

Written evidence submitted by Cranswick Plc (LSF0091)

24 January 2022

Sent by email

I am writing to follow up regarding your recent request for supplementary evidence relating to the EFRA Committee hearings surrounding labour shortages in the meat processing sector.

At the end of this letter, we enclose copies of previous evidence submitted to the committee, including letters and emails to Neil Parish sent in December 2021. We have also attached documents to the email relating to our visa applications for the Skilled Worker Visa scheme and also a spreadsheet outlining our responses to the Governments Master call for Evidence requested in early October 2021.

Firstly, we would like to respond to some of the points made in Kevin Foster's email.

Skilled worker visas. Cranswick plc were issued with a Sponsor Licence on 27th October 2021 to cover the recruitment of approved labour. The business has been working since September 2021 to recruit 125 butchers from the Philippines via this scheme however we believe that we are still at least 6 weeks away from bringing any Butchers into the UK. We also had a Sponsor Licence approved specifically for our site in Ballymena at the beginning of December but to date we have not been made aware of how many visas will be applicable to us so have been unable to commence a process of recruitment thus far.

We reiterate the concerns raised about the complexity of the process coupled with both the financial and administrative burden that this scheme presents to employers.

Seasonal Workers Scheme

We have been working with Proforce, one of the approved agency providers for recruiting butchers under the temporary scheme. As a major pork processor, we have been granted visas for 200 butchers although progress on recruitment remains very slow, and the skill levels of those identified are below the expected standard for butchers to work in our sites.

On 20 December, 18 butchers arrived from Uzbekistan and Ukraine at our site in Watton, Norfolk. Three of these have now left the UK and returned to their home countries. A further 16 butchers have just arrived at our site in Preston, Hull on Sunday 23 January.

The challenge remains that the scheme only allows individuals to remain in the UK for the length of their six month visa, and they are not permitted to move over onto the Skilled Worker scheme at the end of the programme.

Whilst the focus of the communication has been about the shortage of skilled butchers, it should also be noted that there is a general shortage of skilled, semi- and unskilled labour available to fill the 1000+ vacancies across the business.

The business invests significantly to recruit local talent. These schemes range from "refer-a-friend" schemes; flexible working patterns and a large range of benefits such as retail and leisure discounts and subsidised or free meals at work. The group runs a large-scale apprenticeship programme with over 200 apprentices working and an award winning Graduate training scheme which brings between 10 and 15 Graduates into the business on

an annual basis. We actively engage in government schemes, such as the Kickstart scheme, but this only secured 4 out of 40 vacancies at one of our sites.

Almost 5,000 of our employees live in and around the city of Hull, and we have over 600 vacancies in the area, despite the area having an unemployment of 8.8% (almost 15,000) as of July 2021.

As a business, we are actively partaking in all of the relevant schemes to support employment, but these initiatives are not supporting the number of colleagues urgently required.

I would implore you to request a further review of the schemes in place to alleviate the issues around labour availability, and the potential risk to the ongoing supply of fresh food to the UK consumer.

Please do not hesitate to contact me if you need further information or assistance

Regards

Adam Couch

CEO

Cranswick plc

Previous correspondence

Sent: 13 December 2021 19:55

Subject: Butchers Visas

Dear Neil

Further to correspondence we have received from Charlie Dewhirst with regard to feedback on securing Butchers via temporary visas, I enclose the response from Cranswick below;

Cranswick plc are a large UK food manufacturer with an end to end supply chain, employing 13,500 people, of whom approximately 3000 are classed as Butchers. Overall we have a shortage of 1000 staff of whom at least 300 would be Butchers. We continue to work in our communities to recruit and develop local staff. While our rates of pay have increased significantly and we continue to offer additional benefits such as on the job training and additional staff benefits, we continue to experience limited applicants from our local populations.

Cranswick have been given access to 200 visas for Butchers, under the terms of the temporary Horticultural Workers scheme.

