

NFU SCOTLAND SUBMISSION: LABOUR IN THE FOOD SUPPLY CHAIN

- NFU Scotland (NFUS) welcomes the Committee's inquiry on the UK Government's proposed Points Based System (PBS) for immigration that will be in operation from 2021.
- Having submitted evidence to the previous Committee's inquiry *Feeding the Nation*¹, NFUS maintains its view that the future immigration system will be key to securing the viability and long-term growth of the agriculture and food and drink sectors in Scotland.
- NFUS believes that the UK Government's proposed PBS is problematic for the future aspirations of the agricultural sector and has strongly outlined its concerns to UK Government. The submission sets out NFUS' primary concerns and considerations with the proposals and the key issues on which it would appreciate the Committee's engagement.

Opening remarks

1. As outlined in prior evidence to the Committee, non-UK nationals are employed in vital roles throughout the agriculture, food and drink supply chain and are vital to significant sectors of Scotland's economy, such as food and drink, hospitality and tourism. Non-UK nationals work in essential seasonal and permanent positions to rear and deliver high-quality Scottish produce.
2. Patterns of employment are not uniform across agriculture, with some sectors (horticulture and ornamentals) being strongly dependent on a seasonal workforce that traditionally came from the EEA, though these sectors are now recruiting outside of the EEA to ensure volume of workers.
3. Out-with the seasonal worker requirements of the horticulture and ornamental sectors, evidence from across all agricultural sectors and allied industries has shown a clear requirement for non-UK workers to be able to fill vacancies in both temporary and permanent positions.

¹ NFU Scotland, 2018:

<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/environment-food-and-rural-affairs-committee/labour-constraints/written/79057.html>

4. Quantitative and qualitative data gathered from NFUS members in 2019 on patterns of employment clearly demonstrated that the vast majority of temporary and permanent roles in Scottish agriculture do not require prior experience, with the exception of a handful of senior positions (such as dairy or driving operators). None of the jobs surveyed required an academic qualification, whilst some required a work-related qualification (primarily in farm machinery operations and haulage). All roles were given in-work training, with clear evidence of upskilling in both temporary and permanent roles.
5. NFUS members try to employ local workers as far as possible and is a key partner in the delivery of new Modern Apprenticeships and skills development in rural schools and communities. NFUS members utilise a range of recruitment tools including new social media. Whilst there are examples of these efforts successfully employing local workers into seasonal and permanent roles on-farm, it remains the case that vacancies cannot be filled without access to a labour pool from outside the UK.
6. Particularly for seasonal posts, NFUS members have found local worker recruitment to be unreliable when compared to workers from overseas:
 - a. The domestic population tend to exhibit a preference for permanent employment, which makes recruitment of seasonal workers difficult.
 - b. Most agricultural and food processing work does not fit the standard 'nine to five' format, with early starts and long hours often necessary and jobs located in remote areas that are poorly serviced by public transport. This makes these roles inaccessible for job-seekers in urban areas who do not have a car.
 - c. NFUS members have reported that local populations often will not respond to job advertisements, or when they do, individuals will fail to stay on.

7. Whilst NFUS believes that the current PBS proposals have made marginal improvements to some of the more untenable aspects of the 2018 Immigration White Paper, as a general principle, NFUS completely disagrees with the continued assertion of the UK Government that there should be no pathways for what it deems to be “low skilled” labour. NFUS also disputes the equation of occupations deemed to be “low skilled” as ones that utilise “cheap labour”. This paper evidences NFUS’ reasons for taking this position.

Skill and salary thresholds

8. NFUS welcomes that the proposed salary threshold that will be built into the future PBS has been lowered from £30,000 to £25,600.
9. NFUS also welcomes the lowering of the skills threshold to RQF3/SCQF6, which NFUS understands to be equivalent to a Scottish Higher or a Modern Apprenticeship. NFUS understands that the UK Government’s Immigration Rules² currently list a number of ONS Codes relevant to agriculture and agri-food which would be deemed as RQF3. This recognition is a significant step forward, as NFUS does not recognise the UK Government’s apparent differentiation between ‘skilled’ and ‘lower skilled’ occupations as it is presented in the PBS Policy Statement.
10. NFUS understands that if a migrant does not have a job that pays a salary of £25,600, it is still possible that they can come to the UK under the proposed system on a salary upwards of £20,480 if, for example, their occupation is listed within the Shortage Occupation List (SOL) and/or they have other redeeming qualifications such as a PhD.
11. Whilst this downward revision is an important step forward, it remains the position of NFUS that skill and salary thresholds are an arbitrary and inflexible tool to enforce within policies which do not necessarily bring about productivity and labour market improvements within the Scottish economy context.

