

Written Evidence submitted by The British Meat Processors Association (LS0023)

The British Meat Processors Association is the leading UK red meat trade body, working on behalf of businesses that supply over 80% of red meat to the country. Our members are responsible for supplying fresh meat and meat products to retailers, restaurants, and food service companies throughout the UK.

We work alongside the Government and other organisations to help develop a meat industry that is competitive, professional and provides a sustainable, long-term, and affordable supply of food to British customers. We also have a strong Associate membership of supporting and associated industries to core red meat processing.

The UK meat sector employs around 97,000 people directly and including supporting/associated industries this totals 255,000 people. Our most recent data shows that across the UK 62% of workers in the industry are EU nationals (10% down since 2018), but with huge regional variation of 39-75%. Whilst rates of EU workers are reducing, there is still a heavy reliance on EU labour and these workers are fundamental to the successful functioning of the meat supply chain.

What is the extent and nature of labour shortages currently being experienced in the food supply chain?

Our most recent survey has told us that our members are short of just over 15% of the workforce they would like to have, this is an increase from our survey carried out in June when the figure was just above 10% more worryingly the recent increase in numbers lost have been in the skilled worker category i.e., skilled, and semi- skilled butchers. This category of worker is essential to the running of the plants and dictate how many animals can be processed. They are also the hardest to recruit and take anything up to 3 years to train fully.

Butchery is a skilled role and can be broken down into different subgroups:

- De-boner – To efficiently remove at pace red meat from a hanging carcass on a moving line, meeting yield & customer specification.
- Boner – Identifying muscle seams, maximising yield value & product quality from a food safety & customer specification perspective.
- Trimmer – To bespoke final customer specification ready for packaging
- Slaughterman – Highly proficient knife skills able to dress a carcass hygienically on a moving paced line, while working as part of a team. Carcasses must be trimmed to a legal specification as specified by the government & to produce a product that meets food safety & quality control standards.
- QA – Responsibility for customer specification of all products, ensuring food safety (HACCP) & legal compliance is in place.

These shortages have caused the plants to run slower, and this has been highlighted by the issues in the pork sector. There has been an increase in the number of pigs produced in the country probably generated by a more buoyant China market which had low demands on butchery requirements. Three processing plants in the country voluntarily de-listed themselves during Covid at the recommendation of the Government. The combination of existing backlogs due to Covid, increased pig numbers and the loss of the China market has resulted in many pigs having to be held back on farm which is causing immense difficulties for the farmers. This at a time when feed prices

are rocketing and Europe is awash with pig meat, again due to the loss of the China market so the farm gate pig price is falling.

At this time of year many parts of the industry would be employing more labour to prepare for the increased Christmas demand. Many packing plants would increase staff numbers by 10%. To date preparations for Christmas are well behind, gammons and pigs in blankets would normally start to be prepared and frozen at the beginning of July.

It is not just the pork sector that is suffering, beef and lamb plants have also been reducing the number of lines they can provide particularly ones that need a lot of butchery and that has started to show on the retailer shelves. Many processors are reporting that they are falling short on deliveries against orders.

What are the factors driving labour shortages in the food supply chain?

A long-term dependence on non-UK labour which stems from 40 years being part of the EU with access to 500 million people has resulted in 62% of our workforce in the meat sector being non-UK labour. Having left the EU, we now only have access to the labour available within the UK, fewer than 30 million people. For many years we have attracted EU workers to the UK with higher wages and better working conditions than they could get elsewhere in the EU.

Following Brexit many workers left and there has been a steady trickle that continue to leave. The Pandemic then made it more disconcerting for labour to stay in the UK.

Recruiting from the UK workforce has been inhibited due to the inability to train people because of covid restrictions. Mobility of labour was also limited. Housing is a serious issue that often gets forgotten in this debate. Whilst non-UK labour, usually single males, are relatively easy to find accommodation for, they can be lodged or placed in houses holding 4-5 people depending on size. Whilst some younger British workers may be content to be mobile and share accommodation many British workers are less prepared to re-locate and to house-share as they will often be bringing families with them, this probably trebles the number of houses needed in reasonable proximity to the processing plant.

The challenges of recruiting from abroad have been severely inhibited by the new immigration controls. At first it was considered that pay would be an issue but as wages have increased that has ceased to be the problem and we now find the biggest barrier to sourcing from outside the UK is the English test which seems to be set at a very high level. Experts looking at the exam questions have commented that they doubt the type of person looking for a manual job and with dexterous skills rather than academic skills would be unlikely to pass the test in their native language let alone a foreign one.

As the job vacancies have increased in the UK it has been increasingly hard to recruit from the UK workforce. All the major companies have invested in recruitment drives and retainment packages involving anything from school days, apprenticeship schemes, bonuses, transport to work assistance, flexible working hours to accommodate people with children and many more. That said it is a low margin business and the ability to outbid higher margin more profitable parts of the supply chain is limited.

