+) did apply for settled status, most of which secured pre-settled status due to the limited time they had previously been in the UK.

However, the 'returnee' rate between 2019 and 2021 fell. Firstly, it is likely that a proportion of workers chose not to apply for settled status, either because they simply did not understand the process, or felt less welcome in the UK, or had made the decision that they wished to work only within the EU. The impact of COVID also had a hugely significant effect on the desire of EU nationals to travel and work in the UK. Also, as the UK labour market recovered after COVID, workers moved into urban and permanent roles elsewhere.

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<https://static1.squarespace.com/static/55115f04e4b0f4baa9ed963c/t/60e56c77068f05622b6d7602/1625648247836/RABDF+Report+into+reliance+on+overseas+workers+within+the+Dairy+Industry+.pdf>

<sup>6</sup> [PowerPoint Presentation \(nfuonline.com\)](https://www.nfuonline.com)

<sup>7</sup> <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

<sup>8</sup> <https://www.gov.uk/government/statistics/united-kingdom-food-security-report-2021>

NFU data shows that returnee rates, which were typically in the region of 40-50% pre-Brexit, had fallen to 35%-37% in 2021. The NFU's 2022 mid-season labour survey indicates a returnee rate of just 33.3%. The same survey indicates that just a third (33.2%) of the seasonal workers in 2022 are EU nationals with settled/pre-settled status. This is down from 51.3% in 2021 and means the reliance on the Seasonal Worker Scheme continues to increase.

### **Domestic recruitment**

When the impacts of Covid became clear, the UK agriculture and horticulture industry responded very quickly; working with government to define the 'critical worker' status for farm businesses and developing the 'Pick For Britain' campaign which sought to raise the profile of seasonal roles to the domestic workforce.

The NFU, alongside Defra and several other trade associations, supported the promotion of the campaign and secured TV advertisements from Waitrose and ITV, and a social media video from the Prince of Wales. Further initiatives included video profiles of domestic workers to demonstrate the accessibility of seasonal roles.

Unemployment levels prior to the pandemic were at record lows, but the pandemic resulted in some workers losing their jobs and millions of people being placed on furlough. Supported by industry and the NFU, the government permitted furloughed workers to take on temporary roles without impacting their furlough payment. This resulted in the greatest ever incentive for domestic workers to take seasonal horticultural roles.

The Pick For Britain campaign, delivered in partnership with Defra, resulted in tens of thousands of workers contacting farm businesses to find out about seasonal jobs. However, this translated into low thousands willing to take an interview, and only fewer still accepting job offers. There was also a high proportion of workers that did not turn up on farm, and many more that lasted for a short period of time in their role, sometimes just a few days.

At the end of the 2020 season, NFU data, collected from member businesses and labour providers, indicated the proportion of seasonal workers that were domestic was between 6-9%. While this is a significant increase on pre-pandemic levels, it remained a very small proportion of the overall requirement.

In 2021, a different approach was taken. The NFU began working with the Department for Work and Pensions (DWP) to identify initiatives at a local level to connect farming businesses with job centres, and to promote farming jobs (both permanent and seasonal) to local jobseekers. Meetings have taken place fortnightly since March 2021 and continue today. Several activities have taken place during this time:

- NFU briefings to educate DWP Work Coaches on the nature and type of farming roles.

- A dedicated email address for businesses to communicate vacancies to DWP.
- Multiple NFU member briefings, online articles, and magazine articles to promote domestic recruitment and to educate members on how best to engage with jobcentres.
- DWP webinar for nearly 100 work coaches, which the NFU spoke.
- Twitter campaign in Cornwall to support recruitment of daffodil pickers.
- NFU hosted visits to farms for jobcentre staff across several regions.
- Association of Labour Provers (ALP) webinar alongside DWP to link up labour agencies with jobcentres.
- A number of farming jobs fairs and 'meet the employer' days, mainly in the Southeast
- The development of Sector Based Work Academy (SWAP) Programmes in the sector
- NFU promoted opportunities to employ refugees, through signposting to government guidance.
- A large food and farming careers fair in Norfolk on 29th September 2022; an interactive, informative fair, showcasing Agriculture as a career and to support current recruitment opportunities.

