

Written evidence submitted by the Department for Environment, Food and Rural Affairs (LFS0033)



Department
for Environment
Food & Rural Affairs

EFRA Call for Evidence: ‘Labour in the Food Supply Chain’

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1. What impact will the Government's proposed points-based immigration system have on labour in the food supply chain? Which sectors will be most affected by a reduced ability to recruit from abroad?

1.1 Overview: PBS and the Food Supply Chain

1.1.1 The most immediate impact of the Government's proposed points-based immigration system will be on low and unskilled labour.

1.1.2 The agri-food chain faces particular workforce challenges driven by pressures to keep product prices low for consumers in a highly competitive sector with low returns for businesses. As a result, in recent years these industries have relied heavily on low-wage migrant labour, predominantly from the EU, who fulfil a significant proportion of low and unskilled roles in our most high-value food chain sectors.

1.1.3 For example, ONS data compiled from 2016-2018 outlines the degree to which the UK's most valuable food chain sector, Food and Drink Manufacturing (worth £28.8bn), depends on non-UK workers in each of its sub-sectors, particularly in low-skilled roles. Non-UK EEA workers accounted for 35% of low-skilled dairy roles; and up to 48% of low skilled roles in meat processing.¹ It has been estimated that seasonal labour in edible horticulture has in recent years relied on EU workers for as much as 99% of its overall recruitment by labour providers.²

1.1.4 The Government will not be introducing a general low-skilled or temporary work route as part of their points-based immigration system. The new system will provide visas for EU and non-EU citizens with a job offer from a licensed sponsor, at the appropriate skills level (RQF3 or above), and will set a salary requirement at a minimum of £25,600.³

1.1.5 Many low and unskilled roles in the food supply chain will not meet the criteria set out in this policy in either their salary or skill level. For example, in 2018 the median average salary for roles in agriculture most commonly held by EEA nationals was between £19,992 and £21,775 depending on the role. In Food Manufacturing, this was between £18,144 and £23,449, and in Drinks

¹ *Agriculture in the United Kingdom (AUK)* (2019) <<https://www.gov.uk/government/statistical-data-sets/agriculture-in-the-united-kingdom>>; Office for National Statistics (Bespoke Request by Defra), *Annual Population Survey, Bespoke Defra request* (2019)

<<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/11103employmentinindustries011011and56byoccupationandnationalityuk2013to2019>>

² Office for National Statistics, *Labour in the agriculture industry* (2018)

<<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/labourintheagricultureindustry/2018-02-06>>; Further details of these sectors and their dependencies on migrant labour is set out in 1.2-1.13.

³ UKGov, *UK's points-based immigration system* (2020)

<<https://www.gov.uk/government/publications/the-uks-points-based-immigration-system-policy-statement/the-uks-points-based-immigration-system-policy-statement>>

Manufacturing between £19,992 and £21,714.⁴ Many of these sectors also depend on temporary seasonal workers, such as edible horticulture which requires workers to fulfil roles during the relevant picking seasons, peaking between April and October.

1.1.6 The focus for future recruitment requirements must in the first instance prioritise mobilising and strengthening domestic employment in these sectors, as well as supporting investment in productivity through robotics and automation.

1.1.7 We must also continue to make use of new and existing mechanisms which will enable migrant worker entry where appropriate. For example, the Shortage Occupation List (SOL) will allocate extra tradeable points under the new immigration system to occupations that the MAC determines are in national shortage.³ The expanded Seasonal Workers Pilot in 2020 will also enable us to carry out a more extensive evaluation of that scheme, ahead of any decisions being taken on how future needs of the sector might be addressed.

1.2 Background: Migrant Labour in Food Supply Chain Industries

1.2.1 The following sections (1.3-1.12) provide details of some critical food chain sectors, their value to the UK economy, and their reliance on migrant labour, particularly for low or un-skilled roles.

1.3 Beef

The gross output of the UK beef industry in 2019 was £2.7 billion.¹ While work is often classed as unskilled or low-skilled, there is a level of tacit knowledge, gained through experience in the industry. There are also large numbers of vets and technically trained meat hygiene inspectors who work in slaughterhouses and processing plants, the majority of which are EU nationals.