² Annex J, Table 4: <https://www.gov.uk/guidance/immigration-rules/immigration-rules-appendix-j-codes-of-practice-for-skilled-work>

12. NFUS remains concerned that application of a salary threshold still presents significant issues to employers within Scottish agri-food. Evidence gathered from NFUS members in 2019 outlines the variation in wages for occupations where there are currently vacancies within the Scottish agricultural sector (please see Annex 1).
13. Many roles in Scottish agriculture, particularly those that are temporary in nature but which do not come into the Seasonal Agricultural Workers Scheme (SAWS) are paid on an hourly basis. **NFUS asks the Committee to query how non-salaried roles, i.e. jobs paid an hourly rate with capacity for added overtime, as a large proportion of jobs in agri-food are, are accounted for within the proposed PBS.**
14. NFUS understands that the Migration Advisory Committee (MAC) will shortly be commissioned to report on the SOL, including the Scottish SOL. It is concerning to NFUS that in the two most recent MAC reports, the MAC has recommended removing agricultural occupations from the SOL. NFUS believes that the evidence it has previously provided to the MAC has been compelling, but has been disregarded in the MAC's analysis.
15. NFUS believes that it is entirely possible to include measures for targeted migration policies that ensure there are not worker shortages across the Scottish economy within the new immigration system, and that this can be done by properly utilising the Scottish SOL. NFUS believes that this would effectively deliver Model 2 within the Scottish Government's proposals 'Migration – Helping Scotland Prosper'³ without any change to the current balance of reserved and devolved powers.
16. Under such a system, the Home Office would retain responsibility for receiving and assessing applications and issuing visas to successful applicants based upon agreed and defined criteria. NFUS considers there to be strong evidence of shortages of workers within Scotland across agriculture and agri-food, which would inform such criteria.

³ Model 2, Page 19: <https://www.gov.scot/publications/migration-helping-scotland-prosper/>

17. **NFUS believes it is vital that the revised SOL includes a significant range of ONS Codes that genuinely take account of worker shortages in the agriculture and agri-food sector, and that the forthcoming consultation from the MAC properly analyses the evidence provided by stakeholders on a regional basis as well as a national basis. NFUS asks for the support of the Committee in making the case to the MAC on this issue.**
18. **NFUS believes there is merit in governments developing targeted routes for migration where it can be proven that there are specific labour market shortages and/or demographic challenges in remote and rural parts of the country. NFUS asks the Committee to examine the proposals published by the Scottish Government and how such a system could be operable within the current devolved framework.**

Sponsorship

19. NFUS understands that a key feature of the proposed PBS will be that all potential employers must possess a sponsor licence in order to recruit workers from outside of the UK. NFUS has no prior expertise in this area, with the vast majority of members recruiting outside of the current Tier 2 scheme due to freedom of movement being in operation.
20. However, having examined the current system of sponsorship for other SMEs which do currently recruit under Tier 2, NFUS is concerned that the cost of sponsorship is prohibitively expensive in terms of both financial and administrative burden.
21. It is clear to NFUS that if agricultural businesses are to viably make use of the PBS to recruit from overseas then the sponsorship system must be significantly simplified and made cost-neutral for employers.
22. **NFUS asks that the Committee queries UK Government as to how the future sponsorship system will operate so that the necessary preparations can be put in place by agricultural businesses.**

