

## **Supplementary written evidence submitted by Provision Trade Federation (PTF)(LS0084)**

### **Environment, Food and Rural Affairs Committee's inquiry into labour shortages in the food and farming sector**

#### **Introduction**

The Provision Trade Federation (PTF) is a food industry body, representing processors and traders in a range of staple dairy, meat and fishery products, sourced from the UK, EU and international supply chains.

PTF also provides the secretariat for the UK Seafood Industry Alliance (SIA). This includes seafood members of both PTF and the Food and Drink Federation (FDF) but does not cover the interests of the UK catching sector.

Collectively these products account for roughly 20% of UK household expenditure on food (around £24 billion a year) and support some 130,000 jobs.

#### **Executive Summary**

- PTF agrees that it is necessary to distinguish between the combined short-term impacts of Covid and EU Exit and the wider need for the food industry to transition to a more productive, higher skilled and better paid future workforce, alongside investing in new technologies and increased automation.
- But such changes will take time to bring about – as well as depending on the industry's ability to operate successfully and profitably in the meantime, not least to attract the funding needed to drive change.
- The pre-Christmas period put the whole of the food chain under the most severe pressure within living memory. It was only as a result of the exceptional efforts of all concerned that the majority of supplies were maintained. Adverse weather, mass absences, congestion at ports or any number of other factors could have made this impossible.
- Such measures as the Government took towards the end of 2021 were seen as being too little and too late to make a material impact on the pre-Christmas supply situation. Although they are now offering some limited temporary relief, the position remains finely balanced and inherently vulnerable. There remains a clear need for continuing support and close partnership working with Government to improve resilience and lay the foundations for future success.

#### **Overview**

The Government's vision for higher wage, higher skill economy is well understood and supported but for investment to continue in the UK, productive and profitable businesses will need to be reassured that the skilled labour required is accessible.

As outlined in our full submission Covid has had a profound impact on the UK labour market with the food sector being disproportionately affected. Although Covid-related shutdowns in other parts of the economy reduced pressure by freeing up workers to be redeployed into the food processing sector, this scenario was at best a short-term solution. With furlough behind us and hospitality getting back to its feet, the underlying challenges on labour availability are coming back into sharp focus.

As the Defra Secretary of State referenced in his evidence, far from the predictions of 3 or 4 million unemployed, the UK has seen record numbers of unfilled vacancies registered. But it would have been impossible to predict, or plan based on what were – and continue to be – completely unprecedented events.

Changes to Immigration policy made such planning even more challenging. Prior to both Covid and Brexit, UK food and farming had a relatively higher proportion of non-UK labour than many other sectors. This in part reflected the seasonal nature of some of the roles on offer.

Despite the reported 5 or 6 million EU settled EU citizens that were previously in the UK, high numbers have returned to Europe and seem to have little appetite to return for now. Evidence suggests that many of these workers returned home during the pandemic have not returned nor been replaced by others wanting to work in the UK for the first time.

Labour shortage is in danger of becoming a chronic medium-term issue in the food sector, coupled with inflationary pressures, new investment in the UK will be seriously compromised.

The short-term visa schemes and seasonal worker pilot announcement at the end of 2021 do not sufficiently address these problems and come with their own challenges in respect of their implementation and timing.

Looking ahead, the need for a food strategy that puts workforce and skills needs at the heart of its ambition will be key to a sustainable food sector and the delivery of Governments overall vision.

Priorities developed through the work of the Sector Council on a Workforce strategy include a focus on industry perception for new entrants and an effective apprenticeship and upskilling agenda that is inclusive and progressive. Finding a way through joint industry and Government partnership for design and delivery will be vital in moving from short term interventions to a longer-term sustainable solution.

### **Short term visa scheme**

Although overall the short-term visa schemes were welcomed, feedback suggests that there were unnecessary additional costs for businesses to fast track the process within the timescale available; the documentation for approval was considered too complex, time consuming and onerous both in the UK and the range of countries involved. This meant that it was not viable in many cases.

For drivers, the short-term visa scheme was also challenging. We knew before Covid 19 that the UK has a national shortage of drivers particularly HGV drivers, the structural changes to the economy has compounded the challenge. Both UK and EU drivers who previously spent extended periods away from home and family found themselves redeployed into more local, less onerous work that shifted their perspective on their usual working arrangements. This scenario marks a

cultural change in perceptions of a fulfilling working life whereby there is now a great reluctance for some employees to return to their working patterns.

The short-term nature of the visa scheme was found to be unattractive to potential overseas workers even if businesses were able to invest their resources to gain approval.

Looking ahead, the need for a much longer visa for HGV drivers (who are in high demand across Europe) would make the UK a more attractive option providing a competitive advantage until we become more self-sufficient in building our own driver workforce.

The Ministers comments around the need for more appreciation of workers is accepted and will apply to the wider economy and world of work going forwards.

### **Seasonal Workers Pilot**

The consensus is that the seasonal worker scheme was announced far too late given the tight timeframe to secure visas; additionally, the limited number of agencies approved to handle applications who had no prior experience of sourcing butchers, this added to delays and difficulties with the process.