1.4 Dairy

The gross output of milk production in the UK in 2019 was £4.4 billion.¹ The dairy sector requires a steady supply of trained labour throughout the year as opposed to seasonal fluctuations. Both at processor and farm level, the sector has become heavily reliant on EU labour over the past decade. Overall reliance on non-UK EEA nationals in dairy is 18.1% and they make up 35.3% of low skilled occupations.⁵ There is widespread concern among stakeholders

⁴ Office for National Statistics, *Earnings and hours worked* (2018)
<<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010asetable14>>

⁵ Office for National Statistics, *Number of workers in food chain sectors by nationality (UK, EU and Non-EU), UK, 2010 to 2016* (2017)
<<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/007098numberofworkersinfoodchainsectorsbynationalityukeyeuandnoneuincludingfurtherbreakdownsuk2010to2016>>

about the impact of a new immigration system which restricts access to EU labour.

1.5 Eggs

The gross output of egg production in the UK in 2019 was £660 million.² Work is often classed as unskilled or lower skilled. However, there is a level of tacit knowledge, gained through experience in the industry, which should be recognised. The British Egg Industry Council (BEIC) estimates that around 60% of the workforce in egg processing facilities, and around 40% of on-farm employees, are EU nationals. Government reports largely agree with this assessment with a report from 2017 estimating 40% of on farm workers and 50% of those in egg packing centres are EU migrants.⁶

1.6 Baking, Drinks and Other Food Products

The gross value added (GVA) of baking, drinks and other food products in the UK in 2018 was approximately £17.3 billion.⁷ The food and drink manufacturing sector as a whole has a very large percentage of migrant workers, with EU migrant labour primarily employed in lower-skilled factory-based roles. ONS data from 2016 shows EU nationals accounted for 24.4% of baking workforce, 8.5% of drinks, and 35.6% of other food products.⁹ The sector in general is looking to evolve and move towards a system of batch production and fully automated production lines.

1.7 Meat Processing

The gross value added (GVA) of meat processing in the UK in 2018 was approximately £4.1 billion.⁷ Work is often classed as unskilled or lower skilled. However, there is a certain level of tacit knowledge which should be recognised and work in slaughterhouses is technically precise. A substantial number of workers in the meat processing industry, particularly in its more labour-intensive areas, are non-UK workers. Official figures claim up to 48% are non-UK EEA workers.⁸ Meat processors are generally reliant on migrant labour – with around 63% of all staff being non-UK EU nationals according to the British Meat Processors Association, and 95% of vets in some facilities being non-UK EU nationals according to the Food Standards Agency.⁹

1.8 Pigs

⁶ UKGov, *Migrant workers in Agriculture* (2017)

<<https://researchbriefings.files.parliament.uk/documents/CBP-7987/CBP-7987.pdf>>

⁷ *Annual Business Survey* (2018) <<https://data.gov.uk/dataset/53328716-bdc1-437d-bc80-d4df19e1fd3b/annual-business-survey>>

⁸ Office for National Statistics (Bespoke Defra Request), *Annual Population Survey* (2019) <<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/11103employmentinindustries011011and56byoccupationandnationalityuk2013to2019>>

⁹ Food Standards Agency, Written Evidence to *Feeding the nation: labour constraints inquiry* (Session 2016-17) <LSH0010>

The gross output of the pork industry in the UK in 2019 was approximately £1.3 billion.⁵ Employees tend to work in the pork industry on a long-term basis as opposed to seasonally. Work is often classed as unskilled or lower skilled. However, there is a certain level of tacit knowledge which should be recognised. There are also large number of vets and technically trained meat hygiene inspectors who work in slaughterhouses and processing plants, the majority of which are EU nationals.

