Feeding the nation: labour constraints: Government Response to the Committee’s Seventh Report of Session 2016–17

Third Special Report of Session 2017–19

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The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department of Environment, Food and Rural Affairs and associated public bodies.

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Committee staff

The current staff of the Committee are Eliot Barrass (Clerk), Sian Woodward (Clerk), Daniel Schlappa (Second Clerk), Sarah Coe (Senior Committee Specialist), Anwen Rees (Committee Specialist), Ian Hook (Senior Committee Assistant) and Ian Blair (Committee Assistant).

Contacts

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Third Special Report

The Environmental, Food and Rural Affairs Committee published its Seventh Report of Session 2016–17, on Feeding the nation: labour constraints [HC 1009] on 27 April 2017. The Government’s response was received on 3 August 2017 and is appended to this report.

Appendix: Government response

Introduction

The Government welcomes the Environment, Food and Rural Affairs Committee’s report ‘Feeding the nation: Labour constraints’ and appreciates the Committee’s recognition of the importance of workforce in the food and farming sectors.

It is a key priority of this Government to enable an innovative, productive and competitive food supply chain from farm and sea to fork that invests in its people and skills. In 2015 the agri-food chain contributed £110bn to the economy, providing nearly 4 million jobs and employing 1 in 8 people. Access to a sufficient and appropriately-skilled workforce is essential to continued industry growth, productivity and safety.

The Committee’s report is timely as the Government continues to work across Departments and with a wide range of stakeholders to understand the issues around access to labour and the potential impact of EU exit on different sectors of the economy.

Are there shortages of labour in the agriculture and horticulture sector?

1. Weight of evidence from a range of agricultural and horticultural businesses indicates that their sectors are facing considerable difficulties in recruiting and retaining labour. We do not share the confidence of the Government that the sector does not have a problem: on the contrary, evidence submitted to this inquiry suggests the current problem is in danger of becoming a crisis if urgent measures are not taken to fill the gaps in labour supply.

The Government acknowledges the agriculture and horticulture sectors’ concerns about attracting and retaining labour. We also recognise the sectors’ concerns about access to a sufficient and appropriately skilled workforce as we leave the EU.

It is important to note that until we have left the EU, the United Kingdom (UK) will remain a member with all of the rights and obligations that membership entails, and employers in the agricultural and food processing sectors are free to continue to recruit EU workers to meet their labour needs.

Workers from other EU countries play a significant role within the food, farming and fisheries industries, contributing to the sector and to the wider economy. They make up a relatively large proportion of the total number of employees in the food chain, in both permanent and seasonal roles at varying skills levels. The Office of National
Statistics (ONS)\(^1\) finds that workers from other EU countries make up around 9% of the permanent agricultural workforce. According to Defra’s June Survey\(^2\), the seasonal workforce comprised approximately 67,000 people in 2015, whilst industry estimates that the majority of the seasonal workforce is from other EU countries and numbers around 80,000 people. In food and drink manufacturing (which includes fish processing) around 30% of the workforce is from other EU countries, a figure which will vary amongst the different sub-sectors such as meat processing, fish processing, bakery etc.; in food and drink services the figure is 12%.

2. **We are concerned that the industry has such different experiences to those reported by the Government.** It is apparent that the statistics used by the Government are unable to provide a proper indication of agriculture’s labour needs. These statistics and their utility for measuring supply of, and demand for, seasonal labour must be reviewed by the end of 2017 to give the sector confidence in the adequacy of the official data on which employment and immigration policies will be based for the period after the UK leaves the EU.

The May 2017 Labour Market Statistics (LMS)\(^3\) show that the number of non-UK EU nationals working in the UK increased by 171,000 to 2.32 million (January to March 2017 compared to the previous year). The statistics reveal a growing pool of resident migrants from Bulgaria and Romania within the wider labour market. The Labour Force Survey is conducted by the Office of National Statistics (ONS) and it is the largest household study conducted in the UK on labour. These statistics are not designed to measure seasonal labour, the needs of individual sectors, or the presence of EEA nationals within specific sectors of the economy, therefore they do not include seasonal agricultural workers from other EU countries.

However, we remain closely engaged with the various food and farming stakeholders, including the major labour providers, to ensure that we are informed of their latest intelligence on labour demand. We also continue to monitor the National Farmers Union’s (NFU) survey on seasonal labour in agriculture. The Government also attends the Food Supply Chain Workforce Strategy Group, convened by the Food and Drink Federation and attended by the NFU, Association of Labour Providers (ALP), Fresh Produce Consortium (FPC), British Retail Consortium (BRC), British Hospitality Association (BHA) and British Beer and Pubs Association (BBPA), which aims to understand UK food supply chain labour needs. We are also engaging with Seafish who work closely with the fish processing and catching sectors. Going forward we welcome the sharing of sources of labour market data.