Seasonal Agricultural Workers Scheme

23. NFUS welcomes the UK Government's recognition that there is a specific case for a standalone scheme to bring in workers to undertake seasonal agricultural work in the fruit and vegetable sector, and the intention to increase the number of permits offered through the current SAWS Pilot in 2020.
24. NFUS understands that the UK Government intends to review the current Pilot in 2020, with a view to making recommendations on how, if indeed whether, it will replace the Scheme following the end of free movement from 2021 onwards.
25. NFUS is calling for an urgent commitment from UK Government that there will be a full scheme of 70,000 workers by 2021. Such a scheme must be open to both EU and non-EU workers, have the capacity to give access to returnees, and include the ornamentals sector. It must be open to a wide number of Labour Providers and direct recruiters (i.e. farm businesses). This request of UK Government is evidenced as follows.
26. NFUS and the UK farming unions have consistently fed evidence to the UK Government which demonstrates that for the whole of the UK around 70,000 seasonal staff are required in the horticulture (including non-edibles) sector and 13,000 seasonal staff are required in the poultry sector per annum. In addition, horticultural businesses, unlike any other industry sector have labour costs that equate to between 40-70% of total business turnover.
27. In Scotland alone, approximately 10,000 seasonal workers are required for the horticulture and ornamentals sector in a season that begins in March and ends in October. Worker requirements peak in the summer months, with required increasing significantly throughout May (c. 3,000), June (c. 5,750) and peaking in July (c. 6,200) – eventually dropping down from August (c. 5,000) onwards⁴.

⁴ SRUC, Farm Workers in Scottish Agriculture, 2018:
https://www.sruc.ac.uk/info/120671/our_projects/1840/seasonal_workers_in_scottish_agriculture

28. Returnees are vital to farm businesses as they come with skills and experiences that they have built up on farm. However, there is strong evidence from the sector that where return rates used to sit at around 70 per cent for the best farms, industry average returnee rates have dropped significantly year-on-year since 2016. This is concerning, as it removes skill and productivity from the sector, and incurs additional costs for employers in both recruiting and training up new staff.
29. NFUS is concerned that growers are currently planning what planting will be undertaken in the 2021 season and these important business and investment decisions cannot be made without clarity on there being an available workforce for the 2021 season.
30. Two labour providers currently operate the Pilot scheme, and have predominantly recruited workers from the Ukraine, Moldova and Belarus. NFUS member feedback has been generally very positive, saying workers from this pilot scheme have excellent levels of English, education and motivation. This has positively impacted on other farm workers, improving productivity across total workforces.
31. There have been some problems around visa timescales, such as restrictive opening times for the in-country visa offices, and the laborious and time-consuming method of inputting worker information, which labour providers have reported takes around 15 minutes per worker. In addition, the Pilot scheme is expensive for employers to use; with one of the two licenced operators charging employers £430 per worker. Such problems would need to be addressed moving forward – should such costs remain within a future SAWS, the administration would be too expensive for many employers to make use of.
32. NFUS believes that the solution to the above issues lies in the previous SAWS, which was in operation in the UK until 2014. The previous SAWS allowed agricultural workers, within an annual quota, to come to the UK for up to six months at a cost of £30 per work permit. Between 2008-14, the Scheme was restricted to Romanian and Bulgarian workers as accession states into the EU.

33. NFUS believes that there is a strong case for any successor SAWS to be administered in a manner similar to the previous Scheme. Vital features of any such scheme will be its cost neutrality to both employer and employee, and preference being offered to non-visa nationals from countries such as the Ukraine, Moldova and Belarus and/or EU nationals.

Automation

34. NFUS takes issue with the assertion within the Policy Statement that businesses should seek to automate production and processes as an alternative to recruiting non-UK workers. Modern farms have invested heavily in infrastructure, and in mechanisation where it is practical; but in many cases, particularly in the picking of soft fruit and vegetables, automated alternatives are simply not a credible option as the technology does not exist.
35. Where automation is possible, the ability of businesses to invest is limited by the poor place of primary producers within the marketplace who are working to tight margins. The high cost of borrowing, including bank loan arrangement fees is another constraint which should be taken into account.
36. **NFUS calls on MSPs to query UK Government whether there would be capacity to assist primary producers in making capital investments within automation where it is possible.**

Key business impacts

37. The evidence gathered by NFUS from members who employ both temporary and permanent workers from outside of the UK was that 50 per cent of respondents have experienced problems in recruiting non-UK workers in the last three years. Should these shortages persevere, or be exacerbated by a more restrictive immigration policy, this presents a clear challenge to business productivity:
- a. 29 per cent respondents have had difficulty undertaking tasks in the business due to a shortage of labour. One respondent said they have not been able to meet supplier orders due to lack of worker capacity.