- This year businesses have been reporting a significant pay increase in job roles. Since January 2020 one business reported a basic hourly wage rate for a new start rising 12.2%, for the highest paid workers the wage inflation is 11% on the hourly rate. One company reported an increase in most unskilled hourly paid roles from £8.91 (NMW) to £10.
- As well as pay rises the industry are working on other incentives to attract and retain staff in the industry by using schemes such as attendance bonuses, relocation packages, welcome bonuses, referral bonuses, flexible shift patterns, paying employee transport, benefit platforms for all employees on smartphones and computers where staff can receive discounts at many retailers including benefits on site, incorporating optional mental Health and wellbeing courses
- Companies are continuing to compete against each other as soon as another company announces a new incentive, companies are having to compete bringing the cost of labour to an unsustainable level.
- This is not attracting more people into the industry, only rotating the current labour force available. It is very clear to industry that the local labour pool is not large enough to meet the demands of local businesses.
- Please see below an example of a referral package that is now being offered for an unskilled and skilled role:
- Unskilled: Staff will receive a £250 bonus after month 1, 3 and 6 (totalling a £750 bonus if their referral stays for 6 months)
- Skilled: Staff will receive £250 after month 1, £500 after month 3 and 6 (totalling a bonus of £1250 if their referral stays for 6 months).
- When this business first introduced this scheme (pre-Brexit) the incentive was only £100 bonus after a referral stayed 6 months.

Traditional way of recruiting that has always attracted people in such as Job Boards are now seeing less of an affect due to the nature of this year. Applications from job boards have decreased with increased competition from other industries. Also seeing a high drop off rate as the average person is applying to several jobs, total jobs quoting one of our members, the average applicant is applying for 6 jobs. This is causing there to be a high drop off rate.

Members have also increased their use of social media to try and reach out to younger potential applicants, 70% of people under 25 now look for jobs on their phones.

What is the outlook for the labour shortage situation in the coming months and years?

The short-term prospects are very alarming. Butchers or workers with knife skills are the biggest challenge to find. It takes at least 18 months to train people and in truth it is nearer 3 years. There will be very few butches on furlough so we know that the ending of furlough arrangements will not provide any respite.

In the longer term it needs more investment in automation although hundreds of millions have been spent in the last 4 years improving automation and the low hanging fruit has already been taken.

It also needs more investment in training programmes to develop the butchery skills we need. The education system needs to focus more on encouraging the take up of practical skills learning rather than encouraging as many as possible to go to university.

The industry needs to work harder on its image and on shifting people's perception of what it's like to work in the sector and the long-term career opportunities it offers. Most people's idea of what

the inside of a meat plant looks like is a long way from the truth and many people would be pleasantly surprised if they got the chance to find out.

At present the mainstream meat industry alone is short of nearly 15000 workers, two thirds of which fall into the skilled knife worker category. Close to 60000 workers are not from the UK, and to replace them over the next 4 years with UK workers given the current situation will be a Herculean task.

What other issues are affecting the food supply chain?

Cost inflation is rampant. We have seen a rapid increase in labour costs, as well as cost increase in haulage, power and energy, infrastructure and building costs, packaging costs and many others. Recuperating those costs from the UK consumer when we are not self-sufficient in food and when we have to compete with cheaper imported product that has a lower cost base will be, to say the least, challenging.

The fact that product lines and innovative ways of presenting meat to the consumer are being reduced due to the lack of butchers should be regarded with some concern across the industry. It is the new product development that improves sales and to some extent offer the consumer a healthier option as more of the fat tends to be trimmed off.

Other issues

- Co2,
- Transportation Costs,
- All Certification Costs (EHCs etc),
- Utilities (Gas, Electric etc.),
- BSE UK is still at controlled risk status; we were hoping to get to negligible risk (costing the industry roughly £15-£18 million due to the loss of harvesting mesenteric fat).
- New agriculture and environmental policies as yet unknown.

What impact will the timetable for introducing physical checks at the border on food and live animal imports from the EU have on the current issues being experienced by the UK food supply chain?

The new Export Health Certification scheme has already cost the food industry £50 million to reassure the European consumer our food is safe. That is before you cost in the army of administrative staff need to service the system. To date importers from Europe have not been exposed to those costs and operate at a competitive advantage. In short home-produced food is less competitive to export and less competitive on the home market.

One of the big advantages of having fresh foods coming from near markets is that businesses can manage stock and working capital as they can hold little/ minimum stock. Retailers are particularly reliant on this method as it allows them to have smaller holding spaces and supply the freshest product, making them reliant on daily fresh deliveries of goods. For just in time supply chain to work some retailers will only give processors a delivery window of 30minutes therefore any delay at the BCP can cause serious delays the other end. If the time slot is missed the consignment is turned away and another time slot is required. If this is continuously happening the processor will be seen as unreliable and will eventually lead to the loss of trade. In summary the potential impact of physical checks is putting regular fresh deliveries to nearby markets at risk losing our near market competitive advantage. This has already happened in the other direction particularly effecting SME.