For PTF members the announcement of the Seasonal Workers Pilot whilst welcome does not meet the needs of food processors that have a strong seasonal element to their workforce, the Agri focus is understood and supported but the needs of processors continue to be overlooked.

Given the data that suggests there is a significant gap with vacancies extremely hard to fill in food processing, compounded by a high percentage of the workforce set to retire in the next five years, there is real concern from PTF members around growing vacancies that are extremely hard to fill with domestic workers.

The points-based immigration system does not meet the needs for general low skilled or temporary workers for food processing in the short term particularly where the technology required for automation is either unavailable or hard to reach given the investment required in these uncertain times.

Despite the Migration Advisory Committee making a recommendation to the Home Office to expand the shortage occupation list to include lower skilled workers in September 2020, this recommendation has not been delivered upon and many of our members who contributed evidence to this process feel deeply frustrated by the policy decision to disregard the recommendation.

### **Skilled Worker route**

Although the skilled worker route is available there remains barriers for its effective use, this is primarily around the complexity and intensity of sponsorship administration.

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Looking ahead, we support the call for an urgent review by the MAC of the requirements for the food and farming sector, in the same way as they are reviewing adult social care.

The English language requirements are considered inappropriately high and with reports of serious inconsistencies in accessing tests through approved service providers, the process has proved too much for many businesses. We are hearing that UK approved testing is extremely hard to access, particularly post pandemic where there are limited appointments available. People are travelling to different countries / continents to access testing; this is overwhelming for candidates and can be hugely expensive for individuals and businesses.

PTF members think it is unreasonable to require people to pass a test (that is also used for British citizenship) when they are only being granted a time limited period (skilled visa) to work in the UK. Members are calling for greater flexibility on English language requirements on entry, they think a commitment to include language skills training whilst on the job would be much more effective.

### **Outlook from here**

An industry-wide survey conducted in August by Grant Thornton on behalf of a consortium of food trade bodies estimated potential vacancies across the whole value chain at around 500,000. Other data from the road haulage sector suggest that there may be up to 100,000 HGV driver vacancies. More anecdotally, many PTF members are indicating that they are anything between 10% and 15% short of the staff they need. 68% of members are reporting shortages of staff in picking and packing, with 37% reporting acute shortages in cutting and boning skills.

Depending on the particular production or business model, it may be possible to maintain near full output, even with reduced staffing levels. But if the vacancies are concentrated in areas of critical skills (such as butchery) the impact on production could be very much more dramatic. In short there is not a linear relationship between staff numbers and output.

And while short term gaps can be made up by overtime working or changes to shift patterns, such solutions are not sustainable in the longer term, quite apart from any cost implications.

The food sector has already enhanced pay and reward and are finding new ways to target and market roles; in some parts of the food chain is already at the forefront and using new technology.

Unless longer term action is taken there is a real risk that labour shortages will result in a scaling back of UK production, the replacement of UK produce with international

imports, a reduction in quality, price increases and a loss of confidence for investors and new entrants.

### **Future priorities – Food Strategy, focus on Workforce and Skills**

As part of the Government's focus on the Food Strategy, it is vital that a workforce and skills vision and action plan is prioritised.

Alongside the need for a focus on productivity, innovation and trade, tackling workforce and skills issues will provide a key enabler to delivering the Global Britain ambition and vision for a higher wage, higher skill economy.

As outlined above, we believe that pragmatic adjustments to the post Brexit visa programme would provide vital transitional relief while the UK's own workforce and skills strategy and medium-term technology investment plans can be implemented.

Priorities developed by the Workforce Group under the auspices for the Food and Drink Sector Council include:

#### **Skills Training**

Provide the resources to attract, retain and upskill more people throughout the food and drink sector by reversing the decline in apprenticeships starts, building on the Lifetime Skills Guarantee and exploring other government skills schemes, supporting the take up of T Levels through industry placements and a greater focus on STEM subjects in the higher education system.

*The importance of increased flexibility in the use of the Apprenticeship Levy should not be underestimated. The creation of some sort of sector fund to redeploy unspent funds into key priorities in the food chain is vital. Focussing particularly on automation and production skills in areas of the country in most need would be a welcome step towards reversing the decline in apprenticeships in the food sector and prioritising skills that underpin the food strategy vision.*

#### **Industry Campaign**

Develop and lead an industry campaign that champions 'Great British' Food and Drink Careers to build resilient skills pipelines across the sector and support medium to long term solutions to avoid future labour shortages.

- Map and review the existing careers campaigns and find recommendations for simplification of careers messaging across the food chain
- Develop proposals for an industry campaign and build resource to implement the proposals.

*One of the biggest barriers to recruitment is the negative perception of the sector, a coordinated campaign should focus on:*

- Career pathways - the creation of career paths to attract new entrants that currently perceive the food sector as needing labour and not future skills.
- Flexible working - There is a growing appreciation in business that a more flexible working environment where shift patterns can cater for hard-to-reach workers (that need more flexibility) may be the key to attract more workers domestically.
- Tackling the diversity agenda in the food sector is a long-held ambition and the key to unlocking this may be more flexible working patterns.

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