

Written evidence submitted by the Food and Drink Federation (FDF) (LFS0034)

Introduction

1. The Food and Drink Federation (FDF) welcomes the opportunity to respond to the Environment, Food and Rural Affairs (EFRA) Select Committee's inquiry on Labour in the food supply chain. The FDF is the trade association for food and drink manufacturing. Food and drink is the largest manufacturing sector in the UK (accounting for 19% of the total manufacturing sector) turning over £105bn per annum; creating GVA of £28bn and employing over 430,000 people. Of these employees, over a quarter are EU citizens.
2. Food and drink manufacturing sits at the heart of the UK food chain between primary production at one end and retail and hospitality at the other. The UK food chain as a whole contributes over £120 billion to the economy annually, employs 14% of the total UK workforce, and has over four million employees working in businesses across every constituency of the UK. In the past decade, it has outperformed the wider economy in productivity growth and provides unique benefits to the UK beyond its economic contribution. Access to labour at all skill levels is vital for its continued success and growth.
3. Food and drink is part of the UK's critical national infrastructure and the COVID-19 crisis has brought into sharper relief than ever before the importance of a continuous, safe and secure food supply chain. The UK's food and drink manufacturers and their essential workforce have kept the nation fed at this difficult time and should be celebrated as 'hidden heroes'.
4. Covid-19 has caused immediate disruption to the food chain as it has to many other sectors. FDF and other food chain organisations have been supporting members to rise to the challenges the pandemic has created. The efforts of workers and businesses across the food chain have ensured unprecedented levels of retail demand have continued to be met during this time. This has clearly demonstrated the vital importance of retaining a thriving food supply chain for reasons beyond the benefits it brings to employment and GDP. It has reinforced our concerns that the approach of the Migration Advisory Committee has to date been far too focused on productivity and contribution to GDP per capita without taking into account the wider impacts of suggesting policies which would stunt the growth of certain sectors.
5. We would welcome the opportunity to engage further with the committee in the coming months as what a post-Covid-19 world may look like begins to become clearer. This is for two reasons. Firstly, because the need for FDF to support our members with Covid-19 related access to labour and employment issues has limited our ability to respond to this consultation. Secondly, and more importantly, at the time of submission, it remains unclear what the economy, labour market, and immigration trends will look like in the future, from both a UK and global perspective. Until there is greater clarity in these areas, it is very difficult to know what set of immigration policies would allow food and drink manufacturing, the food chain, and the wider economy to thrive and grow.
6. FDF has spearheaded industry efforts to identify and celebrate the highly valuable contribution being made by workers throughout the sector. We are primarily highlighting those workers across the food and drink supply chain who are keeping the nation fed through FDF's #HiddenHeroes campaign on Twitter.
7. We know that the public remarks by the Defra Secretary of State, Scotland's First Minister, members of the Royal family and others to acknowledge the efforts and sacrifices made by

key workers in food and drink made a difference to our workforce, particularly in the early days. We would like political and public figures to continue to celebrate the hidden heroes of our industry.

Labour in the food supply chain

8. FDF are concerned that the food sector has been unfairly caricatured as a 'low-skill, low-productivity sector' in the immigration debate despite Defra research showing our sector outperforming the wider economy for productivity growth in eight out of the past ten years. A 2017 Grant Thornton report on food and drink manufacturing's economic contribution and growth opportunities found its workforce is fairly evenly split three-ways between entry-level roles, mid-skilled roles, and skilled or highly skilled roles. Looking at the wider food chain, the Food and Drink Sector Council's 'Preparing for a Changing Workforce' report of 2019 references roles at all skill levels in over 100 different areas including managers and directors, biochemists, fishmongers, and agricultural machinery drivers and packers.
9. Our sector is doing a great deal to improve the relevant skills base for our sector to meet this diverse range of roles. The National Skills Academy for Food and Drink and the National Centre for Excellence in Food Engineering are examples of organisations working in our sector to develop the skills base within food and drink manufacturing. Across the wider food chain, membership bodies and businesses are working with government through the Food and Drink Sector Council to improve productivity across our sectors. This includes workstreams focused on workforce productivity, skills, and agricultural productivity. However, we do not believe that we can meet the employment needs of the sector alone (notwithstanding the uncertain outcomes of the Covid-19 situation mentioned in the introduction).
10. Therefore, our vision is for an immigration policy that will enable businesses across the food chain to access the talent they need at all skill levels, allowing them to promote sector growth and preserve the unique national benefits of a thriving domestic food chain operating across every constituency of the UK. Such a policy is achievable through a points-based system depending on how points are allocated within such a system and what additional financial and time costs are added by additional fees, charges, and bureaucracy.