1.9 Poultry

The gross output of poultry in the UK in 2019 was approximately £2.6 billion.⁵ Work is often classed as unskilled or lower skilled. However, there is a certain level of tacit knowledge which should be recognised. While the majority of the workforce is long-term, the sector expands its workforce seasonally by about 13,000 people to meet increased demand at Christmas.¹⁰ British Poultry Council estimate that around 60% of the workforce in the poultry industry are EU nationals.¹¹

1.10 Sheep

The gross output of the sheep industry in the UK in 2019 was approximately £1.2 billion.¹² Work is often classed as unskilled or lower skilled. However, there is a certain level of tacit knowledge, gained through experience in the industry, which should be recognised. The sector workforce expands seasonally to cope with the increased need for labour during shearing time. This demand for labour is largely met through migrant labour from New Zealand and Australia for which a number of visas are negotiated annually by the National Association for Agricultural Contractors. There are also large number of vets and technically trained meat hygiene inspectors who work in slaughterhouses and processing plants, the majority of which are EU nationals.

1.11 Wine

Wine is a semi-skilled labour-intensive industry heavily reliant on immigrant / migrant labour to address specific needs of the sector. As a labour-intensive sector, it is vulnerable to changes in the labour market and especially so as much of the labour working in the UK industry is derived of foreign nationals either here as full time or on a casual seasonal basis.

1.12 Fisheries

¹⁰ National Union of Farmers, *Vision for the Future – overseas labour* (2017)
<<https://www.nfuonline.com/nfu-online/news/brexit-vision-for-the-future-overseas-labour-july-2017pdf/>>

¹¹ British Poultry Council (BPC), *Response to EFRA Select Committee inquiry into the supply of labour in UK agriculture and horticulture sectors* (2018)
<<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/environment-food-and-rural-affairs-committee/labour-constraints/written/77486.html>>

¹² UKGov, *Agriculture in the United Kingdom (AUK)* (2019)
<<https://www.gov.uk/government/statistical-data-sets/agriculture-in-the-united-kingdom>>

In 2018, UK vessels landed 698,000 tonnes of sea fish into the UK and abroad with a value of £989 million.¹³ Nearly 85% of on fleet jobs were filled by UK citizens, 8% of jobs were held by EEA workers and 7% by non-EEA workers.¹⁴ In the fish processing sector, the majority of UK seafood processing sites employ foreign workers from other EU/EEA countries. Overall these workers represent a significant number of labour and the sector is therefore very reliant on workers from EU countries.

1.13 Horticulture¹⁵

1.13.1 The gross output of Horticulture in the UK in 2019 was approximately £3.8 billion.¹⁶ The sector reports that it is becoming increasingly difficult to source an effective labour supply, due to the low value of British currency, the reluctance of British workers to engage in horticultural work, and the attraction of seasonal work in other European countries that are more easily accessible from Eastern European Countries.

1.13.2 The challenge faced by edible horticulture, which comprises a significant proportion of the horticulture industry, is uniquely complex. It is heavily reliant on labour, particularly seasonal labour from the EU. Identifying the number of seasonal workers employed across the year is challenging, and Defra continues to work to understand the demand businesses in the food supply chain face on an annual basis.

1.13.3 It has been estimated that 99% of seasonal workers in Britain recruited by labour providers are EU nationals (0.4% UK and 0.6% other).¹⁷ Of these, approximately 62% are from Romania and Bulgaria and 26% from seven other EU countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). There are also an estimated 13,000 seasonal workers in the poultry sector over the Christmas period of which 58% are EU nationals.

1.13.4 In March 2019 the Government began a new Seasonal Workers Pilot, which allowed two licenced operators (Concordia and Pro-Force) to recruit up to 2,500 temporary migrant workers from non-EU countries to work in the UK edible horticulture sector. The pilot was expanded to 10,000 temporary migrant workers in 2020. This pilot is not designed to meet the full labour needs of the horticultural sector. Rather, we are seeking to evaluate the

¹³ UKGov, *UK sea fisheries annual statistics* (2019) <<https://www.gov.uk/government/collections/uk-sea-fisheries-annual-statistics>>

¹⁴ Seafish, *Employment in Fleet* (2018) <https://www.seafish.org/media/publications/Seafish_2018_employment_in_fleet_FINAL.pdf>

¹⁵ Horticulture defined here as encompassing fruit, vegetables, plants and flowers (not including potatoes).