The UK is not self-sufficient in all meat products and due to us not eating the whole animal therefore to balance out the carcass we import product. Most imported meat is processed and packed into retail form once it has entered the UK. The delays at BCPs will make it increasingly difficult to maintain shelf-life to the level required by retailers.

24hr Pre notification – this is extremely difficult for short shelf life, fresh food as the value and demand of the products is time sensitive. Until July next year goods can still come into the UK under a 4hr derogation, after this date it is up to the port authorities to decide what they will allow. Many ports have indicated they will not be able to operate under the 4hr minimum notification causing there to be an extra 24hr delay to an already time pressured process.

At best consignments will receive a minimum 1-2hr delay for paperwork checks at SIVEP. Physical check could potentially delay consignments another 5-6hr. From this information we can assume if the UK can perform to the same level as the continent (who are now well-practiced) we are expecting a delay of at least 5-12hrs, plus the pre notification period.

Misconception – There is a misconception due to other third countries (Australia, NZ, Argentina) do not have a problem with pre-notification, that the UK should also be able to comply. Goods from these countries spend as long as 3-6 weeks on the water before reaching the EU which has a huge difference in terms of pre-notification, scheduling.

What measures has the Government taken to alleviate the problems being faced by the food supply chain this year? To what extent have they been successful?

During the pandemic Defra and the food industry worked closely together and undoubtedly without that partnership the nation would not have been kept fed. During that period, it seemed that Defra had authority and was able to overrule some other departments that seemed to be determined to undermine our food system. As we come to the end of the pandemic it feels as though Defra are often overruled by other departments with different agendas. This is now putting our food supply chain at risk. Millions of pounds worth of food has been wasted due to the labour shortages created by our immigration policy, food businesses are being put at risk and food security must be diminishing.

The recent swift and timely intervention to avoid the CO2 shortages caused by the sudden closure by CF industries of the Billingham plant has been a great success and demonstrates that early intervention is often the cheapest and best way to deal with a crisis.

On another note, the failure to persuade China to relist our suspended pork plants has been a significant factor in the ongoing pig sector crisis. The China market offered the opportunity to export whole carcasses with minimum butchery, but that market now seems to have ended and the China trade is reverting to the more traditional fifth quarter trade. Other markets have been found such as the Philippines but at a lower value and smaller volume.

Does the Government need to take further steps to support the food supply chain?

In the immediate short-term we believe that Government needs to work with the industry to introduce a targeted short term visa system that allows swift access to workers from outside the UK.

Example: Member comment

- Lowering the English language barrier – e.g., Bosnia they have 97 applications 62 are believed to have the skills required but non currently would pass the English language requirement. Due to the intensive training required and the delay this would cause before being able to recruit and bring in the overseas labour this is restricting the appeal to bring in labour from other countries.

In the medium-term training schemes need to be developed to help the industry attract UK workers into these jobs. This needs to start at school level but also needs to look at how older people can be retrained.

Automation where possible needs to be encouraged and there could be tax incentives implemented to encourage investment and possibly grants or loans.

The scope for automation is limited however and should not be regarded as a panacea as there will always be jobs that can only be done manually. Hundreds of millions of pounds have been spent over the last 4 years on automation and infrastructure to reduce labour and improve conditions. Without that expenditure the UK would need even more labour. One member pointed to the fact that a large automation project is currently held up for a year because there is a waiting list for the machinery they are purchasing and also it is difficult to get builders. Many would describe what has been invested in so far as the obvious “ low hanging fruit”. One member believes who has 900 staff is investing in further automation which they feel will reduce staff number by 100 people to 800 after that they are not aware of machinery available that they could install that will reduce staff numbers further.

For the industry to have the confidence to invest in the food supply chain in the UK it is important the government signals its aspirations in terms of food security.

Without a clear plan, and without targets and actions taken to help implement that plan the industry will continue to lurch from one crisis to the next; food production in this country will decline and we will be more dependent on imports.

There is a distinct sense of disconnect between Government departments involved in the food supply chain. Defra, FSA, BEIS, the DWP, the Home office, the DIT, HMRC and the Foreign office all make significant decisions that have an impact on the food industry, and they all have their specific agendas that often conflict. Businesses working in the supply chain are often left completely baffled about which department they should liaise with and how they overcome some of the problems they encounter.

It has been disconcerting recently to hear the Government distancing itself from industry and the issues. To be successful as a nation going forward outside the umbrella of the EU it is more important than ever that industry and Government work more closely together, not in isolation from one another

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