Written Evidence submitted by Seafood Scotland (LS0041)

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

   The extent and nature of labour shortages currently being experienced in the seafood sector and supply chain are similar to those in the rest of the food and drink sector.

   We have shortages in primary producer roles (ie on fishing boats and on fish farms), shortages in fish processing roles and shortages in HGV driver roles. Some of these shortages are acute.

   Within seafood processing, there was a considerable reliance on a predominantly Eastern European workforce before Covid and Brexit. These workers comprised 52% of the workforce across Scotland, 69% for the North East of Scotland and up to 92% in certain processing facilities. The majority of these premises are in rural coastal communities where there are not sufficient local levels of unemployed labour to deploy to fill these vacancies.

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

   It is clear that the pandemic (and the recovery from the pandemic) is a major factor.

   With production curtailed due to various lockdowns and market collapses in food service settings over 2020-21, many workers left the sector and supply chain entirely. Many have not returned to (or entered) the sector or supply chain as lockdowns have eased, and in the case of migrant workers, many have left the UK entirely and not returned. This, in turn, is due to a variety of underlying factors. Additionally, there are well-documented long-term shortages in the HGV/logistics sector which have merely been exacerbated by the pandemic.

   The difference between the UK and other countries, particularly EU countries, is the current lack of stability and certainty in its new immigration system. Furthermore, in comparison to the EU, the ending of freedom of movement in the UK and the implementation of a points-based immigration system which looks unfavourably on filling certain types of occupation with migrant labour, allied to the considerable added costs of obtaining visas, means the UK is poorly positioned to compete with EU/EEA member states for labour in the food production/distribution sector and supply chain. And this is before issues such as the added frictional costs and inconveniences of post-Brexit trade between the UK and EU are factored in.

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

   It is hard to see any alleviation of problems unless various supply-side policy measures are implemented. One of these – perhaps the most critical – is relaxing immigration rules for RQF 1-2 roles and making the immigration system easier and less expensive to navigate and utilise.

   Without this, it is hard to see anything but difficulty in attracting sufficient labour to maintain the levels of production and distribution (and consequent profitability/viability) the sector and supply chain has been used to providing in recent years.

4. ***What other issues are affecting the food supply chain?***

The answers above are intended to be fairly comprehensive. However, it should be added that a lack of training in specific skill sets domestically and lack of support for capital investment into innovation and automation are also factors holding the supply chain back. This is a long-term, structural issue.

There is also the issue of sectors competing for similar types of labour – eg within the logistics sector, last-mile deliveries, more localised food and goods distribution, and online retail have all been able to lure workers away from traditional food production and distribution sectors.

5. ***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 timetable is likely to ease pressure on cross-border movements between the UK and EU. However, the flipside of this is that there is no incentive for the EU to implement a more sensible, streamlined policy for control of GB goods entering the EU until the UK has some leverage in terms of application of its own border controls on goods.

6. ***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?***

The measures by Government to streamline HGV testing, to bring in military support to address short-term fuel distribution issues and to provide short-term visas are all welcome but they do not go nearly far enough in alleviating the current problems. The nature of the short-term visa policy does not provide enough of an incentive to migrant workers to come to the UK to take on roles where there are shortages.

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

The Government needs to re-examine its immigration policy. There are short, medium- and long-term considerations to consider on this. However, as a matter of urgency, the Government needs to build much more flexibility into the new immigration system. Ending freedom of movement and removing visa routes for low-skilled labour from outside the UK in the new immigration system has been done far too abruptly and this is likely to come at considerable costs both for UK producers and consumers over the coming months at least. And this could ultimately lead to long-term viability problems for many UK food production and distribution businesses, including many in the seafood sector.

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