Skilled and highly skilled workers

11. We are pleased that the government is looking to introduce an unsponsored points-based system for the most talented individuals and entrepreneurs whose research and investment can drive our sector forward. This will be even more important for the food chain and the wider economy to drive the UK economy's recovery from the impact of Coronavirus.
12. We are also pleased that the approach taken to the sponsored points-based skilled visa includes a number of improvements on the current Tier 2 (General) skilled visa. These improvements included:
 - a. the removal of the annual cap on the number of skilled worker visas issued
 - b. the abolition of the resident labour market test
 - c. the reduction in the skills threshold of eligible roles from 'highly skilled' RQF Level 6 roles (i.e. roles requiring an undergraduate degree or equivalent qualifications or experience) to 'medium skilled' RQF Level 3 roles (i.e. roles requiring an A Level or equivalent qualifications or experience)
 - d. the reduction in the minimum salary level required to qualify for a skilled visa from £30,000 to £25,600
 - e. reducing the minimum salary level required further to £20,480 for those in Shortage Occupations or with relevant STEM PhDs

- f. applying a 30% discount on the minimum salary level for new-entrants
13. However, while these eligibility criteria are a welcome improvement on the current skilled visa and the previous government's 2018 proposals, we still have concerns that the cost and bureaucratic barrier could remain too high for these visas to be accessible to all businesses (see 'Sponsorship, visa processing, and costs' section below). This applies even more so in an environment where many businesses will be struggling to recover from the economic impacts of Covid-19.

Entry-level and temporary workers

14. Alongside ensuring the UK remains an attractive destination for entrepreneurs, investors, and skilled workers, the UK will continue to need some migration routes into work for entry-level and temporary roles, especially during periods of low unemployment and high vacancy levels such as that which the UK was experiencing before the economic impact of Covid-19. While it is unlikely the UK labour market will be in a similar position as the economy emerges from lockdown, establishing the parameters of such routes as part of the new system so that these can be drawn upon more extensively in future periods of low unemployment would be a welcome move.
15. Routes for entry-level and temporary workers can be set up in a way that simultaneously controls immigration, supports business needs, and promotes upskilling and productivity increases, while also being accessible and affordable for both workers and employers. We were pleased that the Conservative Plan for Immigration that was published during the 2019 election campaign suggested workers would be able to switch between visa routes in-country, therefore opening up the possibility of entry-level workers moving onto skilled visa routes should they become eligible. We would recommend that the majority of routes for entry-level roles are of at least two years in duration, allowing sufficient time for those on such routes to complete apprenticeships and training that would allow them to progress into roles that are eligible for a skilled visa. This would incentivise those on entry-level visas to upskill and provide an opportunity for apprenticeship levy paying food chain businesses who currently have difficulty finding sufficient willing candidates to take on apprentices.
16. A route already operated by the government that allows entry for workers at all skill levels is the Youth Mobility Scheme route. The UK currently operates Youth Mobility Schemes with eight countries including Australia, New Zealand, and Canada. They allow a set quota of citizens aged between 18 and 30 years' old from one partner countries to spend up to 2 years in the other partner country and also allow them to work in that country during that time. In 2019, the overall quota for this route was set at 56,000 places. Youth Mobility Schemes operate on the basis of reciprocal quotas between countries and therefore can be designed to have minimal to no impact on net migration if government is pursuing a policy that seeks to prevent this rising. They provide an opportunity for workers to take up roles in UK businesses while also allowing UK citizens to explore work and travel opportunities and gain experience around the world.
17. We also welcome the government's commitment to improve vocational training through apprenticeships and the forthcoming introduction of T-Levels. However, it will take time for the benefits of these policies to come into effect. Automation and digitisation also offer huge efficiency opportunities across the food chain and FDF had organised a now-postponed conference for June 2020 on Automation and Digitalisation in the Food and Drink Industry. This conference would have brought together automation and digitalisation specialists from government, academia, and the private sector to support our members embrace cutting edge technologies in food and drink manufacturing. However, these opportunities cannot be realised overnight and some roles will remain difficult to automate effectively and

economically. There is the additional challenge in food manufacturing of working with variable organic product in a hygienic environment (in contrast to other areas of manufacturing which automate production of finished items from uniform manufactured parts). In some areas such as soft fruit picking or butchery, the delicacy of the product or the precision required make automation especially challenging.

Seasonal Agricultural Workers

18. We are pleased the government recognised the specific needs in this sector and expanded the proof-of-concept pilot from 2,500 places to 10,000 places. In recent years, 99 per cent of the work force in seasonal agriculture have been non-British due to low UK unemployment rates and agricultural work not appealing to many British workers. It remains to be seen how far the government's Pick for Britain scheme will increase the percentage of domestic workers working in seasonal agricultural roles this year. This should be followed closely, though it is reasonable to assume that any increased involvement of the domestic workforce in this sector is unlikely to be sustained in future years as and when Covid-19 related restrictions are lifted and UK unemployment rates begin to fall. After freedom of movement ends, we would urge the government to monitor the workforce required in this sector closely and ensure that the Seasonal Workers Scheme is further expanded to ensure it meets the demand for workers. The government should also consider expanding the scheme to other areas of agriculture which require seasonal support, such as non-edible horticulture, meat processing, and poultry.