We commenced talks with one of the 4 eligible Labour Providers (Proforce) in October. We did not have existing relationships with these Agencies and we are linked to the only one of the four with the expertise to recruit Butchers – albeit they haven't recruited Pork Butchers previously. We were not able to utilise the skills of our existing Agency Providers and therefore have had to engage in a third party supply agreement which is at an extra cost, in order to help us to manage the individuals when they arrive in the UK.

- Despite extensive advertising campaigns in EU countries, we will see only 15 Butchers arrive in the UK on 17th December - many of whom do not speak English and therefore integration in to our sites and the local community will be difficult.
- The system for processing the visas for Butchers is lengthy and complicated and we are having to pay wages in excess of what is an already competitive rate for our current staff, in order to attract individuals from overseas for the 6 month period, and just before Christmas. We are also required to cover the cost of the visa, transport costs and sourcing and paying for accommodation.
- We have been told that there are 50 Butchers in total currently being processed but are not optimistic that we will fulfil the 200 visas we have been allowed. The timing of the scheme has meant individuals do not want to travel, the scheme is only for 6 months and therefore the rates have to be disproportionately high in order to attract individuals for such a short space of time. This is a temporary solution for a permanent problem. We need Butchers on a full-time on-going basis not just for a fixed period and we have been asking for this support for the last 18months.

(We also have a sponsorship licence for 120 visas to employ Butchers under the Skilled Occupation List. This was obtained last month and we are utilising the services of a third party provider to assist us with sourcing Butchers from the Philippines under the Tier 5 scheme. Again this is a lengthy and complicated administrative process, which has been further hampered by the COVID travel restrictions. Processing applications can take up to 6 months and has a cost of £8,000 to employ an individual for 2 years. We hope to utilise all of the visas across the business depending upon availability of labour overseas.)

Should you require further information, please do not hesitate to contact me.

Kind Regards

Miranda

Miranda Spencer

Group HR Director

Cranswick plc

Ref AC/AN

17 December 2021

Sent by email

Dear Neil,

Further to our discussion earlier this week, please see below a summary of the challenges we are facing when it comes to securing skilled labour to work at our primary pork processing sites.

As one of the largest pork processors in the UK, Cranswick operate three abattoir facilities in Hull, Norfolk and Ballymena in Northern Ireland. Across the three sites, the business is geared up to process between 60k and 65k pigs per week, equating to around one third of the UK kill, and each site operates single shift pattern over five days.

Each of the Cranswick sites have been affected by the widely reported skilled butcher shortage, as a result of Brexit and the lack of qualified British butchers

Over the last 18months, we have adapted our operations and processes to continue to operate efficiently post-Brexit. The site in Hull currently has 25% fewer skilled butchers and the Norfolk site has almost 15% fewer butchers on site than in 2020. Despite this, we have increased the number of pigs processed by 3% in the last 12months. We have opportunities to increase this further if skilled labour is made available.

The business has worked hard to maintain the pig numbers at these levels. In the last 10 years, over £100m has been invested at the sites to automate key processes, reducing the labour need and the skills required for some of our cutting operations. We plan to spend a further £50m in the next two years to further automate our processes.

As the UK is only approx. 50% self-sufficient for pork, in the last 12 months we have switched all of the material sourced from the EU to a boneless specification, whereas previously some further butchery would have taken place at our UK sites. This has freed up some butchery capacity to alleviate the pressure on processing pigs.

In an effort to help to reduce the backlog of pigs, the our sites have also run a number of Saturday kills although the frequency of these shifts is limited by staff availability. As referenced in other communications, the site in Norfolk is currently without its licence for exports to China, which means a Saturday kill is not viable, as there is no outlet for the pork that is butchered. There is a separate letter asking for further support for the site to reinstate the export licence, which would lead to the introduction of additional processing days.