The success of these initiatives has been very mixed. For example, a 'meet the employer' day arranged by the Maidstone jobcentre had lined up 30 jobseekers to speak to a group of large horticultural businesses in the area, but only 2 jobseekers turned up. Other initiatives have resulted in domestic workers taking up farming roles but, overall, the number of successful placements amounts to tens, not hundreds of workers. Reasons for not wanting to take horticultural seasonal roles are predominantly related to the rural location and temporary nature of the work.

At the end of 2021, NFU data, collected from member businesses and labour providers, indicated the proportion of seasonal workers that were domestic was between 1-7%. The NFU's mid-season labour survey 2022 has indicated the proportion of seasonal workers that were domestic is just 3.3%.

The **2021 Labour Report** cited location and rurality as a key constraint for domestic workers to take up employment in agriculture. The same report highlighted many initiatives across the industry to attract domestic workers, ranging from wage incentives, social media campaigns, engagement with schools and colleges, referral schemes and sponsorship of events.

### **3. Which people have been leaving the labour market? What is the socio- economic breakdown?**

By far the most significant group of people leaving the UK labour market is EU migrant workers. ONS reports that the number of seasonal migrants is difficult to estimate and that the best information available is from the Defra Annual Survey of Agriculture and Horticulture. The 2015 survey estimated the number of seasonal, casual and gangster workers was 67,000. In 2021 Defra reported that the number of casual workers was 39,000<sup>9</sup>. As noted

above the NFU's 2022 mid-season labour survey indicates a decline in the returnee rate of seasonal workers from the EU with settled status which appears to have contributed to the decline.

#### **4. What factors are contributing to reductions in the size of the labour force?**

Factors identified in the **2021 Labour Report** that may contribute to the reductions in the size of the labour force are:

- i. Brexit and the ending of freedom of movement.
- ii. The departure from the UK during Covid of up to 1.3 million foreign born workers.
- iii. A failure to create a flexible migrant worker scheme responsive to the needs of UK agriculture.
- iv. A desire for workers to have jobs close to home, indoor and in urban settings.

#### **5. What effect are wage levels having on the supply of labour?**

A long-held perception is that seasonal work is 'low paid' and that the industry has not invested in automation/technology because it has access to 'cheap foreign labour.' As seasonal workers are paid in line with UK wage legislation, there is no difference at all between the pay of overseas workers and domestic workers. So, it is a myth that seasonal labour is cheap labour.

There is anecdotal evidence that productivity levels of overseas workers are higher than domestic workers. The base pay for seasonal work is the seasonal worker wage rate of £10.10. The average 'take home' pay of seasonal workers has been above £10 per hour for the last few years – significantly higher than NLW. That is because of the availability of picking bonuses available for higher productivity. These bonuses are set at a rate which means most people can achieve them.

In 2021, the NFU arranged a visit of jobcentre staff to a large soft fruit business in the West Midlands. It was explained that picking bonuses were set at a rate that at least 60% of workers would reach. If significantly more than 60 % achieved it, the bonus calculation was not adjusted. The business was glad to pay the bonus for the higher performance. Also in 2021, NFU evidence from the daffodil sector (a survey that captured over 80% of all UK daffodil growers) showed an average hourly rate of £12.08. However, businesses still experienced labour shortages of 33%, with reports that 24% of the UK crop was unpicked.

With labour costs increasing rapidly, there are concerns over the ongoing 'differential' between the National Living Wage and the Seasonal Worker Scheme. The National Living Wage is predicted to rise by up to 9% in 2023. With the introduction of the SWS wage, UK horticultural businesses already faced 13.5% wage inflation between 2021 and 2022.

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<sup>9</sup> [structure-june-eng-series-28oct21.ods \(live.com\)](#)

The **2021 Labour Report** found that many businesses across the food and drink sector had implemented wage increases to retain labour and that respondents reported wage inflation varying between 10% and 30%

**6. How do recent changes in the UK's labour supply with those in other developed countries?**

No comments to make.

*30 September 2022*