¹⁶ UKGov, *Agriculture in the United Kingdom (AUK)* (2019) <<https://www.gov.uk/government/statistical-data-sets/agriculture-in-the-united-kingdom>>

¹⁷ Office for National Statistics, *Labour in the agriculture industry, UK* (2018) <<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/labourintheagricultureindustry/2018-02-06>>

immigration pilot's ability to assist in alleviating labour shortages during peak production periods.

1.13.5 The expanded Seasonal Worker Pilot in 2020, will enable us to carry out a more extensive evaluation of the systems and processes in place to access labour from non-EEA countries, ahead of any decisions being taken on how future needs of the sector will be addressed.

2. Will investment in staff retention, productivity, technology and innovation compensate for the Government not implementing an immigration route for “lower skilled workers”?

2.1 Defra is continually working with industry to help businesses thrive and grow. This includes a strong focus on adapting to a new immigration system that will attract the brightest and best to the UK. We also want to stimulate forward thinking investment across the food supply chain in key technologies, workforce skills, and cutting-edge training to ensure that productivity and staff retention continue to improve. This will involve exploring ways in which we can make change happen more quickly, such as through robotics and automation.

2.2 Innovation and Technology

2.2.1 Investment in innovative technology, particularly in robotics, automation and artificial intelligence, is regarded by Defra as a strategic priority for the agri-food chain and is important for securing its future viability. A shift towards capital-intensive business models will allow businesses to improve productivity, product quality, and capacity, while reducing their dependence on low-skilled and low-paid labour.

2.2.2 However, this is not always a viable solution for the short term, and only a limited solution in the medium-long term. Due to the nature of the task, certain roles such as field harvesting of soft fruit may never be fully automated. Technologies are improving but are still a number of years away from the required readiness level (TRL) and commercial viability.

2.2.3 Defra continues to seek out opportunities across the agricultural and R&D sectors to develop this capability. Such opportunities include:

- **Transforming Food Production (TFP) initiative** – funding for industry-led collaborative R&D projects as well as funding feasibility and demonstration of solutions.
- **Sustainable Productivity Scheme** - funding available from 2021 providing grants for farmers to purchase productivity-enhancing technology.
- **UK Research and Innovation (UKRI) open call** for 18-month projects to address the health, social, economic and environmental impacts of the COVID-19 outbreak.

- **Innovate UK** has launched a **fast start competition** to support businesses to focus on emerging or increasing needs of society and industries during and following COVID-19.

2.3 Staff Retention and Productivity

- 2.3.1 The majority of seasonal workers come from outside of the UK are EU citizens already in the country, often returning to work and live on the same farms year after year during the harvest season.
- 2.3.2 These workers are familiar with the demanding physical nature of the job, the businesses they work for, as well as the practices and languages of the sector. Many also live on farms, providing an extra income stream for growers, who also have workforce on site to offer greater flexibility for early/late shifts. These workers also typically move between businesses across the season following arrival.
- 2.3.3 The issue of staff retention was a key element that Defra monitored through industry feedback in the context of C-19 response, specifically in relation to Defra's 'Pick for Britain' campaign. Through this work, including collaboration with industry to raise the profile of seasonal work on farms, we successfully achieved a large increase in the number of domestic workers fulfilling roles in edible horticulture – rising from around 1% of the workforce in a typical year to around 10-35% for 2020.
- 2.3.4 In the early stages of this project stakeholders raised concerns that a less-experienced domestic workforce would not be as productive or committed to their roles, and therefore higher labour costs would be incurred through increased training and worker churn. To a certain extent these concerns have been reflected in stakeholder feedback as the season progresses.
- 2.3.5 In the context of training and retaining seasonal workers during Covid-19, AHDB created a suite of training materials aimed at assisting employers in finding and motivating new workers and promoting staff retention. Defra collaborated with BEIS, PHE, AHDB, NFU and other industry partners to ensure that clear information was available on how farming businesses should manage safe working and staff training to meet the Government's Covid-19 guidelines.
- 2.3.6 In terms of productivity, while there were some reports of growers experiencing increased turnovers in domestic staff and associated labour costs increasing, it should be noted this did not affect the industry's overall ability to operate successfully across the season, and as we reach peak season (July), stakeholders are reporting they have the labour they need to fulfil orders and bring in the harvest. We are interested to learn more about the impact of these increased production costs on the sector as a whole.