Sponsorship, visa processing, and costs

19. The end of freedom of movement will see far greater demands placed on the UK's immigration system as it is required to process the applications of both EEA and non-EEA citizens who wish to work in the UK. It will also see more food chain businesses engage with the system than ever before. Whereas the current system is mostly used sparingly by larger food chain companies, the new system will need to be used by a far wider range of companies if they are to be able to continue to recruit the labour from the EEA and beyond. Moreover, many of these companies will be small and medium sized enterprises. Unless the new system is accessible and affordable for all businesses, there is a risk that smaller companies within the food chain will struggle to remain viable. The new system should also be informed by an enlarged Migration Advisory Committee that has access to the best possible data and should be introduced with sufficient time for companies and the exiting migrant workforce to prepare for these significant changes.
20. We welcome the commitment from the Home Office that the new system will see the vast majority of visas granted in two to three weeks. Under the current system, applications can take many months and members have reported losing prospective employees as they have found a different role in another country during this wait.
21. We would also wish to work with the government to ensure that the new system is simple enough to be used in-house, especially for those small and medium sized enterprises that are less able to afford expensive external support and legal fees in order to guide them through the immigration system at present. For instance, a simple 'one-stop shop' gov.uk style website could be established to provide employers with all the information they need to hire through the new system (e.g. required salary thresholds for any given role).
22. As well as lengthy processing times and complex procedures, many food chain businesses are currently deterred from using the current immigration system due to the financial costs associated with hiring through the current visa system. With many more employers needing

to interact with the future immigration system (including SMEs), the Home Office should not profit from employers and instead only charge them the administrative costs of processing sponsor licences and visa applications. In addition, there should be substantial reform to other costs associated with the current system. These include:

- a. **The Immigration Skills Charge** which is a payment currently required by all employers sponsoring someone on a Tier 2 (General) visa. For each employee sponsored on this skilled visa, most companies are currently required to pay £1,000 per year of sponsorship, with smaller companies and charities required to pay £364 per year of sponsorship. The amount is paid in full at the beginning of employment. The MAC's 2018 report on 'EEA Migration in the UK' suggested it would be better named as simply the 'Immigration Charge' as there was no clear evidence the funds collected were directed towards training.
- b. **The Immigration Health Surcharge** which is currently applicable to a range of visas including work visas. It is currently set at £400 per year in most cases and is set to rise. At present, the charge is payable as a lump sum at the beginning of a visa's duration, resulting in an upfront cost of £2,000 for a five-year visa for a skilled worker (or their employer if they choose to absorb this cost). We would suggest this should be paid in instalments to avoid deterring skilled workers and also to enable SMEs and other food chain companies who wish to take on this cost to be able to access the labour they need under the new system without prohibitive upfront costs.

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The UK Food and Drink Manufacturing Industry

The Food and Drink Federation (FDF) is the voice of the UK food and drink manufacturing industry, the largest manufacturing sector in the country. Our industry has a turnover of more than £105billion, which is almost 20 per cent of total UK manufacturing, and Gross Value Added (GVA) of £27.5billion. Food and drink manufacturers directly employ over 430,000 people across every region and nation of the UK. Exports of food and drink make an increasingly important contribution to the economy, exceeding £23billion in 2018, and going to over 220 countries worldwide. The UK's 7,400 food and drink manufacturers sit at the heart of a food and drink supply chain which is worth more than £120billion to the economy and employs 4.3 million people.

The following Associations actively work with the Food and Drink Federation:

ABIM	Association of Bakery Ingredient Manufacturers
BCA	British Coffee Association
BCUK	Breakfast Cereals UK
BOBMA	British Oats and Barley Millers Association
BSIA	British Starch Industry Association
BSNA	British Specialist Nutrition Association
CIMA	Cereal Ingredient Manufacturers' Association
EMMA	European Malt Product Manufacturers' Association
FCPPA	Frozen and Chilled Potato Processors Association
GFIA	Gluten Free Industry Association
PPA	Potato Processors Association
SA	Salt Association
SNACMA	Snack, Nut and Crisp Manufacturers' Association
SSA	Seasoning and Spice Association
UKAMBY	UK Association of Manufacturers of Bakers' Yeast
UKTIA	United Kingdom Tea & Infusions Association Ltd

FDF also delivers specialist sector groups for members:

Biscuit, Cake, Chocolate and Confectionery Group (BCCC)
Frozen Food Group
Ice Cream Committee
Meat Group
Organic Group
Seafood Industry Alliance