The team at Cranswick have put significant focus into securing additional skilled staff through both the Skilled Worker Visa scheme and the Seasonal Agricultural Workers scheme for pork butchers. However, despite all of the efforts additional butchers have not been forthcoming. At the present time, there are over 250 vacancies for skilled butchers at

Cranswick alone, with a total list of unfilled vacancies running at over 1,000 across the wider business.

The detail of each of the schemes is enclosed on the following pages, but we must ensure that the schemes in place to support the recruitment of foreign workers are fit for purpose; set a relevant and realistic skills requirement; is cost effective and finally, is easy to access and manage.

At this time, I would implore you to request a review of the schemes without delay, to ensure they are able to be implemented and allow for further pork processing capacity to be created.

Yours sincerely.

Adam Couch

CEO

The detail below is from the original Cranswick communication. Some data relating to the financial implications have been removed as this could be published. We will be happy to discuss the specifics on a confidential basis.

Skilled Worker Visa Scheme.

Whilst butchers have been added to the skilled worker list there is still an ongoing recruitment challenge. The skilled vacancies for butchers meet the earnings threshold of £25,600 but the English language requirements remain a hurdle for many potential applicants.

Cranswick are active members of the sponsor scheme and are working with a number of the approved agencies to secure additional resource. This recruitment project has been ongoing for 3 months, and the success has been limited.

To date, we have identified 125 butchers from The Philippines and are currently working through the approval process. At this stage, we are yet to have a single application approved, let alone any new employees arrive in the UK.

Whilst Kevin Foster from the Home Office suggests the scheme is efficient and smooth, the experience from Cranswick would not reflect this. Just today, our application has been passed to a Notary for full validation which is required before the documents can be passed to the relevant countries for approval, in this case, The Philippines. These documents will then need to be returned from Manilla to the Home Office and only then can the official recruitment process begin. This adds undue costs, complexity and time to the process.

To recruit, Cranswick need to work with a GLA registered recruitment agency, in this case GAP, as well as engaging with an Australian agency who have knowledge of the local market to identify potential candidates that will meet the criteria for the UK scheme.

Once candidates are in a position to be offered a role, the expectation is that in addition to the immigration skills charge, Cranswick must pay for the relevant visas for the individuals; arrange and pay for transport and initial accommodation and pay additional costs for the agency providers.

Our latest estimate per employee, is an additional £[removed] up front cost and an additional £[removed] per week vs our standard labour rate.

At this stage, despite significant investment in management time, and the costs incurred to date, there are still no new employees secured through this scheme and it is looking like it will be a further 2-3 months until they arrive.

Summary of cost estimates for 125 butchers from the Philippines – confidential

[Table removed due to commercially sensitive data]

Seasonal Agricultural Workers Visas

Cranswick were granted up to 200 visas to recruit butchers on a short-term, six month contract in October. The candidates have to be formally recruited through an approved agency which does not have experience recruiting into the sector in the UK. Therefore, the recruitment is being supported by existing Cranswick agencies, such as Prestige, who have been recruiting from European countries on our behalf for over 15 years.

As of 16th December, no butchers on the scheme have started work at Cranswick although 15 Ukrainian and Uzbekistani butchers are due to arrive this week to commence employment on Monday 20th December. We are led to believe there by our agency provider that there a further 85 applications being processed in the system although availability has not yet been confirmed.

The conditions of the visa mean Cranswick have to pay all of the costs of visas, travel, accommodation and insurance for each of the butchers for the duration of the contract. This would equate to over £[removed] per butcher recruited for the duration of the six-month contract. In addition, due to the additional workload and agency involvement, the calculated hourly rate increases from a rate of c.£[removed] for our core employees to c.£[removed] for butcher recruited into the scheme – a premium of 18%.

The current system does not allow a seasonal worker to transfer onto the Skilled Worker list at the end of the six-month period which should be changed to allow an individual to transfer onto the long term scheme. If this does not happen, there is little incentive for an individual to come to the UK for just six months.