2.3.7 Defra is committed to ensuring that the food supply chain is prepared for the future changes to the sector and will continue to explore opportunities to invest in and promote improvements to training, productivity and worker retention in collaboration with industry. We will continue to work closely with the Food and Drink Sector Council and its related industry-led groups, following up on the published recommendations made by working groups on both Skills and Workforce and Agricultural Productivity.

3. What impact has the Seasonal Workers pilot scheme had on agriculture and horticulture? What should be the future of the scheme, including whether it should cover more, or different, agricultural and horticultural sectors?

3.1 In March 2019 the Government began a new Seasonal Workers Pilot, which allowed two licenced operators (Concordia and Pro-Force) to recruit up to 2,500 temporary migrant workers from non-EU countries to work in the UK edible horticulture sector. The aim of the Pilot was to test a new immigration subcategory for seasonal workers, and as such, the Pilot did not aim to fulfil all labour shortages that may have occurred in the sector. Therefore, the impact of the pilot on agriculture and horticulture is not currently being assessed.

3.2 The pilot was expanded to 10,000 temporary migrant workers in 2020. However, the restrictions due to COVID-19 have delayed the arrival of some Pilot workers. Defra and the Home Office are working closely with the operators of the Pilot to enable Pilot workers to reach the UK. The Visa Application Centres in Ukraine and Belarus, which were temporarily closed due to COVID-19 restrictions, reopened on 1 June. This has allowed significant numbers of Pilot workers from those countries to obtain a visa to travel to the UK, and operators now report that recruitment for the year is back on track.

3.3 A joint Home Office and Defra evaluation is currently ongoing to consider the performance of the first year of the Seasonal Workers Pilot – in 2019. The pilot is not designed to meet the full labour needs of the horticultural sector, instead we are seeking here to evaluate the pilot's ability to assist in alleviating labour shortages during peak production periods. As such, the evaluation does not consider the impact of the pilot on the sector, but rather the extent to which the Pilot has met its stated objectives, which can be found at 6.3 here:

<https://www.gov.uk/government/publications/seasonal-workers-pilot-request-for-information/seasonal-workers-pilot-request-for-information>

The results of this evaluation will be made publicly available at a later date.

- 3.4 We will use the findings from the Seasonal Workers Pilot in 2020 to better understand the requirements of the sector and inform future arrangements needed for a seasonal workforce.

4. How many seasonal workers are required in agriculture and horticulture each year, and how can this demand be reasonably met from 2021?

- 4.1 Identifying the number of seasonal workers employed across the year is challenging, as the number varies from year to year. Defra continues to work to understand the demands faced by businesses in the food supply chain on an annual basis.
- 4.2 The expanded Seasonal Worker Pilot in 2020 has enabled us to carry out a more extensive evaluation of the systems and processes in place to access labour from non-EEA countries, ahead of any decisions being taken on how future needs of the sector will be addressed.
- 4.3 The Pick for Britain website was launched on 17 April 2020 and aims to link people looking for seasonal work with websites where they can apply for roles.¹⁸ A public-facing campaign was launched on 19th May by Defra SoS George Eustice and supported by HRH Prince Charles, Waitrose and ITV. To date, all stakeholders in the industry have engaged with domestic recruitment and are confident that labour supply will be sufficient to meet demand across the season.
- 4.4 We will continue to monitor the Seasonal Workers Pilot in 2020 and evaluate the outcomes of this year's Pick for Britain campaign for future use into the 2021 picking season. This will ensure that labour supply in edible horticulture remains sufficient, and that our food supply chain remains resilient in this area now and in the future.

¹⁸ <http://www.pickforbritain.org.uk>