- b. A number of respondents outlined that they have tried repeatedly over a number of years to attract local or domestic workers but with little success. Respondents outlined issues pertaining to the calibre and commitment of local recruits – the vast majority outlined that local recruits did not tend to stay in the job or express willingness to be ‘trained up’.
- 38. When asked what the impact would be on businesses if they did not have access to workers from outside the UK, the results were as follows:
 - a. 63 per cent outlined that they would be ‘unlikely’ or ‘very unlikely’ to maintain the existing business structure
 - b. 64 per cent said they would be ‘likely’ or ‘very likely’ to downscale their business
 - c. 39 per cent said they would cease current activity
 - d. 31 per cent would focus on non-agricultural activities.

Concluding remarks

- 39. NFUS recognises the obvious desire of the UK Government to design a new system of immigration around the concept of skill, however, strongly maintains that the UK Government should be pragmatic in apportioning points for job roles within the agri-food sectors where the kind of tasks needing to be performed can be defined on the basis of ‘manual’ or ‘technical’ skills. NFUS believes the system must also encourage pathways for individuals to be assigned more points if they can display evidence of taking up a role that offers in-work training and/or who will undertake further skills development and workplace qualifications in addition to their employment.
- 40. The evidence presented in this submission has demonstrated the damage to business productivity if there is restricted access to a non-UK workforce to fill a variety of roles. Productivity is key to the future success of the Scottish agri-food industry which is a key growth sector of the Scottish economy. The Scottish food and drink sector and Scottish Government have a growth strategy in place to double the turnover of the sector to £30bn by 2030. This target will not be reached if the sector cannot employ workers throughout the food chain.

41. Within the most rural and peripheral parts of Scotland (Argyll and Bute, Western Isles, Ayrshire, Orkney and Shetland, Lanarkshire, Highland) working age population is projected to decrease over the next 30 years. It is estimated that net migration of 100,000 a year is required in Scotland in order to keep dependency levels stable, and therefore reducing inward migration into Scotland would exacerbate demographic problems in the most exposed areas. NFUS believes the PBS should complement strategies already underway to address the demographic and population challenges facing Scotland as a nation, and which are having an impact on rural economies in particular.
42. In further qualitative evidence gleaned from NFUS members who employ non-UK nationals in a permanent capacity, the social capital brought by these individuals to what are exclusively rural and largely remote areas is easily demonstrable. For example, rural school closures are a continuous pressure on rural and remote communities and in many cases having just one or two children on the school roll can be the difference between that school being kept open or closing. Many non-UK nationals who are working in a permanent capacity on Scottish farms will have families who make a genuine positive contribution to the social fabric of that area.
43. Such evidence may not fit within a labour market economics framework but is extremely compelling when considering what social capital migrants can bring to an area. It is for this reason that NFUS believes there is real merit in the proposals presented by Scottish Government for targeted migration pathways where it can be demonstrated that there are roles in shortage and specific demographic challenges.

Salaries - permanent roles within Scottish agriculture, sorted by ONS Code

- 9111 Team leaders (general)
 - Starting salary - £19,500
 - Highest reported salary - £29,055
 - Mean - £23,595
 - Mode - £23,400

- 5111 Dairy operatives (operator to manager)
 - Starting salary - £20,800
 - Highest reported salary (manager) - £45,000
 - Mean – £30,733
 - Mode - £36,400

- 5111 Stock operatives
 - Starting salary - £16,575
 - Highest reported salary - £29,120
 - Mean - £21,232

- 8211 Hauliers
 - Mean - £35,000

- 8223 Farm machinery operative
 - Starting salary - £17,550
 - Highest reported salary - £36,000
 - Mean - £28,944
 - Mode - £36,000

- 5223 Engineer
 - Mean - £27,183

- 9119 Field husbandry
 - Mean - £17,550

- 9111 Farm workers
 - Starting salary - £18,271
 - Highest reported salary - £32,000

- 5431 Processing – butcher/abattoir
 - Starting salary - £19,246
 - Highest reported salary - £28,606
 - Mean - £23,192

- 4215 Office administration
 - £19,500