As part of its ongoing consideration of migration options, the Government has commissioned advice from the Migration Advisory Committee to analyse the reliance on non-UK EU workers across the economy and consider the UK’s labour market needs. We are considering the options for our future immigration system carefully, and will look to

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\(^1\) Number of workers in food chain sectors by nationality (UK, EU and Non-EU) including further breakdowns, UK, 2010 to 2016


develop a system which works for all. The views of business and communities will be key in delivering this and we will ensure that they have the opportunity to contribute their views.

A new Seasonal Agricultural Workers Scheme (SAWS)?

3. We note the Government’s assertions that a new Seasonal Agricultural Workers Scheme (SAWS) is unnecessary as long as the UK retains free movement of labour among the European Union. We further note the Home Office’s assertion that a new SAWS could be introduced very quickly—in five or six months—once the need for such a scheme had been identified. It is vital that the labour supply available to the agriculture and horticulture sectors does not suddenly dry up as a result of any uncertainty caused by the new immigration arrangements instituted following the UK’s exit from the EU. We note the promise made to us that this will not happen, and we are confident that our successor Committee will wish to scrutinise this area of Government activity closely throughout the next Parliament.

A quota-based Seasonal Agriculture Workers Scheme (SAWS) ran until 2013 and was closed on the advice of Migration Advisory Committee. We keep this position under ongoing review, including through our close engagement with stakeholders outlined above. If necessary, the Government expects it to be possible to make provision for a new scheme within a number of months.

Following the decision to close the SAWS, Defra established the SAWS Transition Working Group. This group brings industry and government together to monitor the seasonal labour situation. It meets regularly and most recently met in March 2017. At this meeting it discussed anecdotal reports of tightening of the labour market, due to a number of reasons including the devaluation of pound and improving economies in Eastern Europe. It concluded that although this was a challenging situation, it was not a crisis. The next meeting is now planned for September 2017.

We understand that providing certainty to workers, business and the community is crucial. The Prime Minister announced on 26th June 2017 the Government’s proposals in respect of existing EU citizens in the UK. The Government has made it clear that it wants to ensure that EU citizens in the UK before a specific date can continue to live here as they do now, with access to education, healthcare, benefits and pensions. It is in no one’s interest there to be a cliff-edge as we leave the EU.

Long-term solutions

4. Inquiring into the long-term labour needs of the agricultural sector raises many questions on the future shape and working practices of that sector, as well as on many strands of Government activity in the areas of education and rural policy. Our successor Committee will, we are sure, address these issues either through specific inquiries or as part of its wider work throughout the next Parliament.

5. We are pleased to note the Government’s many strands of work in increasing the agricultural labour supply and we are confident that the effects of these will be closely scrutinised in the new Parliament.
Our ambition is to be a world-leading food, farming and fishing nation – one that is innovative, productive and competitive and invests in its people and skills. Access to a sufficient and appropriately skilled workforce is essential for the whole food chain and we welcome the Committee’s recognition of the importance of this.

In terms of the permanent workforce, it is vital that the industry plans ahead and secures the appropriately-skilled people that it needs. This will depend in the first instance on the ability to source workers from the domestic labour market. The Government’s reforms to apprenticeships and to technical education aim to put industry at the heart of the skills system, designing new apprenticeship standards and new T-level content. One of the 15 new technical routes set out in the Post-16 Skills plan is “Agriculture, Environmental and Animal Care”.

The Government is implementing apprenticeship reforms to continue to improve the quality of apprenticeships for all, providing the skills that employers need to reach our commitment of 3 million starts in England by 2020. Our reforms include implementation of an apprenticeship levy and new funding system to encourage employers to offer more apprenticeships opportunities. The ‘Get In Go Far’ campaign was launched to inspire more young people to take up apprenticeships, and more employers to offer them.

Apart from skills, investment in capital and R&D for innovation and automation is another key component and we are aware that this is a longer-term challenge. Skills, Business Investment, Research and Innovation are some of the core themes of the Modern Industrial Strategy. We have asked the Migration Advisory Committee to make recommendations on how the visa system can become better aligned to this strategy. It is also important for our work on future farming productivity, which will play a role in addressing the challenges the sector faces around labour.